



Indicative Budget

Regulatory Years ending
31 March 2024 and 2025

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1 Introduction

1. This document is the Indicative Budget for Smart DCC Ltd (DCC) for the Regulatory Years ending 31 March 2024 and 31 March 2025 (RY2023/24 and RY2024/25). It has been prepared in accordance with Section J4.4 of the Smart Energy Code (SEC) and is based on the best information and assumptions available at the time of producing this document.
2. The latest total DCC cost estimates¹ for RY2023/24 and RY2024/25 are £544m and £510m respectively. This reflects an increase since the Q2 forecast published in July 2021 of £535m and £503m, relating to increases in cost within the Network Evolution portfolio and Operations function, offset by reductions in In-Life Change, SMETS1 and other programmes.

1.1. Smart Metering Implementation Programme (SMIP)

3. It is expected that in RY2022/23 and RY2023/24, the DCC will be continuing to support its customers in the rollout of SMETS2 meters. Beyond this DCC will focus on providing enduring operational support, improving the live service and the delivery of future releases in June and November of each year.

1.2. Enduring Change of Supplier (ECOS)

4. The Change of Supplier credentials (CoS) process allows the supplier certificates associated with a losing energy supplier to be replaced with those of a gaining energy supplier whenever a consumer changes supplier.
5. The delivery plan approved by BEIS in March 2020 would see the enduring service (ECOS) go-live in June 2022, with the migration from the Tactical Change of Supplier (TCOS) service running until April 2023.

1.3. Enrolment of SMETS1 meters

6. In RYs 2022/23 and 2023/24, it is expected that the Enrolment and Adoption programme will have reached the Early Life Operational stage and DCC will support with continuous improvement of the live service.
7. This publication includes the latest estimate of costs associated with SMETS1, which are set out in Table 3.

1.4. Supporting Ofgem's Switching Programme

8. With Go-Live for the Central Switching Service (CSS) planned for 2022, the key focus in RYs 22/23-23/24 will be on that milestone, early life operations and continuous improvement of the live service.
9. This publication includes forecasts relating to the DBT and the early operational phase of the Switching Programme. This includes early estimates of the external costs associated with those switching service providers who we know will continue after DBT and into operation. These forecasts are set out in Table 3.
10. The enduring charging arrangements for the service are being developed by Ofgem and will be designated as a section of the Retail Energy Code (REC). This is expected to be designated ahead of CSS going live and we expect this to take effect during 2022.

1.5. Network Evolution

11. The Network Evolution Programme focuses on the future of DCC operations in the smart metering environment. It explores how new process, systems and technologies can improve the live service, reduce the operating costs of the DCC system, and, above all, secure the continuity of a critical part of the UK's national infrastructure.
12. The programme is a portfolio of distinct projects; DSP design and procurement,

¹ This is the Estimated Fixed Revenue less Communications Hub Device Revenue and correction factor (but includes disallowed cost)

Communication Hubs & Networks, Trusted Service Provider (TSP) re-procurement and Test Automation.

1.6. Other information

13. If you have any questions relating to this document or if you would like to provide feedback on how this document might be improved, please email finance@smartdcc.co.uk. This document is available on the DCC website (www.smartdcc.co.uk).
14. If you are a SEC Party and would like to attend our quarterly Finance & Programme Briefings for customers, please contact us at customerengagement@smartdcc.co.uk.
15. Please note that:
 - some of the numbers in this document may not sum to total due to rounding
 - a table entry of '0.0' in the tables in this document indicates a value that is below £50,000.

SECTION A - ESTIMATED REVENUE

2 Estimated Allowed Revenue

16. Table 1, below, sets out DCC's Estimated Allowed Revenue for the three consecutive Regulatory Years ending 31 March 2025 in total and split by its key components.

17. The sum of National and Regional Fixed Revenue and Communications Hub Fixed Revenue is used to calculate the Fixed Charges.

Acronym	Name	R _Y 22/23 (£m)	R _Y 23/24 (£m)	R _Y 24/25 (£m)
$NFR_t + \Sigma RFR_t$	Estimated National and Regional Fixed Revenue	530.3	506.3	475.6
$\Sigma RCHFR_t$	Total Communications Hub Fixed Revenue	16.2	19.4	17.6
AHFR _t	Estimated Alt HAN Fixed Revenue	19.2	18.2	16.7
$\Sigma RCHDR_{hrt}$	Total Communications Hub Device Revenue	72.2	112.9	159.2
EFR_t	Estimated Fixed Revenue	637.8	656.8	669.1
EECR _t	Estimated Explicit Charges Revenue	5.1	7.5	10.3
EESR _t	Estimated Elective Services Revenue	-	-	-
EAR_t	Estimated Allowed Revenue	642.9	664.3	679.5
<i>Sub-total used to calculate Fixed Charges for RY2021/22</i>		<i>546.5</i>	<i>525.7</i>	<i>493.2</i>
<i>Total DCC cost estimate for RY2021/22²</i>		<i>571.6</i>	<i>543.9</i>	<i>509.9</i>

Table 1 – Estimated Allowed Revenue for RY2022/23 to RY2024/25 (excluding VAT)

² Excluding Communications Hub Device Revenue and correction factor (but including disallowed cost)

3 Estimated Fixed Revenue

18. Table 2 sets out the Estimated Fixed Revenue for the three consecutive

Regulatory Years ending 31 March 2025, in total and split by its components.

Acronym	Name	Ry22/23 (£m)	Ry23/24 (£m)	Ry24/25 (£m)
NFR _t	National Fixed Revenue	338.2	325.6	308.4
RFR _{rt}	Regional Fixed Revenue (North)	77.4	66.6	64.4
RFR _{rt}	Regional Fixed Revenue (Central)	68.2	65.2	58.8
RFR _{rt}	Regional Fixed Revenue (South)	46.3	48.9	43.9
NFR_t+ΣRFR_{rt}	Total National and Regional Fixed Revenue	530.3	506.3	475.6
RCHFR _{rt}	Regional Communications Hub Fixed Revenue (North)	2.9	3.0	3.0
RCHFR _{rt}	Regional Communications Hub Fixed Revenue (Central)	9.0	12.1	10.4
RCHFR _{rt}	Regional Communications Hub Fixed Revenue (South)	4.3	4.3	4.2
RCHFR_{rt}	Total Communications Hub Fixed Revenue	16.2	19.4	17.6
AHFR_t	Alt HAN Fixed Revenue	19.2	18.2	16.7
RCHDR _{hrt} (SBCH)	Regional Communications Hub Device Revenue (North)	10.7	16.9	23.9
RCHDR _{hrt} (SBCH)	Regional Communications Hub Device Revenue (Central)	22.8	30.7	40.0
RCHDR _{hrt} (SBCH)	Regional Communications Hub Device Revenue (South)	17.8	24.2	31.7
	SBCH correction factor	-	-	-
RCHDR _{hrt} (DBCH)	Regional Communications Hub Device Revenue (North)	5.0	9.9	15.5
RCHDR _{hrt} (DBCH)	Regional Communications Hub Device Revenue (Central)	8.9	17.4	26.9
RCHDR _{hrt} (DBCH)	Regional Communications Hub Device Revenue (South)	7.0	13.8	21.3
	DBCH correction factor	-	-	-
ΣRCHR_{rt}	Total Regional Communications Hub Revenue	72.2	112.9	159.2
EFR_t	Estimated Fixed Revenue	637.8	656.8	669.1
	<i>Sub-total used to calculate Fixed Charges</i>	<i>546.5</i>	<i>525.7</i>	<i>493.2</i>
	<i>Total DCC cost estimate³</i>	<i>571.6</i>	<i>543.9</i>	<i>509.9</i>

Table 2 – Estimated Fixed Revenue for RY2022/23, RY2023/24 and RY2024/25 (excluding VAT)

³ Excluding Communications Hub Device Revenue and correction factor (but including disallowed cost)

19. Table 3 breaks down the Estimated Fixed Revenue, for the three consecutive

Regulatory Years ending 31 March 2025, in more detail.

Estimated Fixed Revenue by category		Ry22/23 (£m)	Ry23/24 (£m)	Ry24/25 (£m)
Internal Costs (3.1)	Baseline	10.6	11.5	10.4
	Variance to baseline	123.3	124.5	116.7
External Costs (3.2)	Baseline	77.6	76.8	76.9
	Variance to baseline	303.7	272.8	255.7
Pass-Through Costs (3.3)	Authority	-	-	-
	SECCo Ltd	9.2	8.9	8.9
Baseline Margin (3.4)		8.7	8.5	3.5
External Contract Gain Share (3.5)		3.2	3.3	3.5
Prudent estimate (3.6)		-	-	-
Correction factor (3.7)	Main correction factor – RY2020/21	(6.0)	-	-
	Disallowed cost - RY 2020/21	-	-	-
Total National and Regional Fixed Revenue		530.3	506.3	475.6
Total Communications Hub Fixed Revenue (3.8)		16.3	19.4	17.6
Alt HAN (3.9)	AltHANCo	19.2	18.2	16.7
	Alt HAN correction factor – RY2020/21	-	-	-
Total Alt HAN Fixed Revenue		19.2	18.2	16.7
Communications Hubs Devices	SBCH	123.2	129.1	137.6
	SBCH variance to baseline	(71.8)	(57.3)	(42.0)
	SBCH correction factor – RY2020/21	-	-	-
	DBCH	20.9	41.1	63.6
	DBCH correction factor – RY2020/21	-	-	-
Communications Hub Device Revenue (3.10)		72.2	112.9	159.2
Estimated Fixed Revenue (EFR_t)		637.8	656.8	669.1
<i>Sub-total used to calculate Fixed Charges</i>		<i>546.5</i>	<i>525.7</i>	<i>493.2</i>
<i>Total DCC cost estimate⁴</i>		<i>571.6</i>	<i>543.9</i>	<i>509.9</i>

Table 3 – Estimated Fixed Revenue by category for RY2022/23, RY2023/24 and RY2024/25 (excluding VAT)

⁴ Excluding Communications Hub Device Revenue and correction factor (but including disallowed cost)

20. With reference to Table 3:

3.1 Internal Costs

21. Baseline Internal Costs are the Internal Cost forecast included in the Licence Application Business Plan (LABP)⁵ which was submitted by Capita plc to government and approved in September 2013.
22. Internal Costs represent all costs that do not relate to our key service providers (referred to in this document as “FSPs”). They are categorised as either resource or non-resource costs. These are described below.

3.1.1 Resource costs

23. Internal Costs include resource costs that relate to:
- managing the delivery of the Smart Metering Implementation Programme (SMIP)
 - managing the delivery of the SMETS1 programme
 - supporting and delivering Ofgem’s Switching Programme (DBT and early operations)
 - managing the Network Evolution portfolio of projects to ensure technological resilience of critical national infrastructure
 - preparing to support the delivery of Ofgem’s Market-wide Half Hourly Settlement Programme
 - managing Communications Hub Services
 - managing all External Service Provider contracts (including changes) e.g. CSPs, DSP, SMKI provider, Parse and Correlate, SMSOs, Central Switching Service provider, Systems Integrator, Core Systems Assurance provider etc
 - managing DCC Internal Systems e.g. billing, business intelligence and management information systems

- undertaking test assurance
- managing change and release management
- applying design governance
- implementing service design
- setting DCC budgets and charges
- preparing the price control submission
- stakeholder engagement
- managing new initiatives
- regulation, HR, finance and audit
- staff recruitment.

3.1.2 Non-resource costs

24. Internal Costs also include non-resource costs that relate to:
- Contract costs associated with External Service Providers that provide Relevant Service Capability i.e. not Fundamental Service Capability
 - services procured through Capita plc e.g. Group Finance, Tax and Treasury and Group HR
 - overhead
 - office accommodation
 - legal fees
 - consulting fees.

3.2 External Costs (including Communications Hub Fixed Revenue)

25. Baseline External Costs are the External Cost forecast included in the Licence Application Business Plan (LABP)⁶ which was submitted by Capita plc to government and approved in September 2013.
26. The External Costs and Communications Hub Fixed Revenue (see [Section 3.8](#)) in Table 3 are broken down further in Table 4 below:

⁵ [DCC Licence Application Business Plan \(April 2014\)](#)

⁶ [DCC Licence Application Business Plan \(April 2014\)](#)

Estimated External Costs by category	RY2023/24		RY2024/25	
	Baseline (£m)	Variance (£m)	Baseline (£m)	Variance (£m)
Set-up costs (3.2.1)	13.0	142.2	13.0	134.5
Fixed operational costs (3.2.2)	63.5	111.3	63.6	110.1
Performance incentives (3.2.3)	-	1.6	-	1.6
Impact assessments/projects (3.2.4)	-	36.1	-	25.7
Catalogue services (3.2.5)	-	-	-	-
Transaction Messages (3.2.6)	0.2	1.1	0.2	1.4
Total	76.5	292.2	76.7	273.3

Table 4 – Estimated External Costs by category for RY2023/24 and RY2024/25 (excluding VAT)

3.2.1 Set-up costs

27. Set-up costs relate to the development activity undertaken by External Service Providers that provide Fundamental Service Capability (referred to in this document at ‘fundamental service providers’ or FSPs) and are usually payable upon achievement of certain milestones. These costs may be financed over a period of time. The redacted versions of the CSP and DSP contracts are available on the DCC website.⁷
28. Set-up costs include the associated development activity for SMETS1 and the Switching Programme.

3.2.2 Fixed operational costs

29. Fixed operational costs relate to the FSPs’ provision of live services, including transaction message costs, and are payable monthly from the commencement of those live services operations to the end of those FSP contracts.
30. In addition, fixed operational costs also include the operating costs associated with SMETS1 and the Switching Programme.

3.2.3 Performance incentives

31. DCC may make payments to the FSPs where they meet their respective performance milestones.

3.2.4 Impact assessments/projects

32. Where changes are required, the FSPs will assess the impact of those changes. Similarly, we may request smaller standalone pieces of work to be undertaken by the FSPs which are referred to as projects.

3.2.5 Catalogue Services

33. DCC may procure items from the catalogue services set out in the CSP and DSP contracts. A number of these items will be recovered from customers via Explicit Charges. The cost in Table 4 relates to those catalogue services that are not recovered via an Explicit Charge.

3.2.6 Transaction Messages

34. DCC may recover the costs of communications services (service requests) via an Explicit Charge. However, we have decided to recover this cost via the Fixed Charge as we consider that this would be more economic and efficient. We consulted on this proposal in May 2014 the rationale is:
 - total cost of Service Requests is approximately 0.2% of total External Costs;
 - it would be less costly and complex for the billing system to recover this cost through Fixed Charges;
 - invoices would be simpler with less reconciliation activity for DCC’s customers; and

⁷ <https://www.smartdcc.co.uk/about/service-providers/>

- there would be greater cost certainty in advance of each Regulatory Year.

35. For each transaction message or service request, DCC incurs costs with its FSPs in line with contractual prices. The estimated annual cost forecast is informed by customer volume forecasts, which are submitted to DCC by industry. These costs were previously reflected under 'Fixed Operating Costs' in Table 4.

3.3 Pass-Through Costs

36. Pass-Through Costs include:

- fees payable to the Authority, the current assumption is that this will be nil for the foreseeable future
- costs associated with SECCo Ltd, consistent with its latest budget. Further details can be found on the SEC website: www.smartenergycodecompany.co.uk
- Alt HAN Co costs (see [Section 3.9](#)).

37. DCC passes through these costs to DCC's customers via the Fixed Charge and Fixed Alt HAN Charge.

38. The SECCo value in Table 3 is based on the final budget for RY2021/22, provided to DCC in February 2021.

3.4 Baseline Margin

39. Baseline Margin (BM) includes the BM values set out in the Licence, plus:

- a forecast of margin associated with the Switching Programme
- additional margin awarded by Ofgem in previous years.

40. The figures used are reflective of the latest decision from Ofgem on 25 February 2021.

3.5 External Contract Gain Share

41. Each year, DCC may apply to adjust the External Contract Gain Share (ECGS) term to reflect a reduction in External Costs which DCC has helped to achieve.

42. The value in Table 3 reflects ECGS allowed by Ofgem to date, including the latest decision from Ofgem on 25 February 2021.

3.6 Prudent estimate

43. DCC ensures that all costs represent good value for money and are economic and efficient. However, as with most complex programmes, the development of the DCC service involves a level of emergent change which gives rise to elements of uncertainty and risk. Consequently, actual costs may vary from those anticipated in the Charging Statement.

44. Whilst DCC's approach to setting charges provides certainty to DCC's customers it does not provide DCC with sufficient operating liquidity to ensure that it can meet its financial commitments in months when cash outflows exceed cash inflows, for this reason we recover an extra amount referred to as the prudent estimate.

45. The intent of the prudent estimate is to ensure that DCC remains cash positive and meets its financial commitments throughout the year and, as far as is possible, that Service Charges do not need to change during the Regulatory Year.

46. We will return any unused prudent estimate to customers via a reduction in future charges.

3.7 Correction Factor

47. We use the correction factor to return (or recover) any difference between Allowed Revenue and Regulated Revenue with respect to prior Regulatory Years.

48. There are four correction factor categories which are separated because they are applied to different charges payable by different customer types, they are:

- Main correction factor – this is applied to the National and Regional Fixed Revenue
 - We also apply an adjustment to return any disallowed costs as determined by Ofgem
- SBCH correction factor – applied to the SBCH Device Revenue
- DBCH correction factor – applied to the DBCH Device Revenue

- Alt HAN correction factor – applied to the Alt HAN Fixed Revenue.

3.8 Communications Hub Fixed Revenue

49. Communications Hub Fixed Revenue reflects the costs and expenses incurred to provide Communications Hub Services and Test CH Services that are incremental to the Communications Hub device costs (see [Section 3.10](#)). Communications Hub Fixed Revenue is recovered from Charging Groups 1, 2 and 3 only.
50. These costs are included within each of the External Cost categories listed in Table 4.

3.9 Alt HAN

51. Costs relating to Alt HAN Co Ltd are categorised as Pass-Through Costs and the Alt HAN Co values in Tables 1-3 are based on the latest estimated Alt HAN Budget, provided to DCC by Alt HAN Co in August 2021, in accordance with SEC Section Z4.14.
52. The Alt HAN Fixed Revenue will be adjusted according to an Alt HAN specific correction factor which will reflect any under/over-recovery in previous years. This is calculated separately as this cost is recovered from Charging Groups 1 and 3 only.

3.10 Communications Hub Device Revenue

53. Communications Hub Device Revenue consists of:

- asset charges payable to the CSPs following each successful delivery of either a SBCH or DBCH
- maintenance charges payable to the CSPs following each successful commissioning of either a SBCH or DBCH
- a correction factor adjustment to reflect any under/over-recovery in previous years of costs relating to either SBCH or DBCH. This is calculated separately as this cost is recovered from Charging Groups 1, 2 and 3 only.

3.11 Indexation

54. Internal Costs include an allowance for indexation which is based on historical Retail Prices Index (RPI) data published by the Office for National Statistics (www.ons.gov.uk). The Baseline Margin also includes an allowance for indexation using RPI as defined in LC36.8.
55. External Costs include an allowance for indexation, in accordance with the terms of the External Service Provider contracts, which is based on historical Consumer Price Index (CPI) data published by the Office of National Statistics (www.ons.gov.uk).
56. Pass-Through Costs include an allowance for indexation at the rate provided by SECCo Ltd and Alt HAN Co Ltd.
57. The correction factor is stated in current values and therefore does not include an allowance for indexation.

4 Estimated Explicit Charges Revenue

58. Explicit Charges are payable in respect of products/services, generally driven by volume, that are to be charged for separately from Fixed Charges. The cost of those services would only arise where it is specifically ordered or required by a customer (or a non-SEC party where a bilateral agreement is in place) and would be recovered from that party.
59. The $EECR_t$ (Estimated Explicit Charges Revenue) is set out in Table 1. Actual revenue recovered will be determined by the volume of services procured by customers.
60. Further detail on Explicit Charges is set out in the [DCC Charging Statement](#).

5 Estimated Elective Services Revenue

- 61. Elective Charges are payable in respect of Elective Communication Services, which may now be requested by customers.
 - 62. All Elective Communication Services will require a preliminary assessment, Detailed Evaluation (if necessary, and recoverable through an Explicit Charge) and formal offer from DCC to enter into a Bilateral Agreement with a customer. DCC has not yet entered into any Bilateral Agreements
 - 63. The EESR_t (Estimated Elective Services Revenue) is set out in Table 1.
 - 64. DCC is engaging with customers to develop a proposal to improve Elective Communication Services.
- with customers for Elective Services and therefore the current estimate is nil.

Appendix A – Publications timetable

65. In accordance with J4 of the SEC, within the first five working days of April, July, October and January in each year, we must create and publish:
- an indicative Charging Statement for the first Regulatory Year due to start thereafter;
 - a budget for the second and third Regulatory years due to start thereafter;
- and a working model allowing our customers to estimate their indicative charges.
66. In addition, we are required under the Licence to refresh the Charging Statement at least once in each Regulatory Year.
67. That combined timetable for the upcoming 12 months is summarised below. All publications are available on the DCC website (www.smartdcc.co.uk).

Publication date	Charging Statement	Indicative Charging Statement	Indicative Budget	
25 November 2021	RY2021/22 – issue 2.0 (final)			
23 December 2021	RY2022/23 – issue 0.1 (draft)			
10 January 2022		RY2022/23	RY2023/24	RY2024/25
March 2022	RY2022/23 – issue 0.2 (draft)			
March 2022	RY2022/23 – issue 1.0 (final)			
7 April 2022 (Q1)		RY2023/24	RY2024/25	RY2025/26
7 July 2022 (Q2)		RY2023/24	RY2024/25	RY2025/26
7 October 2022 (Q3)		RY2023/24	RY2024/25	RY2025/26

Table 5 – Timetable for Charging Statements and indicative budgets

Appendix B – Acronyms

Acronym	Definition
Alt HAN	Alternative Home Area Network
BEIS	Department for Business, Energy and Industrial Strategy (formerly known as DECC – Department for Energy and Climate Change)
CH	Communications Hub
COMR	Completion of Mass Rollout
CPI	Consumer Price Index
CRS	Centralised Registration Service
CSP	Communications Services Provider
DBCH	Dual Band Communications Hub
DCC	Smart DCC Ltd
DSP	Data Services Provider
DECC	Department of Energy and Climate Change (now known as BEIS)
ESMS	Enrolled Smart Metering System
GBCS	Great Britain Companion Specification
HAN	Home Area Network
LC	Licence Condition
MSMS	Mandated Smart Metering System
PKI	Public Key Infrastructure
RPI	Retail Prices Index
RY	Regulatory Year
SBCH	Single Band Communications Hub
SEC	Smart Energy Code
SMETS1	Smart Metering Equipment Technical Specification v1
SMETS2	Smart Metering Equipment Technical Specification v2
SMKI	Smart Metering Key Infrastructure
UITMR	User Integration Testing and Mass Rollout

Table 6 – Acronyms

Appendix C – Glossary

Defined Terms	References	Definition
Allowed Revenue	LC 36.8	Allowed Revenue is the total amount of revenue determined on an accruals basis in relation to each Regulatory Year, in accordance with the Principal Formula outlined in the Licence.
AltHANCo	SEC Z6.1	Has the meaning given to that expression in Section Z2.1 (Establishment of AltHANCo).
Alt HAN Costs	SEC Z6.1	Has the meaning given to that expression in Section Z4.2 (Alt HAN Costs and Expenses).
Alt HAN Fixed Revenue	SEC K3.7	Revenue relating to the reimbursement of Alt HAN Costs
Authority	SEC A1.1	Means the Gas and Electricity Markets Authority as established under section 1 of the Utilities Act 2000.
Baseline Margin	LC 35.5	Means in relation to each Regulatory Year an amount of additional revenue, over and above the sum of the Licensee's Internal Costs and External Costs, that the Secretary of State has agreed shall be included (subject to the operation of the Baseline Margin Performance Adjustment) in the Licensee's Allowed Revenue, and is determined in accordance with the provisions of Part C of Condition 36.
Bilateral Agreement	SEC A1.1	Means an agreement entered into pursuant to Section H7 of the SEC (Elective Communication Services) between the DCC and a User.
Charging Groups	SEC K11.1	Has the meaning given to that expression in Section K3.10 of the SEC.
Communications Hubs	SEC A1.1	Means a Communications Hub Function together with a Gas Proxy Function.
Communications Hub Service	LC 17 (E)	The Communications Hub Service is provided by DCC for the purpose of enabling Energy Suppliers to comply with their duties in respect of the installation of Smart Metering Systems at the premises of Energy Consumers.
COMR Period	SEC K (Pending Designation)	Refers to the period, during which "mass rollout" of Smart Metering Systems is to be completed (as per Section K of the Smart Energy Code – still to be designated)
Detailed Evaluation	SEC A1.1	Has the meaning given to that expression in Section H7.7 of the SEC (Detailed Evaluation of Elective Communication Services).
Elective Communication Services	LC 17 (C)	Elective Communication Services are communication services (other than Core Communication Services) that relate solely to the Supply of Energy (or its use) under the Principal Energy Legislation.
Enrolment	SEC A1.1	Means, in respect of a Smart Metering System, the act of enrolling that Smart Metering System in accordance with the Enrolment Service (and the words "Enrol" and "Enrolled" will be interpreted accordingly). Enrolment of a Smart Metering System ends on its Withdrawal.
Enrolment Service	LC 17 (D)	The Enrolment Service is operated by DCC for the purpose of enrolling a Smart Metering System into the Smart Metering Inventory under the SEC.
Estimated Allowed Revenue	SEC K11.1	Has the meaning given to that expression in Section K2.1 of the SEC.

Defined Terms	References	Definition
Estimated Elective Service Revenue	SEC K11.1	Has the meaning given to that expression in Section K2.3 of the SEC.
Estimated Explicit Charges Revenue	SEC K11.1	Has the meaning given to that expression in Section K2.5 of the SEC.
Estimated Fixed Revenue	SEC K11.1	Has the meaning given to that expression in Section K2.6 of the SEC.
Elective Charges	SEC K11.1	Means the Charges payable in respect of Elective Communication Services.
Explicit Charges	SEC K11.1	Means the Charges calculated in accordance with Section K7 of the SEC, and payable in respect of the Explicit Charging Metrics.
External Costs	LC 35.5	Means in relation to each Regulatory Year the actual amount of the costs that were economically and efficiently incurred by the Licensee in procuring Fundamental Service Capability during that period.
External Service Provider	LC 1.4	Means any person from whom Relevant Service Capability is procured by the Licensee (including a person from whom such capability is being procured by virtue of paragraph 6 of Condition 16 of the Licence) for the purpose of enabling the provision of Mandatory Business Services under or pursuant to the Smart Energy Code.
Fixed Charges	SEC A1.1	Has the meaning given to that expression in the Charging Methodology in Section K of the SEC.
Fundamental Service Capability	LC 1.4	Has the meaning given to that term in Part J of Condition 16 (Procurement of Relevant Service Capability), as amplified by reference to the particulars set out in Schedule 1 to the Licence (Details of Fundamental Service Capability).
Great Britain Companion Specification	LC 1.4	The Great Britain Companion Specification is the final part of the Smart Metering Equipment Technical Specification that defines the technical details of electricity and gas meters, In Home Displays (IHD) and Communications Hubs. It defines the details of the technical protocol used for these devices to communicate with each other. It is a fundamental and critical part of the smart metering ecosystem with many aspects of the DCC Service dependant on its quality and completeness.
Impact Assessment	DSP/CSP contracts	Means a detailed impact assessment of a Change Request substantially in the form of Appendix 3 to Schedule 8.2 and as further described in paragraph 7 of Part F of Schedule 8.2 of the DCC Service Provider contracts.
Implementation Milestones	LC Schedule 3	Has the meaning that is given to it in Schedule 3 (The Implementation Performance Regime) of the Licence.
Internal Costs	LC 35.5	Means in relation to each Regulatory Year the sum of the costs (excluding External Costs and Pass-Through Costs) that were economically and efficiently incurred by the Licensee for the purposes of the provision of Mandatory Business Services under or pursuant to the SEC (and may include costs incurred in respect of the governance and administration of the SEC that are not included in Pass-Through Costs).
Mandatory Business	N/A	Mandatory Business Services comprise the Mandatory Business operated or provided by DCC, namely (a) Core Communication Services, (b) Elective Communication Services, and (c) Enabling Services.
National Fixed Revenue	SEC K3.7	Is the revenue that should be recovered on a uniform basis across all the Regions.

Defined Terms	References	Definition
Pass-Through Costs	LC 35.5	Means in relation to each Regulatory Year the sum of the amounts that are specified as Pass-Through Costs in paragraph 8 of Condition 36.
Parse and Correlate Software	SEC H11	Parse and Correlate Software ensures that the Extensible Markup Language commands sent to Smart Meter devices from SEC Party systems have the same meaning as the corresponding command in the Service Request format used by Smart Meter devices.
Price Control Condition	LC 1.4	Means a condition the purpose of which, whether on its own or in combination with any other Price Control Condition, is to limit or control the charges of, or the revenue of, the Licensee (and the Conditions contained in Chapter 9 are the Price Control Conditions of the Licence).
Project	CSP/DSP contracts	As set out in Schedule 8.8 to the DSP/CSP contracts.
Region	SEC A1.1	Means each of the geographical regions of Great Britain that are subject to different DCC Service Provider Contracts, the exact boundaries of which will be as published by the DCC (or the Panel on behalf of the DCC) from time to time.
Regional Communications Hub Revenue	SEC K11.1	Has the meaning given to that expression in Section K3.8 of the SEC.
Regional Fixed Revenue	SEC K11.1	Has the meaning given to that expression in Section K3.8 of the SEC.
Regulated Revenue	LC 35.5	Regulated Revenue is the actual revenue measured on an accruals basis in relation to each Regulatory Year received by DCC based on Service Charges levied in the Charging Statement.
Regulatory Year	LC 1.4	A Regulatory Year is a period of 12 months beginning 1st April in any calendar year and ending 31st March of the next calendar year.
Service Charges	SEC J1.1	Service Charges are determined in accordance with the Charging Statement applicable from time to time.
Service Desk	SEC A1.1	Has the meaning given to that expression in Section H8.19 of the SEC (Service Desk).
Smart Metering Key Infrastructure	SEC L	A Smart Metering Key Infrastructure is the equivalent of a Public Key Infrastructure hierarchy for an end-to-end Smart Metering System.
Smart Metering System	LC 1.4	Means either: (a) an Electricity Smart Meter together with the Communications Hub Function with which it is Associated, together with the Type 1 Devices (if any) that may from time to time be Associated with that Electricity Smart Meter; or (b) a Gas Smart Meter together with the Communications Hub Function with which it is Associated and an Associated Gas Proxy Function, together with the Type 1 Devices (if any) that may from time to time be Associated with that Gas Proxy Function.

Table 21 – Glossary