

Angela Love – SEC Panel Chair
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Jakub Komarek,
By email: DCCregulation@ofgem.gov.uk

28 November 2025

Financing arrangements for DCC1 and DCC2 during Business Handover

Dear Jakub,

The SEC Panel welcomes the opportunity to respond to the consultation on the proposed financing arrangements for DCC1 and DCC2 during the Business Handover period.

We support the proposals aimed at ensuring a smooth and efficient transition between DCC1 and DCC2. We particularly appreciate the clarity provided on cost recovery mechanisms and financial assurance measures, as these are essential for maintaining stability and confidence throughout the handover process.

Our response addresses the key areas outlined in the consultation.

DCC2 Handover costs

We support enabling DCC2 to recover necessary Business Handover costs prior to the Transfer Date. This approach is proportionate and consistent with the policy intent, ensuring that DCC2 can undertake essential activities without undue financial risk.

We agree that using DCC1's Charging Statement to pass through DCC2's costs is a practical solution. It avoids the complexity of dual charging statements and maintains continuity for service users during the transition period.

We believe the proposed exclusions are appropriate, as they limit cost recovery to activities strictly required for the handover, preventing scope creep, and ensuring transparency. We do not feel any other exclusions would be appropriate and would therefore strongly recommend that these are only applied to cover activities required for the handover.

Finally, we support modifying the SCML to include DCC2's handover costs as a fourth category of Pass-Through Costs, as this provides clarity and aligns with the overall framework.

DCC1 post-Transfer Date costs

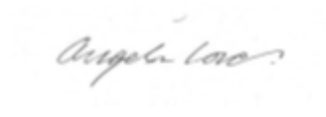
We agree that allowing DCC1 to recover post-Transfer Date costs via DCC2's Required Revenue is necessary to prevent financial disadvantage for activities that remain essential after the transfer. This helps to ensure fairness and continuity of obligations without creating unnecessary complexity.

Retention of funds until end of SCML1

We support the proposals to increase the value of DCC1's on-demand bond and require DCC2 to ringfence and retain an amount pending the final Price Control outcome. These measures are sensible and provide assurance against unexpected costs or liabilities, safeguarding the interests of service users and maintaining confidence in the transition process. By mitigating the risk of unexpected costs, these provisions should also reduce the likelihood of additional charges being incurred and subsequently passed through to end customers.

We trust these comments are helpful and look forward to continued engagement on the transition process. Should you have any queries or wish to discuss our response further, please contact Oli Meggitt, Senior Strategy Manager (oli.meggitt@seccoltd.com), or email consultations@seccoltd.com.

Yours Sincerely,



Angela Love
SEC Panel Chair