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Paper Reference:	CSC_08_2910_04
Action:	For Decision

DP086 Draft Proposal decision

1. Purpose

This paper provides a summary of our assessment of [DP086 'Alt HAN Roll-Out Financing'](#), taking into account industry views and views of the Panel Sub-Committees on the problem this Draft Proposal has identified. We are asking the Change Sub-Committee (CSC) to agree that the problem identified under this Draft Proposal is clearly understood and that it is ready to progress to a Modification Proposal.

2. What is the issue?

DP086 has been raised by Richard Shotton-Oza of Shell Energy.

When the Alternative Home Area Network (Alt HAN) roll-out commences, high costs of technology solutions contracted via Alt HAN Co will be incurred over a short period. The pass-through of these costs in-year to Energy Suppliers will not be the most appropriate funding mechanism as Suppliers will be burdened with high upfront costs for Alt HAN. To address this, Alt HAN Co is exploring financing to spread these costs over a longer period.

The problem statement containing the information provided by the Proposer and updated by SECAS during our investigations can be found in Appendix A.

3. Comments on the issue

The Panel Sub-Committees had no comments during the Development Stage.

A Large Supplier gave their full backing to the Proposal. They stated that the long-term financing that Alt HAN could explore with this Proposal would be very beneficial to the way in which energy suppliers are funding the smart meter rollout. This will likely reduce cost of asset financing and could likely lower the end cost for consumers.

The full collated comments and questions raised can be found in Appendix A.

4. Next steps

This issue relates to the Alt HAN arrangements, and a solution has already been discussed and agreed by the Alt HAN Forum. It only requires a SEC Modification Proposal to implement the changes. We are therefore recommending that the Proposal proceeds to the Report Phase. The

proposed legal text can be found in Appendix B, and we welcome any comments on the text from CSC members.

5. Recommendations

The CSC is requested to:

- **AGREE** that the issue identified under DP086 is clearly defined and understood;
- **RECOMMEND** to the Panel that this Draft Proposal is ready to be converted to a Modification Proposal; and
- **RECOMMEND** to the Panel that the Modification Proposal should proceed to the Report Phase.

Harry Jones

SECAS Team

22 October 2019

Attachments

- **Appendix A:** DP086 problem statement
- **Appendix B:** DP086 draft legal text