



Making a positive difference
for energy consumers

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Date: 6 April 2023

Dear Emma,

Consent given by the Gas and Electricity Markets Authority (the "Authority") pursuant to Licence Condition 19 Part D (Procedure for amending any of the service charges) of the Smart Meter Communication Licence to Smart DCC Ltd.

On 31 March 2023 Smart DCC Ltd ('DCC') requested a reduced Notice period in respect of an additional amendment to the Charging Statement for Regulatory Year ending 31 March 2024 (RY23/24) to reflect updated Alternative Home Area Network Company (Alt HAN Co) and Smart Energy Code Company (SECCo) budgets and introduce a new Explicit Charge. DCC has proposed that the amended Charging Statement comes into effect on 1 May 2023, resulting in a total Notice period of no less than 21 days.

In accordance with Licence Condition 19 Part D of the Smart Meter Communication Licence ('Licence'), DCC must, not less than three months before the date on which it proposes to amend its Service Charges (a) give the Authority Notice of its proposals together with an explanation for them; and (b) send a copy of the Notice to any person with whom DCC has entered into an Agreement for Services. Except if the Authority otherwise consents, DCC may only amend its Service Charges if it has (a) given Notice in accordance with LC 19.9; and (b) the amendment to the charges conforms to the proposals set out in the Notice. DCC may only amend charges more than once in a Regulatory Year if the Licensee has first given the Authority a statement of the factors that have led it to conclude that an additional amendment is necessary.

On 22 December 2022, DCC gave Notice of its proposed charges in Charging Statement RY2023/24 Issue 0.1, in preparation for the finalised version (Issue 1.0) coming into effect in April 2023.¹ However, DCC did not receive Alt HAN Co and SECCo budgets in sufficient time to enable DCC to include them in its draft publication (Issue 0.1) when originally providing Notice on 22 December 2022. DCC has since received updated budgets from Alt HAN Co and SECCo and has requested a reduction in the notice period DCC is required to give to amend the Service Charges in order to reflect this update. DCC has therefore proposed to update the Alt HAN Co budget from £26.5m to £33.6m, and SECCo budget from £8.5m to £10.4m. The reason for this proposed amendment is to increase the monthly charges to enable DCC to recover its full passthrough costs. DCC has proposed that this increase will be charged to its customers across the remaining 11 months of RY23/24.

Further, DCC has proposed a new Explicit Charge which will allow Meter Asset Providers and Meter Manufacturers to assess and manage asset health for any smart assets they own. This charge, introduced through SEC MP181,² had a go-live service date from April 2023 and DCC proposes to include this charge for the remaining months of RY23/24.

We have considered whether the proposed changes contained in the request submitted by DCC on 31 March 2023 are consistent with the requirements of DCC's wider Licence and statutory obligations. We note that Licence Condition 19.9 requires that DCC give not less than 3 months' notice of any proposed amendments to its Service Charges. However, given that:

- the proposed amendments contained in DCC's request dated 31 March 2023 are intended to reflect passthrough costs which DCC would not otherwise be able to recover due to factors which were not within its control;
- the amendments will ensure DCC customers are billed correctly for charges throughout the year; and
- a reduced Notice period will enable the costs to be spread more evenly across the year,

we consent to a reduced Notice period of 21 days from the date that Notice is provided to the Authority of these changes.

This letter does not set a precedent and notwithstanding its content, going forward, we expect DCC to provide not less than 3 months' Notice of any proposed amendment to the Service Charges, in accordance with Licence Condition 19.9. We expect DCC to liaise with SECCo, Alt HAN Co and other relevant parties as appropriate to ensure that accurate and

¹ Charging statement RY23/24 issue 0.1: <https://www.smartdcc.co.uk/media/ucvvnv2ja/charging-statement-ry2324-issue-01-draft-for-notice.pdf>

² SEC MP = Smart Energy Code Modification Proposal

up to date information is obtained at the time DCC is preparing its Charging Statement, to ensure that costs are accurately reflected within the Charging Statement.

This letter constitutes a consent to a reduced notice period being given in respect of DCC's proposed amendment to its Service Charges, in accordance with Licence Condition 19.10(a). It does not constitute an approval of or consent to the calculation of the charges set out within the charging statement relative to the notice.

This letter constitutes Notice of the Authority's reasons for the decision pursuant to section 38A Gas Act 1986 and section 49A Electricity Act 1989.

Yours Sincerely,

Ayena Gupta

Head of DCC Oversight and Regulatory Review

Duly authorised on behalf of the Gas and Electricity Markets Authority