



**Response to Ofgem; consultation on proposed updated form of the Data & Communication company charging statement for service charges ("charging statement").**

We are pleased Ofgem have undertaken this consultation. We have become increasingly concerned over recent months at both the scale and level of granular detail provided to suppliers and other Data Communication Company (DCC) users since its appointment last September.

We do not consider that DCC has provided sufficient clarity on its charges, that these have been provided in a coherent and easy form and therefore it is difficult to state with certainty that these are and will be materially accurate.

As you are aware, DCC has been created as a monopoly provider of data and communication services to support the rollout and ongoing operation of these new meters. The procurement of the DCC was undertaken by DECC. We and other DCC users have had no direct involvement in the procurement phase. We have instead been kept "in the loop" on developments during the procurement process through the DECC Smart Meter Implementation Programme (SMIP) Commercial Working Group (CWG).

We fully understand and recognise that during the procurement phase, that DECC have not been able to share commercially sensitive information with industry parties. However, we do not think it unreasonable once DCC had been appointed for it to provide a granular view of its charges and are disappointed that what we have seen to date has been quite limited. At a time when our customers are rightly demanding more transparency of the costs we levy on them, it is important that all the supporting actors within the industry provide a similar level of transparency to the charges they levy so that the overall bill for consumers can be easily explained. We are not convinced by DCC countering requests for further discussion and provision of more detail by simply stating that it is unable to provide these due to commercial confidentiality issues.

When considering what level of transparency might be appropriate it is worth looking at other parts of the industry that account for significant costs and the level of detail that is provided to suppliers and users of these services. Elexon for example publishes its draft business plan (copy appended to this response) each year at a level of detail greater than we have seen to date from DCC, with apparently no issue of service provider confidentiality.

It is important to recognise that the services DCC will be providing to its users are breaking new ground. It is therefore reasonable to undertake perhaps a greater level of scrutiny of these at this time, than would be undertaken for existing service providers with similar monopoly positions e.g. Network operators.

Although the format and layout in the charging statement is reasonably logical, we have not been able to understand how these relate back to either the overall contract value for DCC of £175m or



able to equate these back at a meter point level to the £5.30 in the DECC Impact Analysis published in 2013 (we note that in the most recently published I.A. that this is no longer referenced).

This is concerning as we have no visibility of data beyond the headline numbers in the charging statements, to understand if later year statements will be materially less to bring these in line with the overall contract value or more. This creates problems for medium to long term internal business planning purposes.

When we challenged some of the charges in the previous regulatory year ending April 2014, we were told the reason for the additional spend was the bringing forward of charges for the regulatory period ending March 2015. We therefore expected to see a reduction in the value for 2015, instead there appears to be an increase which is difficult to understand based on the information provided. There may be a perfectly reasonable explanation, but as stated above we are unable work out or get comfort from DCC as to what is driving this at this time.

We appreciate that the consultation only requests comments on the charging statement for regulatory year ending April 2014. However we have also reviewed the most recent indicative budgets (2016/17) and charging statements (2015) and make the following observations.

- The format of the indicative budgets has not increased our overall confidence in the level of data provided and is actually confusing when compared to the charging statements.
- There appears to be significant changes to the baseline cost position, with no clear reference to what is driving these changes, who/where this has been agreed, or understanding of the benefit the changes will provide to DCC Users and end consumers.



## Appendix

Elexon draft business plan 2014/2015.



Elexon 2014 BSC  
Business Plan.pdf