

Jakub Komarek
DCC Oversight and Regulatory Review Team
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6 June 2025

Dear Jakub

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

Thank you for the opportunity to comment on Ofgem's draft terms of reference (ToR) for the customer challenge group and the accompanying business plan guidance.

As noted in our response to the *DCC Review Phase 2: Determination of Allowed Revenue* consultation, we recognise the establishment of the Customer Challenge Group, under the auspices of the Smart Energy Code (SEC), as a positive development. We are particularly encouraged by the Group's proposed remit to scrutinise all cost components of the DCC's planning processes, including those not directly subject to the SEC modification process. We are hopeful that this enhanced oversight capability will contribute to the transparency of DCC's cost structures and ensure that the Business Plan more effectively reflects the priorities and expectations of stakeholders.

We are broadly in agreement with the Draft ToR and consider them to be a clear framework for outlining the CCG's purpose, composition, operational processes and expected outputs.

However, we would like to draw Ofgem's attention to a specific area of concern. Our preference is for the SEC Panel to be granted the responsibility for appointing the Chair of the CCG. This recommendation stems from the desire to mitigate any potential conflicts of interest that may arise, given SECCo's potential participation in the bidding process: ie there could be a potential conflict of interest if SECCo is awarded the licence for DCC2 and also gets to appoint the Chair of the Group that is meant to scrutinise its processes. Such a dual role would raise concerns regarding the independence of the Group's oversight and scrutiny functions.

We are also supportive of the draft Business Plan Guidance, particularly in relation to the planning process and the governance framework by which the Challenge Group will evaluate the business plan and how the licensee must submit the Business Plan to the Authority.

Once again we appreciate the opportunity to provide input and look forward to ongoing engagement as this work progresses.

Yours sincerely,

A handwritten signature in blue ink that reads "Richard Sweet". The signature is written in a cursive, flowing style.

Richard Sweet
Director of Regulatory Policy