

Ibex House
2nd Floor
42-47 Minories
London
EC3N 1DY

Jacqui Russell
Ofgem
10 South Colonnade
Canary Wharf
London
E14 4PU

cc. SEC Parties

Enc: Charging Statement RY2122 Issue 1.1 (draft for notice).pdf

25 August 2021

Dear Jacqui,

Notice of proposed reduction to Service Charges for Regulatory Year ending 31 March 2021

Summary

In accordance with Condition 19.9(a) and 19.11 of the Licence (Smart Meter Communication Licence) DCC (Smart DCC Ltd) hereby gives Notice to the Authority of an amendment to DCC Service Charges for RY (Regulatory Year) ending 31 March 2022. We propose that the amended Charging Statement comes into effect on 25 November 2021, which results in a total Notice period of 3 months.

This Notice proposes to reduce the monthly Fixed Alt HAN Charges for the final 5 months to return costs Alt HAN no longer expect to invoice to DCC in RY2021/22. The new charges are set out in the draft Charging Statement for RY2021/22 (see enclosed), which we provide to the Authority as part of this Notice and in accordance with Condition 19.13 of the Licence.

Background

We set Service Charges¹ no less than once a year. The current Service Charges are set out in the Charging Statement RY2021/22 (Issue 1.0), which came into effect on 1 April 2021². In December 2020, Alt HAN submitted to DCC the Approved

¹ Service Charges means the charges levied by and payable to DCC in connection with the operation or provision of Mandatory Business Services under the SEC

² DCC, 31 March 2021, 'Charging Statement RY2122 – Issue 1.0':
<https://www.smartdcc.co.uk/media/6232/charging-statement-ry2122-issue-10-vfinal.pdf>

Alt HAN Budget RY2021/22, which was set at the time including the costs of vendors in the procurement cycle for Technical Services Provider. Through the down-select decision, the successful vendor chosen was less expensive than alternatives and the savings identified have allowed for a reduction to charges in the final 5 months' of DCC customer invoices for RY2021/22, equivalent to £11.8m.

Proposal

By reducing the published Fixed Alt HAN Revenue amount from £28.612m to £16.806m, we can reduce the corresponding Fixed Alt HAN Charges from 4.3p per meter to 0p per meter during the final 5 monthly invoices of the Regulatory Year.

The changes to the face of the Charging Statement are:

- Reduced charges in Table 2 – Monthly Fixed Alt HAN Charges by Charging Group applicable in RY2021/22
- Reduced estimated revenue in Table 7 – Fixed Alt HAN Revenue and Estimated Allowed Revenue for RY2021/22 (excluding VAT)
- Reduced estimated revenue in Table 8 – Fixed Alt HAN Revenue and Estimated Fixed Revenue for RY2021/22 (excluding VAT)
- Reduced estimated revenue in Table 9 – Fixed Alt HAN Revenue and Estimated Fixed Revenue for RY2021/22 (excluding VAT)
- Revised worked examples (to reflect reduced charges) in Annex D.

We believe that this proposal will be well-received by DCC and Alt HAN customers and demonstrates our commitment to driving cost reduction wherever possible and putting the needs of our customers first.

Next steps

We propose that the enclosed revised Charging Statement version takes effect on **25 November 2021**. As we charge in arrears, customers will see the revised charges take effect in the invoice issued on 3 December 2021.

A copy of this Notice will be shared with SEC Parties, pursuant to Licence Condition 19.9(b) and it will also be available to download from the DCC website.

If you have any questions on any part of this Notice or the enclosed draft revised Charging Statement, please contact finance@smartdcc.co.uk.

Yours sincerely,

Ekta Sareen

Head of Regulatory Finance and Pricing, DCC