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By email: DCCregulation@Ofgem.gov.uk

6 June 2025

**Draft Terms of Reference for Customer Challenge Group and draft Business Plan
Guidance Consultation**

Dear Jakub,

The SEC Panel welcomes the opportunity to respond to Ofgem's consultation on the draft Terms of Reference for the Customer Challenge Group (CCG) and the draft DCC Business Plan Guidance.

CCG Terms of Reference Consultation

The SEC Panel welcomes Ofgem's proposed CCG Terms of Reference (ToR) as the basis for how the CCG will operate and notes that the draft ToR provide a suitable level of information for a future Chair and CCG members to understand their intended roles and responsibilities.

As Ofgem is aware, SECCo is undertaking several pieces of work on behalf of the SEC Panel/Board to improve the SEC governance arrangements, to benefit SEC Parties and make the arrangements more efficient and effective. As part of this, we are working to bring consistency and closer alignment between the Sub-Committees. Considering that the ToR and associated requirements are not due to be finalised until July 2025, we would like to work with Ofgem to ensure that the ToRs for the CCG fit with the normal SEC Sub-Committee protocols, whilst maintaining the independence that Ofgem is seeking.

We agree that the ToR are comprehensive, clear, and well-structured. However, we note that the CCG Business Plan assessment report will be submitted directly to Ofgem and, under the draft ToR, would not require the Panel's approval. We have significant concerns with the proposal for the CCG to be entirely operationally independent to the extent that the Panel would not have any visibility of the report before its submission, or any role in its approval. The draft ToR (specifically clause 4.14) appears to contradict what is envisaged for the Panel's role in the proposed changes to the DCC Licence (LC 34A.12), which refer to the Panel, not the CCG, in the context of the business plan review.

We consider the approach outlined in the draft DCC Licence text to be better aligned with existing and proven SEC governance. This sets out that the CCG should undertake the task of reviewing the DCC Business Plan and producing a draft report on behalf of the Panel. The Panel should then receive a copy of this report, redacted only to the extent necessary to comply with the Panel Information Policy,

and subsequently approve the report for submission to Ofgem. This ensures the Panel can fulfil its obligations, as anticipated by the Licence Condition, while still benefiting from the detailed scrutiny of the CCG. We are comfortable with the version the Panel sees being redacted to comply with the Panel Information Policy and agree that the Panel should not be able to make any changes to the report once it has been finalised by the CCG. However, we would be concerned if the Panel were only to see it after submission to Ofgem.

In addition to this, we request that Ofgem considers transitional arrangements or interim CCG appointments be used to ensure that the new Sub-Committee can be established and become operationally effective within the timescales outlined.

We believe that the proposed timescales could make it difficult to identify and appoint a Chair and members with the requisite experience in time for the CCG to effectively contribute to the DCC's forthcoming Business Plan. However, we will endeavour to achieve the approach that Ofgem is looking to have as an enduring arrangement for the CCG as soon as possible.

In response to the December 2024 consultation, we proposed that the CCG could initially be composed of the Chairs of the existing SEC Sub-Committees, supported by SECCo/SECAS subject matter experts, along with members nominated by SEC Parties. This was to provide the CCG with immediate access to existing smart metering expertise, along with a deep understanding of DCC challenges and programmes. This would have the benefit of allowing the CCG to draw upon existing expertise while more permanent arrangements are established.

If this is something that Ofgem would support, then it would be beneficial for the ToR to acknowledge SEC Panel's ability to adopt such an approach. We suggest only doing this for the initial business plan review cycle, after which moving to the composition of the group set out in the draft Tor should be possible.

Regarding the operational aspects outlined in the ToR, we have a concern about the proposed meeting frequency. Specifically, we consider the frequency mandated by clause 3.27 to be excessive. It is unlikely that the DCC would have sufficient time to action feedback received in one meeting by the next if they are held so close together.

Furthermore, such a high frequency of meetings would lead to disproportionately high costs in terms of Subject Matter Expert and secretariat support, as well as the time commitment from CCG members. We suggest that one well-structured meeting per month, with additional ad-hoc meetings scheduled if needed, during this four-month period should be sufficient for the CCG to review the business plan and produce its report.

DCC Business Plan Guidance

We welcome the draft Business Plan Guidance as a positive step toward improving cost transparency, accountability, and predictability under the new ex-ante regime. The Guidance broadly meets its objectives, setting out a clear process and appropriate expectations for the content and structure of the Business Plan.

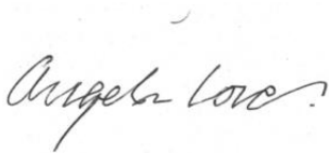
As noted in our previous responses, the lack of accurate cost forecasting and control under the ex-post regime has been a persistent issue. We support the introduction of a structured plan against which DCC will be expected to report and be held to account.

Given the condensed timescales for both the first Business Plan and CCG mobilisation, we suggest that the Guidance explicitly require DCC to share any available early drafts of the Business Plan with the SEC Panel and relevant Sub-Committee Chairs, in lieu of the CCG being established. Indeed, we

believe that it would be beneficial for the DCC to commence engagement with key stakeholders, particularly the SEC Panel and Sub-Committee Chairs, as soon as possible to ensure that they can hear, triangulate, and account for stakeholder feedback in their plans. This would support continuity of understanding and enable early input, particularly if the CCG includes members proposed through the SEC governance route.

We hope the above response provides valuable feedback. Should you require any clarification regarding the issues raised in this response, please contact Oli Meggitt, Senior Strategy Manager (oli.meggitt@seccoltd.com) or consultations@seccoltd.com.

Yours Sincerely,



Angela Love

SEC Panel Chair