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cc. SEC Parties

Enc: Charging Statement RY22-23 - Issue 0.1 (draft).pdf

24 December 2021

Dear Ayena,

## **Notice of Service Charges for Regulatory Year ending 31 March 2023**

### **Notice**

In accordance with Condition 19.9 (a) of the Smart Meter Communication Licence (the "Licence") and Section J4.2 of the Smart Energy Code ("SEC"), Smart DCC Ltd ("DCC") hereby gives Notice to the Authority of DCC Service Charges for the Regulatory Year ending 31 March 2023 (RY 2022/23).

In accordance with Condition 19.5 of the Licence, DCC formally requests the Authority's approval of the form of the Charging Statement.

We explain the new Service Charges in the draft Charging Statement which is attached with this Notice. In accordance with Condition 19.13 of the Licence, we propose that this Charging Statement comes into effect on 1 April 2022.

We propose three key changes to the form of the Charging Statement document since the last version in RY2021/22:

- We propose to introduce the 'set' Explicit Charge '*DCC Boxed*' in Table 4, with prices for two device types. This follows the progression of and general support for SECMP 179 '*DCC Boxed*'. The price is consistent with our engagement in those working groups, and based on commercial agreements for the provision of these device variants, and the product business case.
- We also propose introducing the 'Indicative' Explicit Charges '*GFI Testing*' and '*RF Testing*' in Table 5, following the designation of SECMP 138 '*DCC Service Testing*' in ETAD in November 2021.

- With the confirmation from Alt HAN Co that an Explicit Charge will not be required for recovering Shared Solution device costs, we have removed that placeholder charge from Table 6.

A high-level summary of the other changes to the Charging Statement for RY2022/23 compared to RY2021/22 are set out in Table 1 in [Appendix A](#).

Please note that we have made allowances in this draft Charging Statement for Ofgem's Draft Decision on the RY2020/21 Price Control. We understand that Ofgem plans to publish its Final Decision in February 2022, and we will amend the draft Charging Statement if/when necessary before it takes effect in April 2022.

### **Next steps**

A copy of the enclosed draft Charging Statement will be shared with those with whom DCC has entered into an Agreement for Services, pursuant to Licence Condition 19.9(b). Currently, this means all SEC Parties.

We look forward to receiving your approval of the form of this draft Charging Statement.

If you have any questions in relation to this letter or its contents, please contact us at [finance@smartdcc.co.uk](mailto:finance@smartdcc.co.uk). The draft Charging Statement will also be made available on the DCC website ([www.smartdcc.co.uk](http://www.smartdcc.co.uk)).

Yours sincerely,

**Ekta Sareen**

Head of Regulatory Finance and Pricing, DCC

## Appendix A: Summary of Charging Statement changes

Table 1 below sets out a summary of the changes to the Charging Statement.

Place in document	Change
Table 1 – Monthly Fixed Charges by Charging Group for RY2022/23 (excluding VAT)	Charges updated to reflect Estimated National and Regional Fixed Revenue and Communications Hub Fixed Revenue for RY2022/23
Table 2 – Monthly Fixed Alt HAN Charges by Charging Group for RY2022/23 (excluding VAT)	Charges updated to reflect Estimated Alt HAN Fixed Revenue for RY2022/23
Table 3 – Monthly Fixed CH Charges by Charging Group for RY2022/23 (excluding VAT)	Charges updated to reflect Estimated Communications Hubs Device Revenue for RY2022/23
Table 4 – ‘Set’ Explicit Charges for RY2021/22 (excluding VAT)	<ul style="list-style-type: none"> <li>▪ Charges updated to reflect indexation, updated prices in service provider contracts and/or latest Comms Hub (CH) volume forecasts for RY2022/23.</li> <li>▪ Now includes ‘DCC Boxed’ prices for Standard Kits and Emulators, following progress made through SECMP 179.</li> </ul>
Table 5 – Indicative Explicit Charges applicable in RY2022/23	<ul style="list-style-type: none"> <li>▪ Charges updated to reflect indexation, updated prices in service provider contracts and/or latest CH volume forecasts for RY2022/23.</li> <li>▪ Now includes ‘GFI Testing’ and ‘RF Noise Testing’ charge ranges, following designation through SECMP 138.</li> </ul>
Table 6 – Explicit Charges yet to be determined	Removed ‘Shared Solution Alt HAN Equipment’ Explicit Charge, as this is no longer needed
Table 7 – Estimated Allowed Revenue for RY2022/23 (excluding VAT)	Updated to reflect estimated costs/revenue for RY2022/23
Table 8 – Estimated Fixed Revenue for RY2022/23 (excluding VAT)	Updated to reflect estimated costs/revenue for RY2022/23
Table 9 – Estimated Fixed Revenue by category for RY2022/23 (excluding VAT)	Updated to reflect estimated costs/revenue for RY2022/23
Table 10 – Estimated External Costs by category for RY2022/23 (excluding VAT)	Updated to reflect estimated costs/revenue for RY2022/23
Table 11 – Total Smart Metering Systems forecast for start of RY2022/23	<ul style="list-style-type: none"> <li>▪ Updated to reflect a forecast of domestic and non-domestic meter volumes for the start of RY2022/23.</li> <li>▪ Both sets of volume forecasts were determined using the historic monthly rate of increase of meters up to and including October 2021</li> </ul>
Table 12 – Forecast CH and ESMS volume in RY2022/23	Updated to reflect updated CH and Enrolled Smart Meter (ESMS) volume forecasts for RY2022/23
Section 17 – Invoicing	Updated the minimum monthly charge value to reflect indexation
Section 18 – Credit cover	Updated the credit cover threshold value to reflect indexation
Appendix A – Worked examples	Revised worked examples to reflect changes to charges (see above)
Appendix C – Acronyms	Updated to include ‘GFI’, ‘GIT and ‘RF’
Appendix D – Glossary	Updated to include ‘GIT for Industry’ (GFI) and ‘DCC Boxed’

**Table 1 – Summary of Charging Statement amendments (Dec 2021)**