



Making a positive difference  
for energy consumers

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6 November 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 (MP) SECMP275 'Section K changes to support 4G Communications Hubs rollout'.<sup>1</sup> Following the Change Sub-Committee (CSC) meeting on the 15 October 2024<sup>2</sup>, we<sup>3</sup> received a request from the Smart Energy Code Administrator (SECAS) that SECMP275 should be treated as an Urgent Modification Proposal.

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<sup>1</sup> [Section K changes to support 4G Communications Hubs rollout - Smart Energy Code \(smartenergycodecompany.co.uk\)](https://smartenergycodecompany.co.uk)

<sup>2</sup> [Change Sub-Committee Meeting 68 - Smart Energy Code \(smartenergycodecompany.co.uk\)](https://smartenergycodecompany.co.uk)

<sup>3</sup> 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.

This letter sets out our decision that SECMP275 should be progressed on an urgent basis. This letter supersedes the original letter published 23 October<sup>4</sup>. The timeline has been updated to ensure the modification has sufficient time to progress.

## **Background**

This modification is split into two sections: the introduction of a unitary charge for single band and dual band communication hubs (CHs) and changes to charges for returned not redeployed CHs.

### Unitary Charging for CHs

The DCC's proposed change to the charging methodology involves introducing a unitary charge that would replace separate charges for single band and dual band CHs. This shift is primarily driven by the planned transition from 2G/3G networks to 4G affecting the SMETS1 and SMETS2 smart meter installations across Great Britain.

Currently, the charging model distinguishes between single and dual band CHs with costs linked to the type and number of CHs in a supplier's portfolio. Under the new unitary charge, a single region-neutral charge would apply to all CHs covering current and future 4G and long-range radio installations.

### Returned not redeployed

The current assumption is that all SMETS1 meters will need to be exchanged for SMETS2 across the UK and most SMETS2 meters in the Central and South regions, which have a 2G/3G CH, will need to have the CH replaced. The DCC is reviewing how it charges for the return of CHs.

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.

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<sup>4</sup> [Decision to grant urgency for SECMP275 | Ofgem](#)

## CSC 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.<sup>5</sup>

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 the CSC has requested, given their view that an expedited timeline is required to ensure that Unitary Charges are included in the next quarterly indicative Charging Statement. The CSC believes that this may mitigate against 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.
- Provide an updated timeline which replaces the previously approved timeline.

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

Process	Date
Ofgem Decision on Urgency	22 October 2024

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<sup>5</sup> <https://www.ofgem.gov.uk/publications-and-updates/ofgem-guidance-code-modification-urgency-criteria-0>

Ofgem Updated Timeline	6 November 2024
Consultation Commences	25 October 2024
Consultation Close-out for representations	21 November 2024
CSC approves Modification Report and legal text	18 December 2024
Modification Report Consultation Commences	18 December 2024
Modification Report Consultation Closes	3 January 2025
Change Board vote	10 January 2025

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](mailto:smartmetering@ofgem.gov.uk).

Yours sincerely,



**Grace Royall**

**Senior Policy Manager**

**Retail Systems and Processes**

Duly authorised on behalf of the Authority