This document is classified as **White** in accordance with the Panel Information Policy. Information can be shared with the public, and any members may publish the information, subject to copyright.

Paper Reference:	**SECP_90_1203_09**
Action:	**For Decision**

Ofgem consultation on DCC licence arrangements

1. Purpose

This paper sets out a summary of Ofgem's consultation on a review of DCC licence arrangements, and an approach to submit a Panel response. The Panel is asked to approve the approach and provide input into the draft response.

The call for evidence can be found here.

2. Background

The Smart Meter Communications licence was originally awarded in 2013. It defined the Data Communication Companies (DCC's) objectives and mandatory business. The obligations focussed on facilitating the smart meter rollout and maintaining a communications infrastructure between the DCC, smart meters and Users. The licence also sets out the performance regime that oversees the quality and standards of the services the DCC are obligated to provide.

Additionally, there are licence provisions that allow the DCC to provide other services, which are not solely related to the supply of energy, to supplement their income.

The Smart Meter Communications licence is due to expire in 2025. Consequently, Ofgem plan to undertake a review of the current DCC regulatory framework to determine the appropriate regulatory arrangements for the DCC in the period 2025-2040.

It should be noted that Ofgem do not anticipate amending the current licence as a result of this review, and any changes are targeted to take place from September 2025 when the current licence expires.

3. Approach

On 1 February Ofgem issued a "call for evidence" to help set the approach and scope of the review. This initial phase will last until Autumn 2021. During this time Ofgem are seeking to develop the principles and objectives of the review by assessing the effectiveness of the current framework and determining the areas for improvement.

It is planning further targeted engagement and workshops before a minded-to position on the scope and principles of the review are released in Autumn 2021.

4. Call for Evidence

To help shape the scope of the review, Ofgem are looking for views on the following:

- The objectives and mandatory business of a DCC post-2025 to support smart metering across GB;
- The extent to which the regulatory framework should enable DCC to offer additional services and the potential nature of such services;
- The extent to which DCC should deliver its services through contracted service providers or directly itself;
- The effectiveness of the current regulatory framework and enduring governance structures in ensuring DCC meets its objectives and provides value for money;
- The key aspects of DCC's business that stakeholders consider crucial to their own activities in the present and future energy market over the timeframe to 2040;
- DCC's role in enabling the transition to net-zero by 2050; and
- Optimal arrangements for DCC's compliance, cost control, and incentive regimes, among others.

5. Responding to the Consultation

In order to capture all relevant areas in a response to this call for evidence, SECAS will reach out to the Sub-Committees for their input. We would also welcome any views and thoughts of Panel members that we can include in this initial scoping exercise. A draft response will then be circulated to the Panel prior to submission to Ofgem.

In addition, we will discuss with Ofgem the most practicable way of seeking input from SEC Parties and Committees, for example via a workshop/webinar, at an appropriate time in this process.

6. Recommendations

The Panel is requested to:

- **NOTE** the call for evidence; and
- **AGREE** to seek input from the Sub-Committees as part of a SEC Panel response.

Adam Lattimore

SECAS Team

5 March 2021