

Angela Love
SEC Panel Chair
SECAS
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21 October 2024

Dear Angela,

Smart Energy Code (SEC) modification proposal (MP) 275 'Section K changes to support 4G Communications Hub rollout' – decision on urgency

On 7 October 2024, the Data Communications Company (DCC) (the 'Proposer') raised Smart Energy Code (SEC) modification proposal SECMP275 'Section K changes to support 4G Communications Hubs rollout'.¹ Following the Change Sub-Committee (CSC) meeting on the 15 October 2024², we³ received a request from the Smart Energy Code Administrator (SECAS) that SECMP275 should be treated as an Urgent Modification Proposal.

This letter sets out our decision that SECMP275 should be progressed on an urgent basis.

Background

Under the current charging methodology, the DCC charges differentiate between a Single Band and a Dual Band Communications Hub (CH). The 4G rollout will see a high discrepancy between Single Band and Dual Band Communications Hubs Fixed and stock level Charges.

¹ [Section K changes to support 4G Communications Hubs rollout - Smart Energy Code \(smartenergycodecompany.co.uk\)](https://smartenergycodecompany.co.uk/section-k-changes-to-support-4g-communications-hubs-rollout-smart-energy-code)

² [Change Sub-Committee Meeting 68 - Smart Energy Code \(smartenergycodecompany.co.uk\)](https://smartenergycodecompany.co.uk/change-sub-committee-meeting-68-smart-energy-code)

³ References to the "Authority", "Ofgem", "we", and "our" are used interchangeable in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day-to-day work. This decision is made by or on behalf of GEMA.

Additionally, the 'Communications Hub returned not redeployed' Explicit Charge was not originally designed to account for a nationwide swap-out. The current upfront charge for a 2G/3G Communications Hub swap-out may create higher than expected costs for Suppliers. The Proposer is concerned that these Charges, if left unchanged, could lead to a disincentive for Suppliers in the early years of 4G deployment, as they may delay activity to avoid higher charges.

The Proposer is requesting that SECMP275 be progressed as an Urgent Modification. They believe this issue, if not resolved quickly, will result in significant disruption for consumers whose CHs would need to be exchanged ahead of the 2G switch-off, having a significant commercial impact on these Supplier Parties with regards to the Charges incurred due to the 4G CH rollout.

Change Sub Committee View

At the SEC CSC on 15 October 2024, the CSC agreed by majority to recommend to Ofgem that SECMP275 should be progressed as an Urgent Modification Proposal.

Our decision

In reaching our decision on the urgency of SECMP275 we have considered the details within the proposal, the justification for urgency, and the views of the CSC. We have also assessed the request against the urgency criteria set out in our published guidance.⁴

Our guidance sets out that an Urgent Modification should be linked to an imminent issue or a current issue that if not urgently addressed, may cause:

- a significant commercial impact on parties, consumers or other stakeholder(s);
or
- a significant impact on the safety and security of the electricity and/or gas systems; or
- a party to be in breach of any relevant legal requirements.

We believe that the case for urgency is marginal, and the criteria exists to ensure that genuine Urgent modifications are progressed in that manner. However, on balance we will grant the status that the CSC has requested given the timings identified to ensure the Unitary Charges are included in the next quarterly indicative Charging Statement to

⁴ <https://www.ofgem.gov.uk/publications-and-updates/ofgem-guidance-code-modification-urgency-criteria-0>

prevent the any potential negative impacts on consumers in terms of disruption of service and additional costs.

We therefore:

- direct that this modification proposal is treated as urgent.

We agree the modification should follow the urgent timetable set out below:

Process	Date
Ofgem Decision on Urgency	22 October 2024
Consultation Commences	24 October 2024
Consultation Close-out for representations	7 November 2024
CSC approves Modification Report and legal text	19 November 2024
Change Board vote	17 December 2024

For the avoidance of doubt, in granting the request for urgency, we have made no assessment of the merits of the Proposal and nothing in this letter in any way fetters our discretion in respect of the Proposal.

If you have any comments or questions about this letter, please contact Grace Royall at smartmetering@ofgem.gov.uk.

Yours sincerely,



Grace Royall

Senior Policy Manager

Retail Systems and Processes

Duly authorised on behalf of the Authority