

The Data Communications
Company

Email: smartmetering@ofgem.gov.uk

Date: 15 July 2019

Decision to modify and issue new Regulatory Instructions and Guidance¹ (RIGs) for the Data Communications Company (DCC) under Part B of Condition 33 of the Smart Meter Communications Licence²

We consulted Smart DCC Ltd, also known as the Data Communications Company (DCC), on changes to the RIGs which reflect developments in the price control, and also improve clarity and ease-of-use.

We are issuing a Direction to DCC, set out in Appendix 1, for the purpose of modifying and issuing the new RIGs. We are publishing the finalised new RIGs and reporting templates together with this decision.

Context

The RIGs³ provide the basis on which DCC, must report key price control information to us⁴.

It is important to note that the RIGs do not prescribe exactly how and to what level DCC should justify every cost variation. It is DCC's responsibility to prove costs incurred are economic and efficient.

Proposed Changes

We proposed a range of changes to the reporting templates due to various developments over the past year, which are then reflected in the RIGs guidance documents. We are proposing to change the structure of the reporting templates significantly, the primary changes and reasons for them are as follows:

- 1. Increase in the level of detail of Baseline Margin reporting** – provides greater clarity around the Baseline Margin Relevant Adjustments and the calculations performed reducing the risk of error

¹ All terms used in this Notice shall have the meaning given to them under the Licence, unless expressly stated otherwise.

² The Smart Meter Communications Licences were granted under both the Gas Act 1986 and the Electricity Act 1989. For ease, in this letter we refer to these licences in the singular. DCC's licence can be found at <https://www.ofgem.gov.uk/licences-industry-codes-and-standards/licences/licence-conditions>.

³ The Regulatory Instructions and Guidance were last published in December 2017 and are available from <https://www.ofgem.gov.uk/publications-and-updates/data-communications-company-dcc-regulatory-instructions-and-guidance-2017>.

⁴ The Office of the Gas and Electricity Markets Authority (Ofgem) supports the Gas and Electricity Markets Authority ('the Authority') in its day-to-day work. In this consultation letter, 'we', 'Ofgem' and 'Authority' are often used interchangeably.

2. **Addition of annex for Project Performance reporting** – the first Baseline Margin Project Performance Adjustment Scheme will be reported in the submission for Regulatory Year 2018/19
3. **Addition of annex for External Costs reporting** – there has been a large increase in the number of External Cost contracts due to the enrolment and adoption of SMETS1 meters
4. **Addition of annex for Centralised Registration Revenue Reporting** – there have been changes to the Centralised Registration Service (CRS) Revenue term within the Licence and the CRS performance regime, and the first CRS External Costs will be reported in the submission for Regulatory Year 2018/19

These primary changes have led to a number of consequential changes throughout the reporting templates and guidance. In addition to these, we have made a range of minor changes to increase the clarity and usability of the reporting templates.

Consultation Response

We sent a Notice with the proposed changes to DCC in June 2019. DCC welcomed and agreed with the proposed changes.

Through our assurance processes, we identified some minor calculation and labelling errors in the reporting templates since consultation with DCC. These have been corrected in the final published RIGs. As these changes are minor and we have already made DCC aware of them, we do not consider it necessary for further consultation before directing that they be made.

Next Steps

DCC must report in accordance with the RIGs by 31 July 2019. We will review and analyse the information over the summer, and aim to publish a consultation on the outcome of the ex post review in Autumn 2019. We will publish the decision in early 2020.

If you have any questions, contact smartmetering@ofgem.gov.uk.

Yours faithfully,

Jacqui Russell
Head of Metering & Market Operations
Duly authorised on behalf of the Gas and Electricity Markets Authority
15 July 2019

Appendix 1: Direction to DCC

To: Smart DCC Limited

Direction issued by the Gas and Electricity Markets Authority pursuant to Licence Condition 33.7 of the Smart Meter Communication Licences granted pursuant to section 7AB(2) and (4) of the Gas Act 1986 and section 6(1A) and (1C) of the Electricity Act 1989 (the "Direction")

WHEREAS

1. Smart DCC Limited ("the Licensee") holds the Smart Meter Communication Licences granted pursuant to section 7AB(2) and (4) of the Gas Act 1986 and section 6(1A) and (1C) of the Electricity Act 1989 ("the Licence")
2. The Gas and Electricity Markets Authority ("the Authority") has the power pursuant to Condition 33.7 of the Licence to modify the Regulatory Instructions and Guidance ("RIGs") by giving the Licensee a direction for that purpose after complying with the requirements of Part B of Condition 33 of the Licence.
3. The Authority has complied with the requirements of Part B of Condition 33.
4. The Authority gave notice of its intention to modify the RIGs to the Licensee on 07 June 2019 and has considered all representations duly made in coming to its decision on how to modify the RIGs.

NOW THEREFORE

5. The Authority hereby directs that the RIGs be modified as set out in the Schedule to this Direction⁵.
6. This Direction shall take effect on 15 July 2019
7. The following documents constitute notice pursuant to section 49A Electricity Act 1989 and section 38A Gas Act 1986:
 - a. This Direction;
 - b. Decision on modifications and issuing of new Regulatory Instructions and Guidance for the Data Communications Company (DCC), dated 15 July 2019; and
 - c. Notice of proposal to modify and issue new Regulatory Instructions and Guidance for the Data Communications Company under Part B of Condition 33 of the Smart Meter Communication Licence, dated 07 June 2019.

Dated: 15 July 2019

Jacqui Russell

Head of Metering & Market Operations

Duly authorised on behalf of the Gas and Electricity Markets Authority

⁵ The changes made to the reporting templates and RIGs are listed on the Authority's website, and can be found at the address provided in Annex 1

Annex 1:

On 15 July 2019 we published the new DCC RIGs on Ofgem's website. Available at:
<https://www.ofgem.gov.uk/publications-and-updates/data-communications-company-dcc-regulatory-instructions-and-guidance-2019>