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# DCC Business Plan Webinar

23 February 2017

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# Agenda

- **Overview**
- **Our role in the energy sector**
- **Where we are now**
- **Key achievements in 2016/17**
- **Our priorities**
- **Our plans**
- **Financial overview**
- **Questions**

# Overview

**The business plan is a summary of our priorities, plans and budgets for the next four years**

**It is intended to help our customers (our Users) and other stakeholders understand and contribute to our priorities for the next four years**

**We want our customers to have an increasingly important role in shaping our future plans:**

- **Your views have shaped this year's business plan**
- **We want to build on this in future**

# Our role in the energy sector

The energy sector is facing a period of unprecedented change

## Our focus

Enabling the smart transformation of the energy industry

## Our role

A delivery body on behalf of the energy sector

## Our services

Smart meter communication service for SMETS2 meters

Enables energy suppliers to install and operate smart meters in homes and small businesses across Great Britain.  
Will support the move to a smarter, more flexible energy system

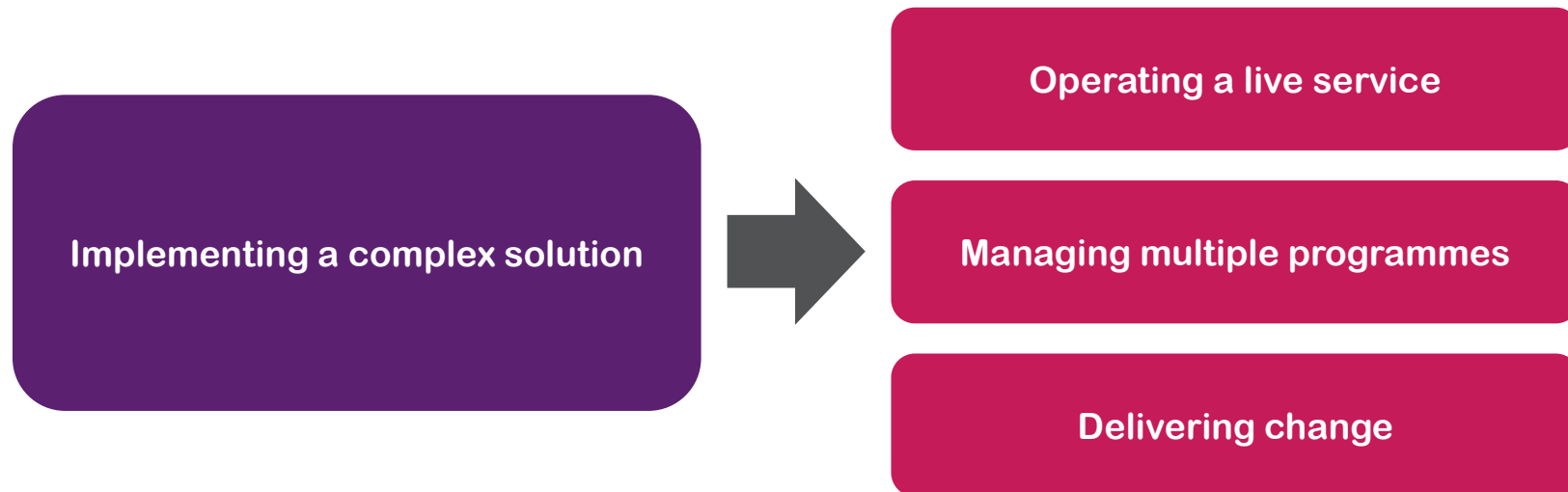
Smart meter communication service for SMETS1 meters

Will ensure consumers with a SMETS1 meter can continue to receive a smart service after switching energy supplier

Centralised Registration Service

Will underpin new arrangements for faster, more reliable switching for consumers changing energy suppliers

# Where we are now



# Key achievements in 2016/17

## SMETS2 Service

- Delivered core functionality that allows suppliers to roll out smart meters to credit customers and allows networks to access some service requests
- Operation in place to support live service
- This follows extensive testing and operational readiness activities

## SMETS1 Service

- Produced and consulted on SMETS1 Feasibility Report
- Carried out Enrolment Options Testing to provide early proof of concept evidence

## Supporting Ofgem's Switching Programme

- Scoping and planning our role in supporting Ofgem's Switching Programme
- Delivering products in the design, delivery and commercial workstreams

# Our priorities

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Completing the implementation of the live service through Release 1.3

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Scaling a reliable live service while fixing any early issues

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Ensuring we have the right arrangements to deliver change in a timely and cost-effective way

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Supporting consistent, predictable delivery across multiple concurrent programmes

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Strengthening relationships with our customers

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Building our expertise in smart metering and increasing engagement with industry – to understand and help shape future requirements

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Providing increasing value for money

# Our plans (I)









			2017/ 18	2018/ 19	2019/ 20	2020/ 21
SMETS2 Service	Operating the live service	Embed Release 1.3 functionality	◆			
		Scale a reliable live service to support the smart meter rollout	▶			
	Improving the live service	Use evidence based on experience to improve our service	▶			
		Increase coverage	▶			
	Delivering change	Deliver DBCH (no earlier than H1 2018)	▶			
		Deliver any changes to support Alt HAN (if required)	▶			
		Establish enduring release delivery model	◆			
		Deliver enhancements and new functionality		▶		



# Our plans (II)

		2017/ 18	2018/ 19	2019/ 20	2020/ 21
<b>SMETS1 Service</b>	Establish commercial relationships with Service Providers				
	Develop SMETS1 Service				
	Deliver Initial Operating Capability				
	Enrol first cohort of eligible SMETS1 meters				
	Deliver Full Operating Capability				
	Operate reliable SMETS1 communication service				
<b>Supporting Ofgem's Switching Programme</b>	Contribute to design of new end-to-end switching arrangements				
	Develop CRS technical specification				
	Prepare for procurement of CRS				
	Procure CRS				
	Mobilise for Design, Build and Test phase (subject to further licence amendment)				

# Our plans (III)

		2017/ 18	2018/ 19	2019/ 20	2020/ 21
<b>Engaging our Customers</b>	Increase stakeholder engagement in DCC decision-making				
	Engage with customers on evolving requirements				
<b>Providing value for money</b>	Work with customers and Ofgem to develop meaningful performance reporting				
	Establish enduring economic regulation arrangements				
	Enhance partnerships with our Service Providers				
	Agree refinancing of existing charges to reduce DCC costs				
	Agree financing arrangements for next tranche of Communications Hubs				
	Consider future commercial strategy, including re-procurements				

# Financial overview

Cost Summary - £m	Charging Statement			Indicative Budgets		
	2016/17	2017/18	Variance	2018/19	2019/20	2020/21
Internal Operations	36.4	51.2	14.8	46.2	46.4	43.2
Fundamental Service Providers (1)	185.1	192.9	7.9	219.7	252.8	279.0
Communications Hubs	0.5	12.4	11.9	49.3	68.9	110.9
Relevant Service Providers (2)	6.0	4.2	-1.8	4.2	4.2	4.1
<b>Total Regular Activity</b>	<b>228.0</b>	<b>260.7</b>	<b>32.7</b>	<b>319.4</b>	<b>372.3</b>	<b>437.3</b>
Adjustments (3)	11.3	31.0	19.6	19.2	17.1	15.5
<b>Total Charges</b>	<b>239.3</b>	<b>291.7</b>	<b>52.4</b>	<b>338.6</b>	<b>389.3</b>	<b>452.7</b>

1) Fundamental Service Providers - Data Services Provider, Communication Services Providers

2) Relevant Service Providers - Trusted Service Provider (SMKI provider), Parse and Correlation Service Provider, Enterprise Systems Service Provider.

For the Charging Statement, these costs are shown within the Internal cost lines.

3) Adjustments are made up of Prudent Estimate, Pass Through, Correction Factor, Margin

# Risks and opportunities

## Key areas of cost uncertainty:

- Ability to refinance future costs
- Approach to future releases
- DBCH unit cost
- SMETS1 enrolment and adoption costs
- Centralised Registration Service Provider costs
- Future developments such as Half Hourly Settlement

## Opportunities to reduce costs:

- Net effect of re-financing may be better than assumed in forecast
- We may outperform forecast on release costs

# QUESTIONS



# THANK YOU

If you have any comments or questions about the DCC Business Plan, please contact us at [contact@smartdcc.co.uk](mailto:contact@smartdcc.co.uk)

DCC Public

