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Paper Reference:	SECP_141_2406_11
Action:	For Decision
<u>Acronyms and Defined Terms SEC Glossary</u>	

Consultation Responses – June 2025

1. Purpose

There is currently one open consultation to which SECCo (on behalf of the SEC Panel) wishes to respond.

- Ofgem consultation on DCC Review Phase 2

This paper outlines the key messages that will form the response to this consultation. We seek feedback on these key messages and request that the SEC Panel delegates approval of the final response to the Panel Chair.

2. DCC Review Phase 2: Objectives, operational model and future role of DCC

Ofgem published [this consultation](#) on 2 June 2025 and responses are due by 14 July 2025. This consultation focuses on the objectives, operational model and role of the Successor Licensee and follows from a number of earlier consultations and conclusions. We have outlined the proposed key messages for each section of the consultation below.

2.1 Successor Licensee's strategy and objectives

- We would expect DCC to engage with the SEC Panel and relevant Sub-Committees when developing its Business Strategy and Technology Roadmap.
- What, if any, role the proposed Customer Challenge Group would have in the process of creating and refining the Strategy and Roadmap.
- We recognise a level of flexibility is needed in the Procurement Strategy to ensure that an appropriate balance is struck between enhancing transparency and increasing regulatory burden, however we believe that the strategy should not change significantly year-to-year.
- We agree with the Primary Objective for the Successor Licensee, namely to ensure a secure and efficient delivery of services, prioritising the core functions under a not-for-profit model.

- We agree with the three Supporting Objectives but wish to query if these are meant to be in a 'prioritised' order. If so, we would suggest that the Second and Third Supporting Objectives are switched, recognising the importance of the impact on consumers of DCC's operations.
- We wish for further clarity on the timescales for the transition; these must be realistic and consider both the capabilities of the Successor Licensee and the timetable it is able to work to.
- We would encourage a planned review cycle of the objectives and suggest that the SEC Panel and Sub-Committees should be consulted during this process to provide industry views.

2.2 Operational model

- We agree that the distinction between fundamental and non-fundamental services (under the definitions of Fundamental Service Capability) remains relevant and should be maintained.
- We support the proposed additions to procurement principles (specifically focusing on sustainability and consumer impacts).
- We agree with the proposal for the Successor Licensee to produce a register of contracts and services to ensure transparency and address concerns around conflicts of interest.
- We are supportive of the approach that the Successor Licensee should employ the staff who work on Authorised Business but noting that provisions for temporary contractors should be in place too.

2.3 Scope and governance for the evolution of Authorised Business

- We wish to explore the proposed scopes of both the Mandatory Business and Additional User Services in further detail and would encourage feedback in this area from the Panel and Sub-Committee Chairs.
- We would like to understand more details of any process where DCC could apply for additional funding for developing new services. We would want to know how it will be determined whether these applications are approved, considering views from both SEC Parties and non-Parties, whilst recognising the funding model that is in place.

3. Recommendations

The Panel is requested to:

- **DISCUSS and COMMENT** on the key messages for the consultation detailed in the paper (in particular the Mandatory Business and Additional User Services); and
- **AGREE** to delegate approval of the consultation responses noted to the Panel Chair.

Oli Meggitt

SECCo Senior Strategy Manager

13 June 2025