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Enterprise Portfolio Management Office
Office of Gas and Electricity Markets
10, South Colonnade
Canary Wharf
London E14 4PU

By email only: FWP@Ofgem.gov.uk

Dear Ofgem,

Smart DCC Ltd (DCC) welcomes Ofgem's consultation on its proposed Forward Work Programme.

We recognise the Forward Work Programme as an important mechanism through which DCC can help industry to realise the potential of the smart metering system and would welcome further engagement with Ofgem to establish opportunities for further collaboration in line with your strategic objectives.

In submitting this response, we endeavour to share experience and perspectives which we hope are both relevant and valuable to the consultation. We focus on:

- Prioritising vulnerable customers and those facing fuel poverty
- DCC's role in ensuring enabling systems are in place
- Use of data to improve system knowledge and support policy making

We would welcome an opportunity to meet with you to discuss our response and look forward to continued participation in associated industry activities as the programme progresses. We are of course on-hand to provide any further information or respond to any questions you may have from this response.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'James Ringrow', written over a light blue horizontal line.

James Ringrow
Director of Strategy

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DCC Response to Ofgem's Forward Work Programme

Introduction

The DCC recognises the comprehensive approach Ofgem has taken in its Forward Work Programme, emphasising the importance of shaping a retail market that benefits consumers, enabling infrastructure for net zero, and establishing an efficient, flexible energy system. In response, DCC provides commentary for each of these key areas.

1. Shaping a retail market that works for consumers:

1.1 Driving up standards

DCC recognises the urgency of ensuring vulnerable consumers are protected. DCC supports Ofgem's focus on expanding the Priority Services Register (PSR) and promoting information sharing across sectors. As operators of the Central Switching Service there may be a greater role DCC can play in facilitating a more seamless approach for PSR consumers within the energy system.

DCC have shared with Ofgem several areas in which the smart metering network could support further efforts to protect vulnerable consumers. We recognise Ofgem's engagement to date on these topics and remain on hand to provide further information and expertise where helpful, while progressing with initiatives outlined and in flight.

We acknowledge Ofgem's willingness to explore these opportunities, including its granting of a permitted purpose for use of smart metering system data to help specific organisations (including local authorities and academia) tailor their fuel poverty interventions and research effectively. We recognise the importance of evaluating these requests on a case-by-case basis however through the license renewal process and as demand grows, we are keen to work with Ofgem on a more enduring access regime which will enable swift delivery.

DCC is also exploring the potential alignment of smart meter system data with consumption data and other local authority datasets to create a comprehensive approach to identifying and supporting vulnerable households. Additionally, DCC is investigating the possibility of connecting temperature and humidity sensors through the smart metering network which could significantly contribute to identifying and mitigating the risks of self-rationing and chronic under-heating of homes.

1.2 Support innovative and evolving markets

Recognising the dynamic nature of the retail market, DCC agrees with Ofgem on the importance of supporting innovation and consumer engagement. We endorse the concept of the Innovation Link service and like-innovations such as Ofgem's 'Future Regulation Sandbox' – a policy instrument for testing and trialling changes before implementation. Given their unique role, providing central bodies such as the DCC a suitable policy environment to support innovative and evolving markets is critical.

Enabling innovation will have an important role to play as part of Ofgem's new growth duty. It would be helpful to understand how this is likely to be interpreted within the context of DCC's current, and future, Licence, and associated Ofgem decision making.

2. Enabling Infrastructure for net zero:

2.1 Ensure high service standards at reasonable cost

Resilience is a key feature for the years ahead and we recognise there is a need to strengthen the resilience of energy infrastructure, not only against cyber attacks but also in response to the challenges posed by climate change. In addition to supporting Ofgem's objectives, we suggest mutual collaboration in sharing learnings and insights to ensure that both entities are equally protected against emerging challenges, particularly given DCC infrastructure is deemed Critical National Infrastructure (CNI). There is also likely to be value from engaging all central industry bodies, through the Energy Market Bodies Forum, on discussions such as this.

Moreover, DCC supports ongoing innovation through the Strategic Innovation Fund (SIF). The SIF, from DCC's perspective, is a critical mechanism enabling industry to harness the full potential of the smart metering system. There is a clear need for appropriate funding models to ensure that costs associated with developing innovative products and services do not unfairly burden existing customers. We therefore view the SIF as a key avenue for industry innovation, specifically focusing on smart metering capabilities that contribute to societal benefit and cater to the needs of the end consumer. We welcome further engagement with Ofgem to explore collaborative opportunities and ensure that the benefits of innovation are maximised for society and end consumers.

3. Establishing an efficient, flexible energy system:

3.1 Ensure the enabling systems are in place

DCC acknowledges the multifaceted requirements for establishing an efficient, flexible energy system. Recognising the significance of digitalisation in providing incentives and increasing data availability, DCC has a role in ensuring necessary enabling systems are in place.

Smart metering

DCC reiterates its commitment to supporting the rollout of smart meters and meeting installation targets. More than half the homes in Great Britain are now connected to the network with more than 29 million meters saving over one million tonnes of carbon dioxide annually. We will continue to work closely with our customers to maintain progress with the rollout. We are pleased to note that our operational excellence has been duly recognised by Ofgem in its recent price control consultation, rating it at 100%.

DCC regulatory review

We agree that the business handover plan and transitional arrangements will need further work in 2024/25. In line with our Licence conditions, the DCC is ready to amend our business handover plan accordingly following clear direction from Ofgem on the direction it intends to pursue. There remains a significant volume of policy guidance required before DCC can progress with detailed planning. We look forward to collaborating closely as this develops over the course of 2024.



Regarding the Price Control process, as set out in DCC's response, we fully recognise this is a necessary and important part of ensuring that DCC's expenditure is economic and efficient. We firmly believe that our actions have been in line with our Licence obligations and in the best interests of our customers, and ultimately end consumers. We hope that Ofgem takes a fair and balanced approach in the way the process is conducted and in its assessment of DCC costs, especially as we begin the transition to the enduring ex ante regime.

Customer data access

On customer data access, we would benefit from some clarification from Ofgem on whether this service is part of an existing scheme or a new initiative. DCC has a wealth of data generated from the network that will support improved knowledge of the system, as well as managing and making best use of increased information. Over 150 types of messages can be sent to and from connected devices, creating a vast audit trail. This data, centrally managed within DCC's systems and refreshed every four hours, represents a valuable resource. While ensuring responsible access to this data, DCC firmly believes that smart metering data has significant potential to support policy-making and test the efficacy of policy interventions and regulations.

A primary use case for increasing access to this data is to improve the value of flexibility from consumer energy resources. We are involved in several Government-funded innovation projects, including the Smart Meter Energy Data Repository and on Automatic Asset Registration, which serve to improve knowledge of the system and will form the foundation of the future central digital infrastructure for flexibility. We are committed to working on opportunities to increase access appropriately to our dataset and to enable greater public benefit outcomes. We therefore welcome any opportunity to work further with Ofgem on data sharing opportunities. It would also be useful to understand the coordination between Ofgem and the Department's policy interventions and initiatives to ensure there is a joined-up approach across industry around data and flexibility for the public benefit.

Conclusion

In conclusion, we welcome the opportunity to collaborate with Ofgem in shaping a consumer-centric retail market, enabling net zero infrastructure, and establishing an efficient, flexible energy system. DCC remains dedicated to supporting Ofgem's initiatives, expanding efforts in critical areas, and looks forward to ongoing collaboration in achieving shared goals.

We recognise Ofgem's net-zero duty under the Energy Act and the specific mandate to protect consumers' interests in achieving net zero targets. We fully support this mandate and DCC is committed to playing its role in net zero strategic planning. We welcome the opportunity to collaborate closely with Ofgem to align decisions and integrate DCC's contributions into the broader net zero agenda.