Data Communications Company

DCC Price Control RY24/25 - External Costs

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1. External costs

Summary

What is this and why is it important?

In line with Ofgem's RIGSs guidance, External Costs are those arising from Fundamental Service Provider (FSPs) contracts. They reflect the costs of the DSP, SMETS2, SMETS1, 4G CH&N, Test Automation, Switching and ECoS services.

A proportion of these contracts were awarded by government prior to current DCC procurement and contract management capability being in place. We continue to focus on ensuring customers get the best value for money from these contracts, holding incumbent suppliers to account.

RY24/25 activities and costs

Total External costs across all FSPs were £566.3m. Within these, SMETS2 accounted for £361.3m. FSPs costs associated with other services (e.g. SMETS1) are outlined in the Table 1 in next section.

In line with our commitment to delivering value for money, and enabled by our increased commercial maturity, we have obtained £21.2m of savings compared to the initial price quoted by suppliers across all our FSP contracts agreed this year.

In addition to contractual mechanisms (e.g. indexation), External Costs were driven by evolving technology and customer needs, including system changes, capacity increases, release management, and testing services. Under agreed governance, DCC negotiates contractual variations with providers through Change Requests (CRs) and Project Requests (PRs). In RY24/25, DCC completed or progressed 18% fewer CRs than in RY23/24, reflecting our efforts to hold suppliers to account and an improvement in developing robust contractual requirements at the outset. Increased SMETS1 network traffic also triggered additional contractual overage charges.

For SMETS2, we implemented 12 CRs and 10 PRs over the reporting threshold of £1m, across 4 suppliers. DCC delivered value for money, achieving £15.6m in savings through scrutiny and challenge of scope and costs as well as negotiation of appropriate risk allocation mechanisms.

Future activities and costs

SMETS 1: DCC continues to pro-actively address contractual uncertainty driven by the known 2G switch off backstop of December 2033. DCC's strategy is to provide contractual certainty to 2029, with optionality to 2033, allowing the greatest flexibility for industry. DCC is also actively seeking to minimise overage charges through customer engagement to change behaviours and contractual negotiation with suppliers.

SMETS 2: In RY25/26 we will continue to focus on providing industry with certainty regarding the provision of CSP C&S and CSP.N through utilising contractual extension options to ensure provision to 2033. For the provision of LRR services, we have established a Treasury Green Book Business Case process to determine the duration industry will require LRR services and will put in place the necessary contracts to support this. Costs for RY25/26 are contractually committed, with further costs subject to business / industry need and negotiations with suppliers.

DSP 2.0: Following the decision to disaggregate the DSP, the focus for RY25/26 is to mobilise the Design, Build and Test ("DBT") phases with the replacement suppliers. DSP2.0 will provide greater operational transparency, improved service availability, a future proof solution and a more cost-effective model. DBT will run for approximately 3 years before the 8 year 'Run' phase starts. DCC is committed to ensuring there is no disruption for customers and energy consumers, risks are minimised and value for money is maintained as the transition is concluded.

1.1. Introduction

External Costs are the costs incurred by our Fundamental Service Providers (FSPs), including those that support our core data and communication services for smart metering were either appointed by government, and therefore novated to DCC, or have been procured by DCC. They comprise the services to support the SMETS1, SMETS2, 4G CH&N, Test Automation, Switching, and ECoS Programmes.

DCC delivers its services by procuring and contracting with external service providers. Generally, these services include technology solutions, consultancy, recruitment, and auditing. For the avoidance of doubt, the sections below cover external costs incurred by our FSPs.

We achieved key milestones across our programmes such as:

- Providing contractual certainty for **SMETS1 services**, via a number of procurement activities (DXC and DCO) and a direct negotiation with Vodafone for the provision of IOC/FOC WAN services

- **CH&N**: The go-live of DCC's 4G Solution in the Central and South Regions in December 2024 with an "Initial Pallet Validation" (IPV) Phase, during which a small number of 4G Communications Hubs were rolled out ahead of mass-deployment in order to ensure that the 4G Solution is sufficiently robust to be deployed at scale. Mass-deployment is due to commence in July 2025.

- **FSM**: During RY25/25 DCC signed a new contract, and a number of CRs, in relation to the design, build, test and integration into DCC's existing eco-system of a new Service Management System.

- The **Central Switching Service** remains in an enduring operational phase. During RY24/25 we ensured continuity of the System Integrator (SI) services, through a new contract with Netcompany.

- The **ECoS** Service remains in an enduring operational phase. During RY24/25 we ensured continuity of the ECoS Solution through the extension of the Managed Service Work Package to June 2028 (which was due to expire in June 2025).

- **Arqiva** – Scaling & Optimisation Programme: Delivered critical upgrades to the CSP North (CSP.N) infrastructure to address capacity constraints, including the implementation of CR4895 and CR5431. These changes, totalling over £21.6m, enabled the network to scale to support up to 5 million Communications Hubs by December 2026, while securing value for money through a 34.5% cost reduction from initial estimates and capped pricing for future phases.

- **CGI** – Consolidated Funding and Disaggregation of DSP Resources: Through CR5320 and CR5504, DCC restructured the funding model for CGI's DSP leadership and support teams, achieving a 26.9% cost reduction (from £12.2m to £8.9m) and enabling greater transparency and accountability across programmes. This change supports the transition to a disaggregated DSP model and aligns with DCC's long-term cost-efficiency goals.

Over the course of RY24/25, DCC has incurred a total of £554.7m in external costs excluding the Switching programme. Including Switching, the number is £566.3m. The costs are broken down as follows:

Programme	Incurred Cost in RY23/24 (£m)	Incurred Cost in RY24/25 (£m)	Year-on-year change (£m)
SMETS2	**335.2**	361.3	26.1
SMETS1	**120.7**	143.9	23.2
Comms, Hubs & Networks	**10.9**	**41.6**	**30.7**
Enduring Change of supplier (ECoS)	**15.9**	**7.9**	**-8.0**
Switching	**10.2**	**11.7**	**1.5**
Total Costs (exc. Switching)	**482.7**	**554.7**	**72**
Total Costs (inc. Switching)	**492.9**	**566.3**	**73.4**

Table 1 – Cost breakdown of programmes

The reasons for the above change in costs for the programmes are set out in their respective cost centres and programme chapters, with this document describing SMETS2 activities only.

As part of the process of delivering services in an environment that is subject to change, DCC must agree contractual variations with its providers – change requests (CRs) and project requests (PRs). These are typically the result of changes required to the mandatory services envisaged in the Smart Energy Code (SEC) or Retail Energy Code (REC), or other obligations relating to the safety and security of the network.

In RY24/25, DCC completed or progressed 38 CRs and PRs less than in RY23/24 as shown in Table 2 below. The approach for each material CR and PR and the Value for money delivered by each change are described in the Change Request and Project Request section below.

	RY23/24 complete/progressed	RY24/25 complete/progressed	Year-on-year change
Change Requests	149	122	(27)
Project Requests	173	162	(11)
Total Changes	**322**	**284**	**(38)**

Table 2 – Comparison of change request and project request volumes

DCC knows that the costs we incur to develop, test, and run the smart metering system are borne by our customers. We actively seek identifying and realising efficiencies across all parts of the business on a continuing basis whilst simultaneously maintaining steady progress against our programmes and quality of service requirements.

DCC has built up an extensive level of knowledge and expertise around the management of external service providers over the past years. The commercial acumen and supplier management expertise, have allowed us to realise significant cost savings through long-term efficiencies across several areas, ranging from consolidating test facilities to the re-financing of external set-up costs, as well as through continuously introducing improvements to our internal systems and processes.

Where new contracts have been signed or contracts extended, these have been described in greater detail within the respective programme narratives.

2. Change Request and Project Request costs: SMETS2

For SMETS2 the main providers are Arqiva (Communications Service Provider North [S2CSP-N]) and VMO2 (Communication Service Provider Central and South [(S2_CSPCN]). CGI provides the DSP service that underpins SMETS2 it, therefore we have grouped these 3 core Service Providers under the SMETS2 banner. It should be noted that all external costs in relation to DCC's Programmes are set out in their respective cost centre narratives.

This section lays out a detailed view of all external CR and PR costs over the materiality threshold (£1m) that were incurred in RY24/25 for the SMETS2 programme. Table 3 below gives an overview of these activities, as grouped by Service Provider.

CR Ref #	Description	Service Provider
CR4279	GBCS 4.2 Release Scoping end to end (PIT, SIT, UIT, Pilot)	Arqiva
CR4895	CSP.N Scaling & Optimisation – Ensure that the E2E CSP.N solution will support the additional messaging capacity implemented via CR4866	Arqiva
CR5115	Continuation of Arqiva B stream extension PIT B and UIT B – July 2024 – June 2026	Arqiva
CR5431	CSP.N Scaling & Optimisation Phase 2	Arqiva
PR7907	PR for advance work on CR4895 (RNI Uplift) re CSP.N Scaling & Optimisation project	Arqiva
PR7971	PR to enable the development activities until CR4279	Arqiva
CR5220	Implementation of a Traffic Management Gateway by CSP C&S	CGI
CR5276	DSMS Upgrade	CGI
CR5320	CR Aligned to CGI's CR4470 Proposal	CGI
CR5504	Disaggregation of CGICAN267 CR5320 (Adjustments to the Consolidated Funding agreed under CGICAN192 (CR4470))	CGI
PR7698	Tech Ref 2.0 Vormetric DSM	CGI
PR7699	CGI Tech Refresh 2.0 – Redhat (RHEL)	CGI
PR7700	CGI Tech Refresh 2.0, Storage and Senetas (SafeNet) Fibre WAN Encryptor	CGI
PR7821	CGI SI Release Management (Nov23 - Oct 24) – follows PR7463	CGI
PR8007	CGI SI Release Management (Nov24 - Oct25) – follows PR7821	CGI
PR8015	CGI SI – System Regression as a Service (follow on from PR7508)	CGI
CR4893	VMO2 UIT B & SIT A Test Environments	VMO2

Table 3 – CR and PR summary for SMETS2

2.1. ARQIVA - Communications Service Provider North

Ref	Description
CR4895	Arqiva – CSP.N Scaling & Optimisation – Ensure that the E2E CSP.N solution will support the additional messaging capacity implemented via CR4866 - RF Channel Expansion for Bulk Messaging Channels
CR5115	Arqiva – Continuation of Arqiva B stream extension PIT B and UIT B - July 2024 - June 2026
CR4279	Arqiva – GBCS 4.2 Release Scoping end to end (PIT, SIT, UIT, Pilot)
CR5431	Arqiva – CSP.N Scaling & Optimisation Phase 2
PR7907	Arqiva – PR for advance work on CR4895 (RNI Uplift) re CSP.N Scaling & Optimisation project
PR7971	Arqiva – PR to enable the development activities until CR4279 is approved
PR8117	CSP.N Scaling & Optimisation Phase 2 Drop 2

Table 4 – CR and PR summary for Arqiva

2.1.1. CR4895|Arqiva – (SMETS2)

Drivers for Change

Arqiva's Long Range Radio (LRR) network solution provides the smart meter communications network for the CSP north region (CSP.N).

This Change Request (CR) originates from the overriding requirement to deliver the Scaling and Optimisation (S&O) project which commenced as a result of capacity and performance concerns in the North Region. The need for the S&O project is primarily driven by the fact that since 2013 contract signature, there has been a significant increase in network traffic, concurrency and message type/size which represents a fundamental change to the baseline contract and capacity delivered by the Arqiva solution.

DCC has engaged in extensive discussion with Arqiva and industry over a long period of time, to explore all reasonable alternative methods for dealing with Arqiva network capacity constraints, prior to contracting for this CAN. This included evaluating the potential for implementing operational changes (e.g. Expanding Scheduled Read Window into the operational day) to smooth capacity requirements. It also involved implementing a new channel expansion plan which doubled the capacity of the Radio Network – This action mitigated risk of capacity overload in Q1 2024 (Contracted under CR4866 / ARQCAN132)

Following the implementation of Channel Expansion, the central Arqiva Regional Network Interface (RNI), Network Management System (NMS) and Business Support Systems that support the Radio Network need to be upgraded and scaled to enable the Arqiva solution to support evolved requirements as Comms Hubs continue to be installed at pace.

This CR4895 seeks to address these upgrade and scaling requirements. It follows on from PR7762 and PR7907 which provided interim commercial cover for Arqiva to commence delivery of urgent S&O project work in advance of CR4895 being fully negotiated and concluded. This allowed time critical S&O project work to progress, including but not limited to completion of NCS2.01 Scale Testing milestone, allowing adequate time for DCC to negotiate the final CR4895.

Scope of the Change

CR4895, delivers S&O phases of work, to ensure that the Arqiva Solution continues to provide sufficient capacity and meet forecast network demand growth, ramping up to a maximum required network capacity at December 2026 of circa 1million Mbps ("The Aggregate Available Capacity"). The Aggregate Available

Capacity was calculated based on the DCC February 2024 forecast of Communications Hubs rollout volumes through to 5m Communications Hubs at December 2026 and a conservative estimate of the network messages traversing the network based on that volume of Communications Hubs.

CR4895 committed Arqiva to deliver the following for a fixed price of £ [redacted]

- **Phase 0** – Replace existing Network Management System (NMS) with new Network Command Suite (NCS) – Introduces a new scalable network management platform with enhanced features and improved scalability.
- **Phase 1** – Re-platform RNI, to support future scale whilst re-architecting for better stability and upgrading existing BSS Systems.

Furthermore, CR4895 committed in principle to S&O Phase 2 work, based on an indicative maximum capped ROM price ([redacted] m). Phase 2 involves further RNI scaling activity to ensure sufficient capacity is available in the Contractor Solution, up to the Aggregate Available Capacity. The parties agreed that the precise scope and price of Phase 2 would be subject to agreement via future Change Control given that it is in part dependent upon the outcome of phase 0 and 1 activity. This was to ensure that further money would only be spent on S&O Phase 2 scaling activity to the extent that Arqiva objectively demonstrates via Scale Test reports the level of any capacity shortfall following Phase 0 and 1 implementation. It was also agreed in CR4895 to cap the overall incremental financial exposure to DCC for Phase 2 work, in order to achieve the desired capacity outcomes for the S&O project, with Arqiva taking the risk on any overspend.

Securing Value for Money

DCC worked with Arqiva over a considerable period of time to agree the scope of work for CR4895, which resulted in substantial reductions in price against the initial Impact Assessment. DCC continued to review and challenge the scope, totality of cost, effort estimates and deliverable outcomes provided under CR4895 Impact Assessments, with the involvement and consent of various functional teams within DCC in order to achieve the full price reduction. The key aim was to ensure that the work being delivered represents value for money, is appropriate, necessary and supports tangible capacity benefits realisation.

DCC negotiated firm written commitments from Arqiva under CR4895 to deliver the overall required DCC capacity outcomes under the S&O project within a specified cost envelope.

Value for Money was secured as follows:

- **Price Reduction** – demonstrated a material reduction in the aggregate price for the S&O project (Phases 0, 1 and 2) under CR4895 of circa £[redacted] from the initial IA scope (see table below), with Arqiva taking the risk for expenditure outside of the agreed cost envelope.

- **Milestone Based Charging** – Phases 0 and 1 are a fixed price with pricing against achievement of specified milestone deliverables

- **Indexation** – No further indexation applies to the Phase 0 and 1 implementation milestones, regardless of when delivered.

- **Retention of money and application of Delay Payments** – Applies for late delivery of S&O Phase 0 and 1, while contracted SLAs for BAU performance continue to apply for the duration of the project. DCC negotiated a retained payment of £ [redacted] pending completion of the final milestone for Phase 0 and 1, with Delay Payments of £[redacted] potentially being due to DCC for late delivery of that milestone

- **Phased Pricing** – Pricing is in phases, so cost is not expended until uplift in capacity is demonstrably necessary

- **Phase 2 indicative pricing** – Capped at [redacted] and subject to agreement under future CRs/PRs where spend will be incurred in incremental code "drops" and each drop will be subject to demonstration of

a target network capacity / transaction per second outcomes via scale testing. This means that all £[redacted] cap may not be spent, thereby releasing further potential cost savings.

- **Contract Obligations and SLAs** – Additional assurances from Arqiva added to the contract including the requirement to avoid Sev 1&2 Faults, Dense Cell Issues and adverse Impacts to ongoing installations due to delivery of the S&O project. This in addition to an overriding obligation to continue meeting the contract SLAs at all times.

- **Messaging Transaction Charges** – This CAN removes per-message transaction charges, which apply for different types of messages under the contract. Therefore, the risk of incremental Transaction charges being levied has been reduced because transaction charges only arise if Aggregate Available Capacity is exceeded.

- **Network Capacity** – Commitment to deliver specified network capacity in line with DCC revised demand forecast increases. This CAN revises the contract to reflect the latest DCC Demand Forecasts (Feb' 24) based on updated message types/sizes (calculated under PR7211), ensuring that any further incremental charges only apply if message profile materially exceeds current forecasts as per immediately preceding point above.

- **Final Scaling Report** – At the end of the S&O project, Arqiva must deliver a final scale test report. This must demonstrate that at least the stated target Aggregate Available Capacity has been achieved. It may also result in DCC receiving additional capacity for the price paid, if capacity is demonstrated to exceed this target, which Arqiva would then be obligated to provide for the remainder of the contract Term.

- **Key Personnel** – Provision of additional dedicated Key Personnel to proactively deal with S&O issues for the duration of the project.

Initial IA price (£)	Final IA Price (£)	Difference (%)
[redacted]	[redacted]	34.5% reduction

Table 5 – Initial vs Final Price

Note (*): £[redacted] of the above IA price relates to Phase 2 which is a capped maximum amount and subject to agreement in further CANs of the precise scope, target capacity outcome and price for each "drop" under Phase 2. Therefore, given that Phase 2 will be contracted under future CANs in a phased manner, where the capacity output is measured following each "drop" of code, the final price for Phase 2 may be lower than £[redacted] and hence result in a further potential cost saving to DCC.

Future Considerations

This Scaling and Optimisation spend under this CAN provides the following additional benefits:

Predictability of Pricing – While resolving immediate capacity issues and hence avoiding impacts to the current Service against Performance Measures, the expenditure under this project also ensures that sufficient capacity continues to be made available to meet demand through to the maximum Aggregate Available Capacity, for a fixed and predictable price. The ability for Arqiva to levy additional variable transaction -based charges for traffic traversing the network is removed for capacity required within the maximum cap.

Capacity – The capacity requirements delivered under this change, are based on conservative current estimates of network traffic forecasts through to Dec 2026 thereby future proofing the service. These forecasts included forecast additional network traffic and hence network capacity demands arising under new use cases such as Market Half Hourly Settlement and DNO usage, thereby avoiding further incremental and/or unexpected costs associated with these demands.

Forecasting – The Change introduces a requirement for Arqiva to flag early if a DCC updated demand forecast is produced which indicates (following Arqiva assessment of consequential impacts on the network) that in the future the Aggregate Available Capacity of the network is likely to be exceeded. This allows for early consideration of potential operational mitigations to avoid breaching the maximum Aggregate Available Capacity and thereby incurring incremental costs. Alternatively, if such mitigations proved not to be sufficient, this would provide a significant time window to plan well in advance for further capacity upgrade expenditure, if absolutely necessary.

Linked CRs & PRs

CR / PR name	Relationship they have	Cost comparison (if not already in the write up)
PR7762 (RNI Uplift up to December 23) **PR7907 (Activities up to NCS2.01 Scale Test Report)** **CR4895 (Scaling & Optimisation Phase 0+1)** **CR5431 (Scaling & Optimisation Phase Drop 1)** **PR8117 (Scaling & Optimisation Phase Drop 2)**	The overall Scaling & Optimisation programme spans two main phases, Phase 0+1 and Phase 2. Phase 0+1 (delivery completed in 2024-25) included: • PR7762: Cover given to commence work on RNI uplift through to Dec 2023 as the CAN for CR4895 was being agreed. • PR7907: Further cover given to continue work leading up to the completion of NCS2.01 Scale Test Report 10 • CR4895: Main CR for Scaling & Optimisation Phase 0+1. Phase 2 (currently underway) includes: • CR5431: Drop 1 (completed Mar 25) PR8117: Drop 2 (underway)	PR7762: £[redacted] (though this amount is included in the overall CR4895 price and not additional) PR7907: £[redacted] (though this amount is included in the overall CR4895 price and not additional) CR4895: £[redacted] (includes PR7762 and PR79709 amounts) CR5431: Drop 1 - £[redacted] PR8117: Drop 2 - £[redacted] All of the above used the same day rates for Arqiva and their subcontractors as stated in the contract, though with Indexation added for each successive year in line with the contract.

Table 6 – CR and PR summary

2.1.2. CR5115|Arqiva – (SMETS2)

Drivers for Change

DCC's Communication Service Provider (CSP) Arqiva provides Communication Hubs and Smart Metering WAN services in the North region. This is classified as a Fundamental Service Capability under the Smart Meter Communication Licence. To support these services, Arqiva needs to maintain two streams of test environments, i.e. Stream A, which was provisioned under the original CSP North Agreement, and Stream B, which was commissioned via change control in 2018. Stream B environments, namely PIT-B and UIT-B, were created to mitigate the risk of more complex releases and significant defects, which require longer periods of testing, holding up Stream A environments and preventing or delaying smaller fixes from being released into production. This would increase service incidents, introduce significant operational risks and ultimately cause DCC to fail to meet its Licence obligations. It is therefore essential for DCC to maintain the provision of Stream B test environments.

Scope of the Change

Stream B environments were previously extended for 4 years to 30 June 2024 under CR1209. These Stream B environments were then temporarily extended for a 4-month period to 31 October 2024 under the supplementary PR7956, to allow DCC time to assess the overall extension requirements under CR5115 in the light of the wider DCC test environments strategy, including a potential move to cloud. This assessment concluded that an extension of Stream B environments to 31 December 2025 is required, to ensure continuity of service until the wider strategy has been fully formulated in 2025. This additional 14-month extension was approved by the DCC Board on 03 October 2024.

Securing Value for Money

As part of the review of the impact assessment for CR5115 and PR7856, DCC actively reviewed the level of proposed Full Time Employees (FTEs) both for Arqiva and their subcontractor Sensus and validated these against the contracted rate card. While the monthly FTE effort level for the 18-month Stream B extension covering the period 01 July 2024 to 31 Dec 2025 remained the same as the preceding 4-year period from 01 July 2020 to June 2024, and the average monthly charge also remained at the same level as the previous 4-year period, the following changes and cost increases in the new 18-month period demonstrate that the average monthly cost for the new 18-month period provides better value for money than the previous 4-year period:

- **An increase in the costs of technology, software and associated licensing:** The costs for VMware and RedHat increased by around [redacted] reflecting the cost increases seen across the industry since 2020. These costs would have been even higher had Arqiva applied these on a like-for-like basis compared to the previous 4-year period, however a portion was offset due to modernisation work done with hardware purchased under technology refresh, creating additional value for money.

- Albeit to a lesser degree, there was also a **material increase in the cost of Oracle Business Intelligence support** compared to the 2020 cost.

- **An increase in the provision and support of data storage and handling:** The previous monthly charge was based on 1TB usage, however DCC's usage went up to 14TB since and this is reflected in the new monthly charge under CR5115.

- **An increase in Arqiva day rates:** The Arqiva FTE rates are subject to annual indexation, resulting in an increase in rates each year.

- **Reduced term of the service:** The existing charge is based on a 4-year term, whereas the service under CR5115 was extended for 18 months only, allowing for less room to negotiate a further price reduction.

- **Technology refresh costs:** The overall cost for the 18-month extension under CR5115 includes technology refresh costs which are apportioned to a shorter duration compared to the previous 4-year duration, bringing the average monthly charge up under this this 18-month extension.

A breakdown of the costs is provided below.

Detail	Price Initial (£)	Price final (£)
PIT-B Support (14 months)	[redacted]	
UIT-B Support (14 months)		
PR7956 (4 months PIT-B, UIT-B and part of Technology Refresh)		
Technology Refresh		
Total Charges		

Table 7 – Price Breakdown

While the table below shows no difference between the initial and final IA prices, this is because the service was extended on a like-for-like support basis. However, the price reflects value for money in the light of the cost increases in the current 18-month extension period, as described above.

Initial IA price (£)	Final IA Price (£)	Difference (%)
[redacted]		

Table 8 – Initial vs Final Price

Supplier Value for Money Statement

The continuation of PIT-B and UIT-B environments is considered as an element of all the environments

supported, hence benefits from leveraged pricing due to the overall scale of the managed service. If PIT-B and UIT-B were considered in isolation these benefits would not be realised.

The pricing reflects an 18-month extension, increased value for money opportunity may be available with increased extension duration.

Future Considerations

Maintaining the Stream B test environments, PIT-B and UIT-B will enable DCC and its Service Provider Arqiva to ensure complex releases and significant defects requiring longer testing periods can be tested without holding up Stream A test environments from testing smaller fixes from being released into production. This would, going forward, help decrease service incidents in the production environment and provide a more robust CSP North Smart Metering WAN service and device communications. Additionally, following the SEC Testing Advisory Group (TAG) endorsement of these test environments, DCC Customers who have built their own access to UIT-B environment can continue to do their own testing to ensure their services remain compliant within the Smart Metering eco-system.

Linked CRs & PRs

CR / PR name	Relationship they have	Cost comparison (if not already in the write up)
PR7956 (Arqiva PIT-B UIT-B Extension)	PR7956 was for a temporary extension of Stream B environments for a 4-month period from 1st July 2024 to 31st October 2024, to allow DCC time to assess the overall extension requirements under CR5115 in the light of the wider DCC test environments strategy.	Already included in the Price Breakdown above.

Table 9 – Linked CRs and PRs

2.1.3. CR4279 | Arqiva – (SMETS2)

Drivers for Change

DCC has a mandate under the SEC to deploy new firmware to all operational Comms Hubs in line with each iterative update of the Great Britian Companion Specification (GBCS), which describes the detailed requirements for communications between Smart Metering devices in consumers' premises and DCC-managed Smart Metering systems. CR4279 enabled Communication Service Providers (CSPs) to implement the design, build, test and rollout of firmware incorporating GBCS version 4.2 updates into live service, to ensure DCC systems' compliance to the latest update to GBCS.

While both the CSPs, Arqiva (North Region) and VMO2 (Central and South Regions), are required to carry out GBCS firmware upgrades for their respective solutions, this document relates to the Arqiva GBCS 4.2 firmware release only.

Scope of the Change

Arqiva's GBCS 4.2 firmware release under CR4279 includes the following scope of work:

3 x SEC Modifications, namely:

- SECMOD 15 (GPF Timestamp for reading instant Gas Values)
- SECMOD 56 (IHD/PPMID Zigbee Attributes Available on the HAN)
- SECMOD 99 (Incorporation of Multiple Issue Resolution Proposals into the SEC – Batch 4)

A Software Development Kit (SDK) fix:

- Fixes for 60 defects identified in the pre-existing GBCS 4.1 firmware release.

Arqiva completed the initial work within the scope of CR4279 under the following Project Requests (PRs),

to avoid a delay to the project while the Change Authorisation Note (CAN) for full CR4279 commercial cover was undergoing approval:

PR7971: Drop 1 of CR4279 GBCS 4.2 firmware update
PR8041: Drop 2 of CR4279 GBCS 4.2 firmware update and Sprint 4 development

Following approval of commercial cover, the remaining activities listed in the table below will be delivered under CR4279.

Milestone	Milestone Description	Milestone Date
CaCR4279 M3	Sprint 3 and SECMOD 99	Feb-25
CaCR4279 M4	Pit 1 (Pre-PIT)	Feb-25
CaCR4279 M5	Sprint 4 and RCA defects delivery	May-25
CaCR4279 M6	Sprint 5 and PIT Test Readiness	May-25
CaCR4279 M7	Zigbee Certification	Jun-25
CaCR4279 M8	PIT 2 (PIT Testing) and W-ITCH	Jul-25
CaCR4279 M9	CPA Certification	Oct-25
CaCR4279 M10	SIT and Operational Acceptance	Oct-25
CaCR4279 M11	UIT and OTA	Mar-26
CaCR4279 M12	Production and delivery	Jul-26

Table 10 – CR4279 Delivery Milestones

PR7971 and PR8041 were required for two reasons. Firstly, the requirements, design and agreement on the complex testing approach for this project took 18 months to conclude. Secondly, DCC was rigorous in challenging costs from our supplier Arqiva and ensuring the most efficient delivery plan, leading to 6 iterations of the impact assessment before DCC agreed to the CAN for CR4279. These interim PRs ensured work could continue without delay, whilst DCC collaborated with multiple parties on the build and test approach which delivered a saving of £[redacted]

Securing Value for Money

To provide value for money and to facilitate robust delivery of the GBCS 4.2 firmware release:

DCC conducted a rigorous review of the Arqiva Impact Assessment (IA), to validate the costs and effort stated in the IA as reasonable and proportionate. This resulted in Arqiva revisions of the IA and led to a 6.48% cost reduction, as evidenced in Table B and Table C below.
In keeping with the lessons learned from the delivery of the previous GBCS4.1 release:

- Arqiva provided a detailed risks and contingencies matrix as part of their IA to enable better forward planning and control of delivery.
- Additionally, Arqiva were requested to derive the planning assumptions on the basis of previous GBCS release, to be validated with the DCC Functional Leads directly (e.g., Phase entry and exit criteria and durations, and underpinned at the GBCS 4.1 SIOB (until GBCS 4.2 SIOB is stood up).

For the previous GBCS 4.1 release, separate CRs for the Pre-Integration Testing (PIT) and Post-PIT stages were issued which proved to be administratively demanding and led to duplication of commercial effort and costs, and an extended period of commercial approvals. A single CR approach was adopted for the GBCS 4.2 release which led to a leaner commercial process.

Price Breakdown

The total charge for implementing CR4279 is a fixed price of **£**[redacted] which is apportioned as follows:

- PR7971: Drop 1 of CR4279 – £[redacted]
- PR8041: Drop 2 of CR4279 GBCS 4.2 and Sprint 4 development – £[redacted]
- Remaining activities listed and priced in Table 5, 'Price final' column, below – £[redacted]

Detail	Price initial (£)	Price final (£)
Drop 1 (PR7971)	[redacted]	
Drop 2 (PR8041)		
Sprint 3		
PIT 1 (Advance)		
Sprint 4		
Sprint 5		
Zigbee Certification		
PIT 2 (Completion)		
CPA Certification		
SIT		
UIT		
Production		
Total Charges		

Table 11 – Price Breakdown

Initial IA price (£)	Final IA Price (£)	Difference (%)
[redacted]		6.5% reduction

Table 12 – Initial vs Final Price

Future Considerations

By delivering CR4279, DCC will ensure its Smart Metering systems and Smart Metering devices in consumer premises across Great Britain, communicate efficiently with each other and remain in alignment with the protocols and specifications mandated by the SEC and the expectations of the industry. Strategically, DCC's delivery of successive refinements and updates of the GBCS by the industry and the SEC will lead to an increasingly robust and streamlined Smart Metering eco-system within Great Britain, an important step in the march towards carbon neutrality.

Linked CRs & PRs

CR / PR name	Relationship they have	Cost comparison (if not already in the write up)
PR7971 (Drop 1 of CR4279) **PR8041 (Drop 2 of CR4279 GBCS 4.2 and Sprint 4)**	PR 7971 covers Drop 1 of CR4279 – and PR8041 covers Drop 2 of CR4279 GBCS 4.2 and Sprint 4 development. These were needed to give Arqiva commercial cover to commence work on the GBCS 4.2 release to allow time for commercial discussions to conclude to give cover for full set of activities for GBCS 4.2 release under CR4279.	Already included in the Price Breakdown above.

Table 13 – Linked CRs and PRs

2.1.4. CR5431| Arqiva – (SMETS2)

Drivers for Change

DCC's Communication Service Provider (CSP) Arqiva provides the Smart Metering WAN (SMWAN) service in the North region of Great Britain. This is classified as a Fundamental Service Capability under the Smart Meter Communication Licence. Since the commencement of this CSP service in the North (CSP.N) in 2013, there has been a significant increase in network traffic, concurrency and message type/size on the SMWAN, which represents a change to the baseline assumptions on capacity in the

CSP.N contract.

DCC engaged in extensive discussions with Arqiva and the industry over a long period of time, to explore all reasonable alternative methods for dealing with these capacity constraints. This included an evaluation of implementing operational changes such as expanding the Scheduled Read window into the operational day to smooth capacity requirements, and implementing a channel expansion under CR4866, which doubled the capacity of the SMWAN Network to mitigate risk of capacity overload in Q1 2024. Following this channel expansion, and to ensure the CSP.N solution continues to be able to support evolving capacity requirements as the number of Communications Hubs installed increases in the CSP, DCC commenced the Scaling & Optimisation (S&O) programme.

The overall aim of the S&O programme is to enable capacity on the CSP.N solution for up to 5m Communications Hubs forecast to be connected on the SMWAN by December 2026. Delivery of this programme was split into the following CRs:

CR4895 agreed the principles for the overall delivery of S&O programme to achieve the required capacity outcome by December 2026, and implemented Phase 0 and Phase 1 of the programme for upgrading to Arqiva central systems, i.e. replacing the Network Management System (NMS) with the new Network Command Suite (NCS), re-platforming and re-architecting of the Regional Network Interface (RNI) and upgrades to the Business Support System (BSS). CR4895 also agreed the broad principles of further Phase 2 scaling to be contracted under future change control. 15 that Phase 2 work would be carried out on an incremental basis, up to a maximum capped cost of £[redacted] to achieve the overall required aggregate capacity outcome by December 2026.
CR5431 was subsequently raised for the implementation of S&O Phase 2, focussing on further scaling the RNI. RNI is the core software stack for message routing within CSP.N and is responsible for ensuring delivery of Service Requests (SRs) to Communications Hubs via the Radio Area Network (RAN).

Scope of the Change

Scale testing under the previous CR4895 confirmed a messaging rate of 755 Transactions Per Second (TPS) on the RNI. Arqiva analysis suggests that achieving a rate of ~1400 TPS will adequately scale the RNI to create sufficient capacity for up to 5m Communications Hubs on the SMWAN by December 2026. Using this target TPS as the final TPS outcome, S&O Phase 2 will be delivered incrementally in up to three "drops", with each drop achieving a minimum TPS target outcome.

This CR5431 will deliver S&O Phase 2 Drop 1, with a target outcome of 900-950 TPS. Further drops will be commissioned via individual Project Requests (PRs), each delivering an increased TPS value based on the scale test report from the previously implemented drop, until ~1400 TPS is reached.

Securing Value for Money

To ensure value for money, DCC has taken the following steps:

Arqiva will deliver S&O Phase 2 using a flexible model of iterative drops that allows cessation of works at the earliest point where sufficient capacity has been realised, removing the potential for overspend. For example, if the overall ~1400 TPS target for S&O Phase 2 is achieved in Drop 2, then a Drop 3 will not be required. Each drop will commit to achieving a pre-defined TPS target outcome, to realise a tangible benefit for the cost incurred for each successive drop.

DCC has successfully negotiated with Arqiva to own the risk of any spend beyond the £[redacted] price cap for overall S&O Phase delivery, e.g. if due to the complexity of the delivery more than the envisaged three drops are required to achieve the target ~1400 TPS. This ensures further value by eliminating the risk of any overspend beyond the costs agreed under the Business Case for the S&O programme.

Implementation of S&O Phase 0 and Phase 1 enabled DCC to terminate the monthly Communications Hub transaction charges from Arqiva, by agreeing to an Aggregate Availability Capacity (985,075 MB per month) which is expected to provide adequate capacity headroom for the 5m Communications Hubs forecast to be live on the estate by December 2026. In exceptional circumstances, if usage goes above this limit in a particular month, an Excess Capacity Charge of £[redacted] per MB/month will apply. Arqiva will provide DCC a

Final Capacity Statement within 30 days of completing the S&O Phase 2 and no later than 31st Dec 2026. If the Arqiva capacity provision stated in this report is higher than 985,075 MB, than any excess minus 20% (which will be used for flexibility/resilience) will be added to the 985,075 MB limit, and this increased capacity will become the new Aggregate Availability Capacity for the remainder of the Term at no additional charge.

Additionally, it is worth noting that as part of the overall S&O programme Business Case, the costs and approach for S&O Phase 2 have previously been socialised with stakeholders as follows:

- DCC transparently sharing costs with various Customer forums (SEC Panel, SEC Operations Group (OPSG), Technical Architecture and Business Architecture Sub-Committee (TABASC), and in a dedicated session with the Distribution Network Operators).
- The costs being negotiated below the estimates previously communicated to Customers, with SEC Panel being presented a copy of the Business Case with all costs included.
- DCC formally notifying Ofgem of the intention to implement the solutions outlined in the Business Case unless Ofgem raised any concerns or objections by 5th March 2024.

Price Breakdown

The total charges for the delivery of the full S&O Phase 2 are subject to a price cap of £[redacted] as agreed under CR4895. This price cap was approved by the DCC Board on 19th March 2024, as part of the approval for the overall S&O programme spend covering Phases 0, 1 and 2, and ultimately by the Business Case approved by DESNZ.

The charge for the implementation of S&O Phase 2 Drop 1 under CR5431 is **£** [redacted] A breakdown of this charge is provided in the table below.

Detail	Price Initial (£)	Price final (£)
Sensus Development & Release	[redacted]	
CB7 Proto Test Prep		
CB7.0.2 ASML Deployment		
CB7 Scale Proto (ASML)		
CB7 GA Build Deployment (ASML)		
CB7 GA Scale Test (ASML)		
CB7 GA BCDR		
CB7.0.2 Proto Build & Execution (PIT)		
CB7.x PIT Test Prep		
CB7 GA Deployment (PIT)		
CB7 GA Test Execution (PIT)		
CB7 GA TAB/CRB (PIT)		

CB7 GA Deployment (SIT)	[redacted]
CB7 GA Test Execution (SIT)	
CB7 GA TAB/CRB (SIT)	
CB7 GA Deployment (UIT)	
CB7 Penetration Testing	
Project, Programme & Technical Delivery Management	
Programme Governance, Contingency	
Total Charges	

Table 14 – Price Breakdown

In an attempt to drive testing costs down, while DCC Testing SMEs challenged these costs with Arqiva on a number of occasions after receiving the Impact Assessment (IA) for CR5431, Arqiva did not provide a cost reduction, citing their transparent bottom-up costing approach. No cost reduction was therefore achieved in the final IA.

Initial IA price (£)	Final IA Price (£)	Difference (%)
[redacted]		0%

Table 15 – Initial vs Final Price

Future Considerations

By delivering S&O Phase 2 under CR5431, as part of the wider Scaling & Optimisation programme, DCC will ensure that capacity on the CSP.N SMWAN can remain ahead of the demand curve. Specifically, this will ensure that the peak usage on the network based on up to 5m Communications Hubs forecast to be connected to the SMWAN by December 2026 will continue to operate without capacity constraints well beyond this timeline.

Linked CRs & PRs

CR / PR name	Relationship they have	Cost comparison (if not already in the write up)
PR7762 (RNI Uplift up to December 23) **PR7907 (Activities up to NCS2.01 Scale Test Report)** **CR4895 (Scaling & Optimisation Phase 0+1)** **CR5431 (Scaling & Optimisation Phase Drop 1)** **PR8117 (Scaling & Optimisation Phase Drop 2)**	The overall Scaling & Optimisation programme spans two main phases, Phase 0+1 and Phase 2. Phase 0+1 (delivery completed in 2024-25) included: • PR7762: Cover given to commence work on RNI uplift through to Dec 2023 as the CAN for CR4895 was being agreed. • PR7907: Further cover given to continue work leading up to the completion of NCS2.01 Scale Test Report milestone. • CR4895: Main CR for Scaling & Optimisation Phase 0+1. Phase 2 (currently underway) includes: • CR5431: Drop 1 (completed Mar 25) • PR8117: Drop 2 (underway)	PR7762: £[redacted] (though this amount is included in the overall CR4895 price and not additional) PR7907: £[redacted] (though this amount is included in the overall CR4895 price and not additional) CR4895: £[redacted] (includes PR7762 and PR79709 amounts) CR5431: Drop 1 - £[redacted] PR8117: Drop 2 - £[redacted] All of the above used the same day rates for Arqiva and their subcontractors as stated in the contract, though with Indexation added for each successive year in line with the contract.

Table 16 – Linked CRs and PRs

2.1.5. PR7907|Arqiva – (SMETS2)

Drivers for Change

Arqiva's Long Range Radio (LRR) network solution provides the smart meter communications network for the CSP north region (CSP.N).

This Project Request (PR) originates from the overriding requirement to deliver the Scaling and Optimisation (S&O) project which was commenced as result of capacity and performance concerns in the North Region. The need for the Scaling and Optimisation ("S&O") project is primarily driven by the fact that since 2013 contract signature, there has been a significant increase in network traffic, concurrency and message type/size which represents a fundamental change to the baseline contract and capacity delivered by the Arqiva solution.

As part of the Scaling and Optimisation work the central Arqiva Regional Network Interface (RNI), Network Management System (NMS) and Business Support Systems that support the Radio Network needed to be uplifted to be able to support evolved requirements as Comms Hubs continue to be installed at pace.

While the delivery of the Scaling and Optimisation Phases 0 and 1 was to be formally agreed under CR4895, the full and final scope of the project required ongoing discussions due to the complexities of the solution. More critically, DCC was keen to have the opportunity to negotiate a final solution with Arqiva that provided value for money, flexible delivery and appropriately incorporated scalability options for the future. While these technical and commercial discussions ensued, to avoid a delay to the project which would ultimately result in the capacity issues this project was aiming to address materialising, PR7762 was raised in September 2023 to provide initial commercial cover of up to £[redacted] for Arqiva to commence delivery of urgent work through to December 2023. This work included Phase 0 test planning and execution, Phase 1 re-architecture and RNI database optimisation.

As the final scope for CR4895 had still not been concluded and DCC was still heavily engaged in discussions with Arqiva in concluding a flexible and scalable solution that was commercially sound and provided value for money, PR7909 was raised in April 2024 to provide further commercial cover of up to £[redacted] to continue Scaling and Optimisation work leading up to the completion of NCS2.01 Scale

Test Report milestone. It also set out in simple terms the agreed commercial principles that would apply to the S&O project scope under CR4895, thereby ensuring Arqiva commitment to achieve the overall project outcomes required by DCC.

Scope of change

This PR continued the first phase of the S&O project to upgrade the capacity and scalability of Arqiva central systems with payment of a further £[redacted] being linked to successful delivery of NCS 2.01 Scale Testing milestone. The work under this PR continued project delivery of S&O Phase 0 and 1 work, which when fully completed under CR4895, delivers the following:

- Phase 0 – Replace existing Network Management System (NMS) with new Network Command Suite (NCS) – Introduces a new scalable network management platform with enhanced features and improved scalability.
- Phase 1 – Re-platform RNI, to support future scale whilst re-architecting for better stability and upgrading existing BSS Systems.

Securing Value for Money

This PR was progressed in parallel to the Technical and Commercial Impact Assessments under CR4895. DCC worked with Arqiva to review and challenge the totality of cost, resource estimates and deliverables provided under CR4895 Impact Assessments, with the involvement and consent of various functional teams within DCC, ensuring that the work being delivered is appropriate and supports future benefits realisation. The cost for resource used under PR7907 has been reviewed with Arqiva to ensure that it is only incurred on project activities as needed and will be fully offset against the total value of RNI Phases 0+1 and Phase 2 costs covered under CR4895.

As part of concluding PR7907, DCC negotiated firm written commitments from Arqiva to deliver the overall required DCC outcomes under the S&O project (To be fully contracted under CAN to CR4895), including but not limited to commitment on:

- Maximum Aggregate Price For Entire S&O Project – A material reduction in the overall price of the entirety of the S&O project (Phase 0, 1 and 2) under CR4895 of circa £[redacted] from the initial IA scope.
- Pricing against milestone deliverables using a phased approach so that cost is not expended until uplift in network capacity is required
- Retention of money and Delay Payments for late delivery of S&O Phase 0 and 1, while overall contracted SLAs for BAU performance continue to apply for the duration of the project
- Provision of dedicated Key Personnel to proactively deal with S&O issues for the duration of the project
- Additional assurances from Arqiva to avoid Sev 1&2 Faults, Dense Cell Issues and Impacts on ongoing installations during the S&O project
- Commitment to deliver specified network capacity in line with DCC revised demand forecast increases.

Initial IA price (£)	Final IA Price (£)	Difference (%)
[redacted]		0%

Table 17 – Initial vs Final Price

Note as documented above, savings are tracked against aggregate saving achieved for CR4895.

Future Considerations

The Scaling and Optimisation related spend under this Project Request provides the following additional benefits:

- **Maintain Short Term Network Capacity** – This PR allowed urgent work to be continued under short term commercial cover, to ensure that S&O project activities remained on track and that the Arqiva

network would therefore continue to maintain sufficient network capacity to meet network traffic demand.

- **Agreement in principle on the Commercial Treatment for delivery of remaining S&O Project activities –** The commercial principles for delivering the remainder of the S&O project to be contracted under CR4895 (Including milestone payments, remedies for late delivery, required capacity and commitments to maintain continuity of service) were agreed in principle under this PR. This allowed for urgent work on the S&O project to continue at pace pending conclusion of CR4895. This PR therefore contributed to delivery of the same benefits as described in more detail under CR4895 for the S&O project – Namely predictability of pricing for Arqiva to deliver agreed network capacity outcomes and thereby assure continuity of service.

Linked CRs & PRs

CR / PR name	Relationship they have	Cost comparison (if not already in the write up)
PR7762 (RNI Uplift up to December 23) **PR7907 (Activities up to NCS2.01 Scale Test Report)** **CR4895 (Scaling & Optimisation Phase 0+1)** **CR5431 (Scaling & Optimisation Phase Drop 1)** **PR8117 (Scaling & Optimisation Phase Drop 2)**	The overall Scaling & Optimisation programme spans two main phases, Phase 0+1 and Phase 2. Phase 0+1 (delivery completed in 2024-25) included: • PR7762: Cover given to commence work on RNI uplift through to Dec 2023 as the CAN for CR4895 was being agreed. • PR7907: Further cover given to continue work leading up to the completion of NCS2.01 Scale Test Report milestone. • CR4895: Main CR for Scaling & Optimisation Phase 0+1 Phase 2 (currently underway) includes: • CR5431: Drop 1 (completed Mar 25) PR8117: Drop 2 (underway)	PR7762: £[redacted] (though this amount is included in the overall CR4895 price and not additional) PR7907: £[redacted] (though this amount is included in the overall CR4895 price and not additional) CR4895: £[redacted] (includes PR7762 and PR79709 amounts) CR5431: Drop 1 - £[redacted] PR8117: Drop 2 - £[redacted] All of the above used the same day rates for Arqiva and their subcontractors as stated in the contract, though with Indexation added for each successive year in line with the contract.

Table 18 – Linked CRs and PRs

2.1.6. PR7971|Arqiva – (SMETS2)

Drivers for Change

This Project Request (PR) originates from CR4279 (Great Britian Companion Specification Release 4.2) and provided Arqiva with three months of commercial cover to commence work, thus not jeopardising delivery timelines for industry to realise the benefits in the form of SEC modifications and bug fixes. Arqiva completed the initial work within the scope of CR4279 under the following Project Requests (PRs), to avoid a delay to the overall project while the Change Authorisation Note (CAN) for full CR4279 commercial cover was undergoing approval:

PR7971: Drop 1 of CR4279 GBCS 4.2 firmware update
PR8041: Drop 2 of CR4279 GBCS 4.2 firmware update and Sprint 4 development

The delay to full commercial cover under CR4279, hence the need for interim cover under PR7971 and PR8041, was due to two reasons. Firstly, the requirements, design and agreement on the complex testing approach for this project took ~18 months to conclude. Secondly, DCC was rigorous in challenging costs

from our supplier Arqiva and ensuring the most efficient delivery plan, leading to 6 iterations of the impact assessment before DCC agreed to the CAN for CR4279. These interim PRs ensured work could continue without delay, whilst DCC collaborated with multiple parties on the build and test approach and ultimately delivered a saving of £[redacted]

Scope of change

The PR was created to avoid delaying the GBCS Release 4.2 activities from taking place whilst CR4279 was finalised between DCC and Arqiva. The work activities and terms of this PR7971 were carefully agreed under a Statement of Work on the basis that the £[redacted] costs are deducted against the overall costs of CR4279. This amount covered the delivery of Drop 1 for the GBCS Release 4.2, which was originally planned for delivery under CR4279 but descoped from that CR and delivered under PR7971 to avoid delay to the overall delivery of the GBCS Release 4.2.

Securing Value for Money

The approach taken by the DCC Commercial Team has focused on consistently conducting negotiations with Arqiva to focus on driving down costs and ensuring value for money is achieved. This has involved working with Arqiva to review and challenge costs and resource estimates by month, with the involvement and consent of various functional teams within DCC to ensure that the work being delivered is appropriate and will support future benefits realisation.

This PR cost of £[redacted] was negotiated to enable immediate work to be undertaken by Arqiva and its contractors. The cost for resource has been regularly reviewed and challenged with Arqiva in scheduled DCC governance forums.

The DCC GBCS Release Programme team were able to use a new 'Heartbeat Model' with Arqiva and its subcontractor, EDMI. This model now brings forward the weighting of testing from Pre-Integration Testing (PIT) to instead occur during the build phase. This enables identification and rectification of defects during the build stage and thus removes a requirement to extend or initiate additional formal testing phases which generates additional costs.

The table below sets out the Monthly Breakdown of Arqiva (and contractor) costs in relation to this specific PR:

Key Activities	Jul-24	Aug-24	Sep-24	Oct-24	Total
Arqiva internal and sub-contractor labour costs	[redacted]				

Table 19 – Monthly Breakdown of costs for July 2024 to and including October 2024.

The costs within this PR stem from contractual rate cards for labour agreed within the CSP North Arqiva Agreement. DCC anticipates that it will be able to further demonstrate and quantify value for money when the parent contract (CR4279) is signed.

Arqiva also support DCC with securing value for money by challenging the level of supplied effort and costs of its sub-contractors and this is stated within the Statement of Work agreed between DCC and Arqiva.

Future Considerations

Please see the Future Considerations section of CR4279, given PR7971 was commissioned purely to avoid delaying the GBCS Release 4.2 activities from taking place whilst CR4279 was finalised between DCC and Arqiva.

2.1.7. PR8117|Arqiva – (SMETS2)

Drivers for Change

DCC's Communication Service Provider (CSP) Arqiva provides the Smart Metering WAN (SMWAN) service in the North region of Great Britain. This is classified as a Fundamental Service Capability under the Smart Meter Communication Licence. Since the commencement of this CSP service in the North (CSP.N) in 2013, there has been a significant increase in network traffic, concurrency and message type/size on the SMWAN, which represents a change to the baseline assumptions on capacity in the CSP.N contract.

DCC engaged in extensive discussions with Arqiva and the industry over a long period of time, to explore all reasonable alternative methods for dealing with these capacity constraints. This included an evaluation of implementing operational changes such as expanding the Scheduled Read window into the operational day to smooth capacity requirements, and implementing a channel expansion under CR4866, which doubled the capacity of the SMWAN Network to mitigate risk of capacity overload in Q1 2024. Following this channel expansion, and to ensure the CSP.N solution continues to be able to support evolving capacity requirements as the number of Communications Hubs installed increases in the CSP, DCC commenced the Scaling & Optimisation (S&O) programme.

The overall aim of the S&O programme is to enable capacity on the CSP.N solution for up to 5m Communications Hubs forecast to be connected on the SMWAN by December 2026. Delivery of this programme was split into the following CRs:

- **CR4895** agreed the principles for the overall delivery of S&O programme to achieve the required capacity outcome by December 2026, and implemented Phase 0 and Phase 1 of the programme for upgrading to Arqiva central systems, i.e. replacing the Network Management System (NMS) with the new Network Command Suite (NCS), re-platforming and re-architecting of the Regional Network Interface (RNI) and upgrades to the Business Support System (BSS). CR4895 also agreed the broad principles of further Phase 2 scaling to be contracted under future change control. This means that Phase 2 work would be carried out on an incremental basis, up to a maximum capped cost of £[redacted] to achieve the overall required aggregate capacity outcome by December 2026.

- **CR5431** was then raised for the implementation of S&O Phase 2, focussing on further scaling the RNI. RNI is the core software stack for message routing within CSP.N and is responsible for ensuring delivery of Service Requests (SRs) to Communications Hubs via the Radio Area Network (RAN). While the commercial principles for the delivery of all of S&O Phase 2 were agreed under CR5431, this CR only covered the delivery of S&O Phase 2 Drop 1.

- **PR8117** was subsequently raised to complete the delivery of S&O Phase 2 Drop 2, following delivery of S&O Phase 2 Drop 1 under CR5431.

Scope of the Change

Scale testing under the CR4895 for S&O Phase 1 confirmed a messaging rate of 755 Transactions Per Second (TPS) on the RNI. Arqiva analysis suggests that achieving a rate of ~1400 TPS will adequately scale the RNI to create sufficient capacity for up to 5m Communications Hubs on the SMWAN by December 2026. Using this target TPS as the final TPS outcome, S&O Phase 2 will be delivered incrementally in up to three "drops", with each drop achieving a minimum TPS target outcome.

CR5431 delivered S&O Phase 2 Drop 1, with a target outcome of 900-950 TPS. Building on this capacity, PR8117 is targeting an increase to a minimum of 1200 TPS in the production environment for S&O Phase 2 Drop 2. The scale test report from the implementation of PR8117, expected around August 2025, will help confirm if the target capacity for the overall S&O programme has been reached or whether a further drop will be required.

Securing Value for Money

To ensure value for money, DCC has taken the following steps:

Arqiva will deliver S&O Phase 2 using a flexible model of iterative drops that allows cessation of works at the earliest point where sufficient capacity has been realised, removing the potential for overspend. For example, if the overall ~1400 TPS target for S&O Phase 2 is achieved in Drop 2 under PR8117, then a Drop 3 will not be required. Each drop will commit to achieving a pre-defined TPS target outcome, to realise a tangible benefit for the cost incurred for each successive drop.

DCC has successfully negotiated with Arqiva to own the risk of any spend beyond the £[redacted] price cap for overall S&O Phase delivery, e.g. if due to the complexity of the delivery more than the envisaged three drops are required to achieve the target ~1400 TPS. This ensures further value by eliminating the risk of any overspend beyond the costs agreed under the Business Case for the S&O programme.

Implementation of S&O Phase 0 and Phase 1 enabled DCC to terminate the monthly Communications Hub transaction charges from Arqiva, by agreeing to an Aggregate Availability Capacity (985,075 MB per month) which is expected to provide adequate capacity headroom for the 5m Communications Hubs forecast to be live on the estate by December 2026. In exceptional circumstances, if usage goes above this limit in a particular month, an Excess Capacity Charge of £[redacted] per MB/month will apply. Arqiva will provide DCC a Final Capacity Statement within 30 days of completing the S&O Phase 2 and no later than 31st Dec 2026. If the Arqiva capacity provision stated in this report is higher than 985,075 MB, than any excess minus 20% (which will be used for flexibility/resilience) will be added to the 985,075 MB limit, and this increased capacity will become the new Aggregate Availability Capacity for the remainder of the Term at no additional charge.

Additionally, it is worth noting that as part of the overall S&O programme Business Case, the costs and approach for S&O Phase 2 have previously been socialised with stakeholders as follows:

- DCC transparently sharing costs with various Customer forums (SEC Panel, SEC Operations Group (OPSG), Technical Architecture and Business Architecture Sub-Committee (TABASC), and in a dedicated session with the Distribution Network Operators).

- The costs being negotiated below the estimates previously communicated to Customers, with SEC Panel being presented a copy of the Business Case with all costs included.

- DCC formally notifying Ofgem of the intention to implement the solutions outlined in the Business Case unless Ofgem raised any concerns or objections by 5th March 2024.

Price Breakdown

The total charges for the delivery of the full S&O Phase 2 are subject to a price cap of £[redacted] as agreed under CR4895, and then reaffirmed in CR5431. This price cap was approved by DESNZ as part of providing "no objection£" for the overall S&O programme spend covering Phases 0, 1 and 2.

The charge for the implementation of S&O Phase 2 Drop 2 under PR8117 is £ [redacted] A breakdown of this charge is provided in Table 14 below.

Detail	Price Initial (£)	Price final (£)
Sensus Development & Release	[redacted]	
Iteration 1 Deployment & Scale Test		
Iteration 2a, 2b, 2c and 2d Deployment & Scale Test (Engineering Build)		
Iteration 3 Deployment & Scale Test (GA)		
Scale Test Report		
Solution Design SD Document Update		

PIT-A Iteration 2 Pre-PIT Informal Testing	[redacted]
PIT-A Formal Testing	
SIT-A Testing	
UIT-A Testing	
Production	
PIT-B Deployment & Test Execution	
SIT-B Deployment & Test Execution	
UIT-B Deployment & Test Execution	
DEV-A Deployment & Test Execution	
DEV-B Deployment & Test Execution	
Project, Programme & Technical Delivery Management	
Programme Governance, Contingency	
Total Charges	

Table 20 – Table A: Price Breakdown

In an attempt to drive testing costs down, DCC Testing SMEs challenged these costs with Arqiva on a number of occasions after receiving the Statement of Work for PR8117. However, Arqiva did not provide a cost reduction, citing their transparent bottom-up costing approach. No cost reduction was therefore achieved in the final SOW.

Initial IA price (£)	Final IA Price (£)	Difference (%)
[redacted]		0%

Table 21 – Initial vs Final Price

Future Considerations

The scale test report from the implementation of PR8117 S&O Phase 2 Drop 2, expected around August 2025, will help confirm if the target capacity for the overall S&O Phase 2 has been reached or whether a further drop will be required. If a further drop is required, this will be initiated by an additional PR and to be sanctioned by the DESNZ Scaling & Optimisation Working Group.

By delivering S&O Phase 2 under CR5431 and PR8117, as part of the wider Scaling & Optimisation programme, DCC will ensure that capacity on the CSP.N SMWAN can remain ahead of the demand curve. Specifically, this will ensure that the peak usage on the network, based on up to 5m Communications Hubs forecast to be connected to the SMWAN by December 2026, will continue to operate without capacity constraints well beyond this timeline.

Linked CRs & PRs

CR / PR name	Relationship they have	Cost comparison (if not already in the write up)
PR7762 (RNI Uplift up to December 23) **PR7907 (Activities up to NCS2.01 Scale Test Report)** **CR4895 (Scaling & Optimisation Phase 0+1)** **CR5431 (Scaling & Optimisation Phase Drop 1)** **PR8117 (Scaling & Optimisation Phase Drop 2)**	The overall Scaling & Optimisation programme spans two main phases, Phase 0+1 and Phase 2. Phase 0+1 (delivery completed in 2024-25) included: • PR7762: Cover given to commence work on RNI uplift through to Dec 2023 as the CAN for CR4895 was being agreed. • PR7907: Further cover given to continue work leading up to the completion of NCS2.01 Scale Test Report milestone. • CR4895: Main CR for Scaling & Optimisation Phase 0+1. Phase 2 (currently underway) includes: • CR5431: Drop 1 (completed Mar 25) • PR8117: Drop 2 (underway)	PR7762: £[redacted] (though this amount is included in the overall CR4895 price and not additional) PR7907: £[redacted] (though this amount is included in the overall CR4895 price and not additional) CR4895: £[redacted] (includes PR7762 and PR79709 amounts) CR5431: Drop 1 - £[redacted] PR8117: Drop 2 - £[redacted] All of the above used the same day rates for Arqiva and their subcontractors as stated in the contract, though with Indexation added for each successive year in line with the contract.

Table 22 – Linked CRs and PRs

2.1.8. Scaling & Optimisation summary

Overview

The total spend approved under the FBC for Scaling & Optimisation was £ [redacted] (inc. Optimism Bias + Inflation @ [redacted] broken down as follows:

- S&O RF Channel Expansion: £[redacted] (no OB + inflation applied)
- S&O Phase 0 +1: £[redacted] (exc. OB + inflation) or £[redacted] (inc. OB + inflation)
- S&O Phase 2: £[redacted] (exc. OB + inflation) or £[redacted] (inc. OB + inflation)

The above streams of the S&O programme were/are delivered under the following CR/PRs:

- S&O RF Channel Expansion (delivery completed in 2023-24):
  - CR4866: £[redacted]
- S&O Phase 0+1 (delivery completed in 2024-25):
  - PR7762: £[redacted] cover given to commence work through to Dec 2023 as the CAN for CR4895 was being agreed, though this amount is included in the overall CR4895 price and not additional.
  - PR7907: £[redacted] further cover given to continue work leading up to the completion of NCS2.01 Scale Test Report milestone, though this amount is also included in the overall CR4895 price.
  - CR4895: £[redacted]
- S&O Phase 2 (Drop 1 delivery complete, Drop 2 underway):
  - CR5431: Drop 1 - £[redacted]
  - PR8117: Drop 2 - £[redacted]

The above means that out of the total £[redacted] approved under the FBC for the overall S&O programme, £[redacted] has already been spent or committed to Arqiva, leaving around £[redacted] in the budget.

DCC will agree with the DESNZ S&O Working Group in August 2025 if a Phase 2 Drop 3 is needed to scale the network further to achieve the capacity needed for ~5m comms hubs, based on the scale test results from S&O Phase 2 Drop 2. If this is needed, Arqiva have committed in both CR4895 and CR5431 that they will deliver all S&O Phase 2 work within a price cap of £[redacted] which means Arqiva will not charge more than £[redacted] for a potential S&O Phase 2 Drop 3, if it is needed at all. This is well within the remaining £[redacted] budget for the overall S&O programme.

2.1.9. New Contracts

Not applicable.

2.1.10 Other key contracts

Not applicable.

2.2. CGI – Data Service Provider (DSP)

Ref	Description
CR5320	CGI – CR Aligned to CGI's CR4470 Proposal
CR5504	Disaggregation of CGICAN267 CR5320 (Adjustments to the Consolidated Funding agreed under CGICAN192 (CR4470))
CR5220	Implementation of a Traffic Management Gateway by CSP C&S
CR5276	CGI – DSMS Upgrade
PR7698	CGI – Tech Ref 2.0 Vormetric DSM
PR7700	CGI – CGI Tech Refresh 2.0, Storage and Senetas (SafeNet) Fibre WAN Encryptor
PR7821	CGI – CGI SI Release Management (Nov23 – Oct 24) – follows PR7463
PR7699	CGI – CGI Tech Refresh 2.0 – Redhat (RHEL)
PR7769	CGI – SMETS1 Technical Expert Resources
PR8007	CGI – CGI SI Release Management (Nov24 – Oct25) – follows PR7821
PR8015	CGI – CGI SI – System Regression as a Service (follow on from PR7508)
CR5511	UIT Base Services (Changes to CR5194 for Contract Year Nov 24 to Oct 25)

Table 23 – CR and PR summary for CGI

2.2.1. CR5320|CGI (SMETS2)

Drivers for Change

CR4470 (CGICAN192) recorded the Parties' agreement on the terms added to the Agreement in connection with the consolidated funding mechanism for the Core Leadership resource and Project Support capability functions who provide oversight and support of all DSP Changes (requested via Change Request(s) or Project Request(s)), as applicable from 1st November 2021 until 31st October 2024. The Change in this CR5320 (CGICAN267) is required to record the Parties' agreement with respect to:

- adjustments agreed for the Core Leadership and Project Support Cover Charges for the 2023 – 2024 Contract Year (as set out in this CAN); and
- extension of the consolidated funding mechanism for the Core Leadership resource and Project Support capability functions for a further two Contract Years from 1st November 2024 – 30th October 2026.

Scope of the Change

The consolidated funding mechanism consists of two parts:

- Funding for the Core Leadership resources – 18 roles have been identified to be funded centrally, based on the following criteria:
  - They are roles involved fulltime in the management of the delivery of DSP Changes, and
  - They are overseeing all or the majority of the DSP Changes and therefore allocation of their time per Change is very challenging to accurately price and track.
- Funding for the Project Support capability – This capability is delivered by pulling in into individual programmes resources from a common pool. Prior to CR4470, the capability was priced in the individual CR/PRs as a percentage of the total delivery cost, which again was not possible to assess against the actual costs reported in the Open Book. As part of the funding consolidation deal, DCC requested efficiency improvements to be implemented in this capability to ensure value for money was achieved.

The consolidated funding came in effect starting from 1st November 2021, at the start of the 3-year DSP contract extension period. This CR5320 addresses the final year of the committed period and extends this for a further 2 years to 31st October 2026.

Securing Value for Money

The Parties have agreed a total reduction of £[redacted] to the Core Leadership and Project Support Cover Charges for the 12 months between 1st November 2023 – 31st October 2024 in CR5320 (CGICAN267) when compared to CR4470 (CGICAN192), subject to DCC making payment for the Core Leadership and Project Support Cover Charges as set out for CR5320 in full between 1st November 2023 – 31st October 2026 (i.e. £[redacted] plus expenses and adjustment for indexation which is applied each year from 1st November 2024 and 1st November 2025).

The table below illustrates the annual spend and the reduction in charges by signing CGICAN267:

	CGI DSP contract year charges		
Description	**Nov 23-Oct 24**	**Nov 24-Oct 25**	**Nov 25-Oct 26**
CGICAN192 (CR4470)	[redacted]		
CGICAN267 (CR5320)			
Change in Charges			

Table 24 – CGI DSP contract year charges

Detail	Price initial (£)	Price final (£)
Labour cost	[redacted]	
Expenses		
Total Charges		

Table 25 – Price Breakdown

This is demonstrating real value for money for DCC. The last 12 months, Nov-23 to Oct-24, have delivered a saving in excess of £[redacted] (26%) for the 18 core leadership resources versus paying for these resources separately.

[redacted]

Primarily due to the shift to a disaggregated DSP model, we have been requested to undo CR5320 and disaggregate the resources by DCC Programme. In undertaking this change, we can deliver even more value for money going forward, by driving accountability by DCC Programme. This has progressed under CR5504.

This decision was made by DCC for a number of reasons:

- Disaggregation delivers greater transparency of all costs by Programme. We have the contractual flexibility and therefore the ability to provide greater challenge over spend decisions going forward.
- Not all resources provided under CR5320 (CGICAN267) are expected to be required at a steady level for the remaining duration of the CGI DSP Agreement, which should enable potential cost savings.
- In the new DSP world, where the services are disaggregated and provided by 4 different Service Providers, certain items will be switched off early as services are being transitioned from one provider to another. Enabling flexibility here will also enable future potential savings to be realised.

Supplier Value for Money Statement

The Contractor has committed to an ongoing investment in driving value for money for DCC. The continuation of the consolidated funding mechanism for the Core Leadership resource and Project Support capability functions which removes the costs associated with such functions from the individual Change Requests and Project Requests ensures accuracy and clarity of spend.

Future Considerations

CR5504 is progressing which will disaggregate the resources by DCC Programme which can deliver even more value for money going forward by driving accountability by DCC Programme.

Linked CRs & PRs

CR / PR name	Relationship they have	Cost comparison (if not already in the write up)
CR4470 – Consolidated Funding for Core Leadership and Project Support Teams	*CR5320 is an extension of CR4470 with a 1 year cross-over period (Nov-23 to Oct-24).*	*A further reduction was negotiated as demonstrated by the savings achieved for the period Nov-23 to Oct-24 of £[redacted]*

Table 26 – Linked CRs and PRs

2.2.2. CR5504|CGI – (SMETS2)

Drivers for Change

CR4470 (CGICAN192) recorded the Parties' agreement on the terms added to the Agreement in connection with the consolidated funding mechanism for the Core Leadership resource and Project Support capability functions who provide oversight and support of all DSP Changes (requested via Change Request(s) or Project Request(s)), as applicable from 1st November 2021 until 31st October 2024.

CR5320 (CGICAN267) provided funding for the agreed Core Leadership and Project Support Cover Charges for the 2023 – 2024 Contract Year and provided an extension of the consolidated funding mechanism for the Core Leadership resource and Project Support capability functions for a further two Contract Years from 1st November 2024 – 31st October 2026.

The purpose of **CR5504** (CGICAN290) was to cease elements of the Agreement as amended by CR5320 (CGICAN267) early on 31st December 2024.

This decision was made by DCC for a number of reasons:

- Delivers greater transparency of all costs by Programme. We have the flexibility required and have the ability to provide greater challenge over spend decisions going forward.
- Not all resources provided under CR5320 (CGICAN267) are expected to be required at a steady level for the remaining duration of the CGI DSP Agreement.
- In the new DSP world, where the services are disaggregated and provided by 4 different Service Providers, certain items will be switched off early as services are being transitioned from one provider to another.

Scope of the Change

The consolidated funding mechanism as provided in CR4470 (CGICAN192) and CR5320 (CGICAN267) consisted of two parts:

Funding for the Core Leadership resources – 18 roles were identified to be funded centrally, based on the following criteria:

- They are roles involved fulltime in the management of the delivery of DSP Changes, and
- They are overseeing all or the majority of the DSP Changes and therefore allocation of their time per Change is very challenging to accurately price and track

Funding for the Project Support capability – This capability is delivered by pulling in into individual programmes resources from a common pool. Prior to CR4470 and CR5320, the capability was priced in the individual CR/PRs as a percentage of the total delivery cost, which again was not possible to assess against the actual costs reported in the Open Book. As part of the funding consolidation deal, DCC requested efficiency improvements to be implemented in this capability to ensure value for money was achieved.

The consolidated funding came in effect starting from 1st November 2021, at the start of the 3-year DSP

contract extension period. CR5320 addressed the final year of the committed period and extended this for a further 2 years to 31st October 2026.

The purpose of CR5504 (CGICAN290):

The aggregated Core Leadership and Project Support Cover Charges under this Agreement as amended by CGICAN267 (which relates to CR5320) ceases on 31st December 2024 and from 1st January 2025, all Impact Assessments and Statement of Works will include the Core Leadership and Project Support Cover Charges.
The discount provided under this Agreement as amended by CGICAN267 (which relates to CR5320) which was conditional on CGICAN267 not being terminated early now becomes payable.
The dependency on the aggregated Core Leadership and Project Support Cover Charges identified in CGICAN267 in the CR/PR's listed in this CGICAN290 is removed and is replaced by a series of fixed price programme level funding Purchase Orders which are documented and agreed as part of this CGICAN290 which are to be billed monthly from 1st January 2025 until 31st October 2026.

Securing Value for Money

The PIA v1.0 suggested an indicative price of £[redacted] along with an FIA development price of £[redacted] This increased to £[redacted] with an FIA development price of £[redacted] under the PIA v1.1 as discussions progressed. This indicative price increased again to [redacted] with an FIA development price of £[redacted] under v1.2 and was eventually agreed to proceed under v1.3 with an indicative cost of £[redacted] and an FIA development price of £[redacted]

Discussions and negotiations continued until the final and only version of the FIA was produced at a cost of £[redacted]

Detail	Price initial (£)	Price final (£)
Labour cost	[redacted]	
Expenses		
CGICAN267 discount reversal credit		
Total Charges		

Table 27 – Price Breakdown

Initial IA price (£)	Final IA Price (£)	Difference (%)
[redacted]		26.9% Reduction

Table 28 – Initial vs Final Price

A value for money statement was not prepared by CGI as they believe it will cost DCC more over the remaining contract duration. This is contested by DCC in long run within the following paragraph.

Future Considerations

To ensure CR5504 delivers value for money for DCC, we have built monthly reporting to ensure all Programmes have visibility of any spend formerly covered by CR5320. This gives each Programme Director and their team the ability to closely monitor and challenge resource utilisation and spend. DCC believe that this extra level of accountability will lead to cost reductions.

Linked CRs & PRs

CR / PR name	Relationship they have	Cost comparison (if not already in the write up)
CR5320 – Adjustments to the Consolidated Funding agreed under CGICAN192 (CR4470)	*This is an amendment to the consolidated funding model as agreed under CR5320. CR5504 concludes the commercial arrangement as provided under CR5320 on 31 December 2024.*	*The charges under CR5320 for the period Jan-25 to Oct-26 were signed at £[redacted] For the same period under CR5504, these have been negotiated and signed at [redacted] Whilst this is a saving, it is important to note the value under CR5504 does not include any charge related to any CR or PR outside of those listed under any of the 20 Programmes of activity as described in the CAN. These charges will also be present in any new Programmes introduced prior to the end of Oct-26.*

Table 29 – Linked CRs And PRs table

2.2.3. CR5220|CGI – (SMETS2)

Drivers for Change

CR5520 (CGICAN270) recorded the Parties' agreement for the CSP (Central) and CSP (South) to implement the new CSP Central/South Traffic Management Gateway which acts as a single channel between the DSP and the-relevant CSP for communicating with devices in the Central and South Regions. This CR was born out of VMO2's desire to decommission 3G and all CR5220 charges incurred will be covered by VMO2. Consequently, a Change was required to the Contractor Solution to add a new component to the DSP System to interface to the new CSP Central/South Traffic Management Gateway (the "CSP Central/South Traffic Management Gateway Interface").

This Change (i.e. the new component in the DSP System to interface to the new CSP Central/South Traffic Management Gateway) was required to enable the CSP to manage the use of the CSP radio network efficiently and proactively. When the new CSP Central/South Traffic Management Gateway was fully implemented, this enabled the DCC to maximise throughput on a per cell site (cellular base station) level and enable effective monitoring, management and optimisation of cell utilisation across the relevant CSP radio network.

Scope of the Change

The scope under this CR5220 was as follows:

- Enhance the DSP application to implement a new VMO2 SMWAN Gateway component to interface with the external VMO2 Traffic Management Gateway;
- Align the new VMO2 SMWAN Gateway interface to the interfaces defined by the NEP Comms Hubs and Networks (CH&N) programme for sending/receiving Great Britain Companion Specification (GBCS) messages and Power Outage Alerts;
- Enhance the CSP Management interface to provide a new interface to the external VMO2 Device Manager. The interface provided shall align with the interfaces defined by the NEP CH&N programme for firmware distribution; and
- Allow for each interface to be enabled independently.

VMO2 is to deliver its interfaces to the DSP solution across more than one release as set out in the table below:

VMO2 Interface	Release Date
TMG	Jan-25 Maintenance Release
Power Outage/Restore	Jan-25 Maintenance Release
Meter Firmware (Stub only)	Jan-25 Maintenance Release
Meter Firmware (full implementation)	Jun-25 SEC System Release

Table 30 – VMO2 interface release dates

Securing Value for Money

With VMO2 covering the charges for the delivery of this CR5220, a number of queries and challenges were raised working in conjunction with both CGI and VMO2. Charges presented within the Price Breakdown v1.0 totalled £[redacted]

The FIA v2.0 and Price Breakdown v2.0 were consequently updated following several meetings and included the following amendments:

Delivery of the change has been updated to be phased based on VMO2 readiness to engage in testing and subsequent deployment into Production, which has been balanced with a level of testing to ensure stability of Production Environment services. The following approach is now being taken:

- All functionalities will be implemented by the Contractor to PIT complete and then deployed into the SIT-B environment as part of the November 2024 SEC System Release.
- The Contractor will need to perform Solution Testing of the CR5220 implementation in the SIT-B environment in parallel with the November 2024 SEC System Release to validate stability of the wider DSP solution ahead of services being enabled and tested with the VMO2 solution in January 2025.
- The CR5220 will be deployed to the Production Environment with all new CR5220 functionality switched off through use of feature switches.
- TRT1,2,3 will perform in all regulated and integrated environments (SIT-A, SIT-B, UIT-A, UIT-B, Production/DR) for the TMG and Power Outage interfaces ahead of the when they are required.
- TRT1 and 2 will be performed against a Meter Firmware stub alongside TMG and Power Outage interfaces.
- TMG and Power Outage functionality will be enabled as part of the January 2025 maintenance release where a limited amount of integrated testing will be performed in the SIT-A and UIT-A environments.
- VMO2 will include functionality for the Meter Firmware interface as part of the June 2025 SEC System Release which will be functionally tested within the SIT-B environment.
- TRT3 for the Meter Firmware interface will be performed in each regulated, integrated environment ahead of integrated functional testing.

Comms hub cutover is not going to be phased; there will be a one-off cutover to the TMG.
The functional solution now supports asynchronous error handling via the 'Receive GBCS Message' interface. This change in scope resulted in a revised charge of £ [redacted] as presented in the Price Breakdown v2.0.

The FIA v3.0 and supporting Price Breakdown v3.0 were updated following further meetings and included the updated change in scope:

- Revised, estimated test volumes reflecting discussions with DCC Test Assurance regarding test scope of CR5220 for Drop 2, which is intended for implementation alongside the June 2025 SEC System Release.

This change in scope resulted in a reduction in charges to £[redacted] which is a 4.4% saving vs. the Price Breakdown v2.0. The table below is a comparison to the initial IA.

Detail	Price initial (£)	Price final (£)
Labour cost	[redacted]	
Expenses		
ALM licences		
Infrastructure third-party charges		
Infrastructure third-party contingency		
Working capital charge		
Total Charges		

Table 31 – Price Breakdown

Initial IA price (£)	Final IA Price (£)	Difference (%)
[redacted]		27.3% increase

Table 32 – Initial vs Final Price

Supplier Value for Money Statement

Below is the extract from the signed CGICAN270:

"Services and Charges relating to the Change under this CAN has resulted in savings for the DCC and therefore represent value for money for the DCC are as follows:

- Implementation of the Early Automated System Testing (EAST) – increased automation of the Contractor's PIT System Testing activity;
- Offshore resourcing – the volume of offshore activities has been considered although currently, the onshore / offshore ratio is driven by rules regarding which parts of the system can be coded, changed or tested offshore. The offshore allocation has been applied to maximise it within these rules;
- SIT Phase – increased scope of automation through implementation of the Contractor's Motorway Automation Framework (MATF);
- UIT Phase – the scope of UIT has been kept to a minimum and focuses on targeted testing specific using one CSP either CSP (Central) or CSP (South), SMETS2 Toshiba meter set and one CSP, either CSP (Central) or CSP (South) WNC meter set. Further, as SIT will have conducted testing with the feature switches, as detailed in this CGICAN270, set to 'off' and also tested with them set to 'on', testing in UIT will only test with the features switches set to 'on'"

Future Considerations

This is a one-off exercise to support the decommissioning of VMO2's 3G services and further effort will unlikely be required. The new component in the DSP System to interface to the new CSP Central/South Traffic Management Gateway is required to enable the CSP to manage the use of the CSP radio network efficiently and proactively. Without the delivered changes, the DCC would not be able to maximise throughput on a per cell site (cellular base station) level and enable effective monitoring, management and optimisation of cell utilisation across the relevant CSP radio network.

Linked CRs & PRs

Not applicable.

2.2.4. CR5276|CGI – SMETS2

Drivers for Change

The Contractor is the DCC Service Provider responsible for the provision of the DCC Service Management System (DSMS), which is based on BMC Remedy and has been highly customised to meet the DCC's operational processes over a few years. However, the underlying Remedy product went out of vendor support in 2020 and no longer possible to gain any support for the legacy versions, including security patches.

The DSMS solution is hosted within the Contractor's data centres using infrastructure which is independent from that used to provide the DCC Data System. Continued use of legacy Remedy has also impacted Contractor's ability perform a technology refresh of the underlying operating system due to non-compatibility. Therefore, this CR5276 covers partial technology refresh and extended security patching in relation to DSMS solutions.

Scope of the Change

- The delivery of DCC Service Management System -Remedy ("DSMS") related hardware and software Upgrade activities -physical hosts, virtual servers, Storage, Network, virtual machines
- Upgrade Network-FortiGate F5 devices firmware for F5 switches to enable upgrade of DSMS.
- Install Third Party Supplier-Microsoft Corporation's ("Microsoft") Extended Security Updates (ESU's) as procured by DCC on the DSMS Infrastructure to receive security patches issued for Windows Server 2012 R2 until 31st October 2025.
- Decommissioning of legacy Storage Area Network (SAN) units supported DSMS and legacy firewalls, impacting a reduction in Fixed Operational Charges.
- Due to non-compatibility issue with legacy DSMS solution, the Contractor was unable to provide a complete technology refresh of the overall DSP solution. Since this CR5276 covers the pending technology refresh activities, it was agreed with the Contractor to consolidate the changes to Fixed Operational Charges due to Technology Refresh upgrade under this CR5276. The relevant technology refresh project details are Project Request(s)-PR7641 (Windows Upgrade), PR7698(Vormetric upgrade), PR7699(RHEL upgrade) and PR7700 (SAN upgrade).

Securing Value for Money

The following summarises Contractor's commitment to provide value for the Services provided-

- Reuse of existing infrastructure: CR5276 reuses existing DSP infrastructure which would otherwise be decommissioned under other Tech Refresh 2 changes. This avoids the cost of replacing the infrastructure which would then only be required until Future Service Management is deployed.

Price Breakdown

Detail	Price initial (£)	Price final (£)	Comments
Setup Labour Cost	[redacted]	[redacted]	TR2 Delivery Manager (missed in V1.0) and minor increase in ESU MAK effort.
Core DSP Team Setup Expenses			Due to above changes
ALM Licences (test tool used by Contractor and other integrated parties. Charges are defined within Schedule 2.7 of the Agreement)			Reduction of ALM users resulted in the decrease in charges
Infrastructure Third Party:			
Third Party: Contingency			
Infrastructure Standard Costs			Increase due to labour effort changes

Working Capital Charge	[redacted]	Increase due to labour effort changes
Total Charges		

Table 33 – Price Breakdown for CR5276

Initial IA price (£)	Final IA Price (£)	Difference (%)
[redacted]		**8.6% increase**

Table 34 – Initial vs Final Price for CR5276 Upgrade

Detail	Price initial (£)	Price final (£)	Comments
CR5276	[redacted]		Fixed Operating Charges reduction extended until the end of DSP Agreement- October 2026
PR7641 – Windows Upgrade			
PR7698 – Vormetric Upgrade			Updates to Vormetric FOC reduction which was missed by CGI in previous versions
PR7699 – RHEL Upgrade			
PR7700 – SAN Upgrade			Increase in Infrastructure support (NetApp support) cost from Oct 2024
Total Charges			

Table 35 – Fixed Operational Charges for Technology Refresh

Initial IA price (£)	Final IA Price (£)	Difference (%)
[redacted]		**22.7% reduction**

Table 36 – Initial vs Final Fixed Operational Charges for Technology Refresh

Future Considerations

CR5276 upgrades the perimeter security of the infrastructure supporting DSMS. As such it avoids the upgrade of DSMS to the latest version which would in turn trigger and would be dependent on a full refresh of the infrastructure supporting DSMS. This would have been disproportionately expensive and time consuming given the development of Future Service Management.

Linked CRs & PRs

Not applicable.

2.2.5. PR7698|CGI – (SMETS2)

Drivers for Change

Vormetric is used within the Data Service Provider ("CGI" or "DSP") solution to encrypt sensitive data. This product is due to reach End of Vendor Support ("EoVS") by 30th June 2024, and the product is being discontinued by CGI's third-party vendor, Thales. The replacement, equivalent product from Thales is

known as CipherTrust.

Scope of the Change

There are currently five (5) physical devices (DSMs) split across DCC data centres. The five devices as mentioned in Table 1 below, support five different environments:

- PIT performance;
- SIT-B;
- UIT-B;
- SysTest, (collectively known as "Non-Prod"); and
- the Production Environment.

The devices are configured as one cluster of two, in Non-Production, plus a cluster of two and a singleton in the Production Environment, with a singleton at the DR site. There are currently twenty-nine (29) Vormetric agents installed to encrypt data within the Oracle Volt and Pharos databases.

The new CipherTrust devices will replace the Vormetric devices as set out in Table 1 below on a like for like basis. The new units will be installed alongside the current solution and will be cutover once the deployment is complete. Once the new solution is proven to be operational, the old solution will be decommissioned after a period of stability following the completion of the Production agent upgrade.

Environment	Product Name	Hostname	EoVS Date	Asset Tag
DR	Vormetric V6100	BLVOR20101	30/06/2024	CI31472
Production	Vormetric V6100	CLVOR10101	30/06/2024	CI42205
Production	Vormetric V6100	CLVOR10102	30/06/2024	CI42206
Non-production	Vormetric V6100	CLVOR80101	30/06/2024	CI31033
Non-production	Vormetric V6100	CLVOR80102	30/06/2024	CI31032

Table 37 – Physical Devices in DCC Data Centres

Securing Value for Money

Our discussions with CGI and scope revisions have delivered a reduction of hosting and maintenance charges for the Data centre during parallel run (reduction of [redacted]

Detail	Price initial (£)	Price final (£)	Comments
Setup Labour Cost	[redacted]		Increase in Labour charges due to extended timelines and additional deliverables (detailed plan, High level design and migration approach, installation and commission, SIT-B, SIT-A & UIT-B completion report and Production completion report)
Core DSP Team Setup Expenses			Increase in expenses due to extended timeline
ALM Licences (test tool used by Contractor and other integrated parties. Charges are defined within Schedule 2.7 of the Agreement)			Increase in ALM license cost due to extended timeline
Infrastructure 'Standard Cost' Items			Ongoing hosting and maintenance during parallel run for infrastructure cost reduced by CGI due to renegotiation
Infrastructure Third Party			Increase in 3rd party infrastructure costs due to revised timeline i.e., cost refresh as the project start date moved
Third Party: Contingency			Third party risk contingency was reduced since renewal quotes were

	[redacted]	procured at the renegotiated rates as mentioned above
Schedule 7.1 PR Rate Card Discount		Discount Not applicable. For Fixed Fee contracts
Labour Contingency at [redacted]		Labour contingency Not applicable. For Fixed Fee contracts
Working Capital Charge		As the pricing model was changed from T&M to Fixed Fee, additional working capital charges added to the milestones. Established delivery linked payment milestones result in a working capital charge
Total Charges		

Table 38 – Price Breakdown

Initial IA price (£)	Final IA Price (£)	Difference (%)
[redacted]		**6.2% increase**

Table 39 – Initial vs Final Price

Supplier Value for Money Statement

- Use of Thales SME Consultancy: The Contractor has included use of a number of days of Thales consultancy to support and validate the transition from one Vormetric to CipherTrust. Although more expensive per day than the Contractor's own resources they are already highly trained in the CipherTrust product and are used to quickly solve problems and validate the implementation whilst the solution is implemented by the Contractor's own Security Implementation Team who perform the majority of the implementation work at a lower day rate. It is anticipated that use of Thales consultancy will more than pay for itself in reducing the time to implement the new CipherTrust solution in line with vendor best practice, reduce time to resolve DSP specific implementation issues and provide 'on the job' training for the team that will need to support the solution on an enduring basis.
- Absorbing Infrastructure Standard Charges for Parallel Running: The DSP programme incurs CGI centralised hosting and maintenance charges for the parallel running of the extant Vormetric appliances and the new CipherTrust appliances. These charges have been removed since submission of v1.0 which is estimated to save approximately £[redacted] over the PR7698 implementation period.
- Shared Management and Project Operations Functions: The Contractor is running multiple Tech Refresh projects alongside multiple other programmes. There is a single Tech Refresh Delivery Manager who has oversite of all Tech Refresh projects. The single resource is charged part time, in proportion, across each four Tech Refresh PRs. Furthermore, all technology refresh projects benefit from the support of the centralised account management team and centralised programme operations functions (e.g. tracking, billing, account level reporting and document management) under a single discounted rate. The DCC has been able to run a significant DSP technology refresh programme and multiple major programme streams without incurring any additional charges for these centralised functions.
- Details about change in commercial approach based on lessons learnt during TCR 1.0.

Future Considerations

Vormetric DSM which had an End of Vendor Support (EOVS) date of 30th June 2024 and being discontinued by the vendor will be replaced with CipherTrust v7.6 to ensure continuity of DSP Services under this PR7698. As this solution provides encryption of sensitive data, the replaced CipherTrustv7.6 hardware, software and relevant maintenance will need to be upgraded until Future DSP goes live.

Linked CRs & PRs

Not applicable.

2.2.6. PR7700|CGI – (SMETS2)

Drivers for Change

The reason for this change in PR7700 covers upgrade of the storage infrastructure supporting Storage Area Network Solution ("SAN Solution") as listed below. These storage units have passed their End of Vendor Support date in December 2022 and have since then been under extended support with a third-party maintenance supplier. However, a technology refresh is required to upgrade the listed infrastructure below to be fully supported through procurement of replacement hardware, software, and associated maintenance agreements to support the overall Services provided by Data Service Provider- CGI (Contractor or DSP)

- IBM Storwize V3700 Storage System.
- IBM SAN Controllers.
- IBM Storwize V7000 Storage Expansion units; and
- Dell PowerVault ME4012 Storage Array.

In addition to above, covers the Technology Refresh of the Senetas solution with a NetApp based function.

Scope of the Change

The scope of this change includes upgrading the existing SAN Solution infrastructure as mentioned in Table 30 below since there are number of Technology Refresh Projects in progress for DSP which require additional storage. This PR7700 covers the following activities (defined at high level) to implement the new SAN Solution:

- Planning, design, and procurement of infrastructure
- Installation of the procured infrastructure in DCC's Data Centres, which will also include additional structured cabling to enable necessary connectivity.
- Preparation for cut-over
- Storage migration from the currently deployed storage to new storage
- Decommissioning of existing storage infrastructure listed in the table below.

Description	Quantity	Environment	Current Capacity
Dell ME4012	1	Production – Pharos	80TB
Dell ME4012	1	DR – Pharos	80TB
Storage Controller	4	Non-production	N/A
Storage Controller	3	Production	N/A
Storage Controller	3	DR	N/A
Drive Enclosure	25	Production	225TB
Drive Enclosure	25	DR	225TB
Drive Enclosure	21	Non-production	175TB
Total	**83**		**785TB**

Table 40 – Existing infrastructure capacity

Securing Value for Money

Our discussions with CGI and scope revisions have delivered:

- Reduced Infrastructure cost by [redacted] due to renegotiation of procurement quotes
- Third party risk contingency was reduced by [redacted] since the infrastructure was procured at the renegotiated rates. DCC collaborated with CGI to provide urgent approvals for the procurement which facilitated this reduction (i.e., DCC ensured that required approvals were provided within the procurement quote validity period to enable CGI to proceed).

Detail	Price initial (£)	Price final (£)	Comments
Setup Labour Cost	[redacted]	[redacted]	Increase in Labour charges due to extended timelines and additional deliverables
Core DSP Team Setup Expenses			Increase in expenses due to extended timeline
ALM Licences (test tool used by Contractor and other integrated parties.)			Efficient utilisation
Infrastructure 'Standard Cost' Item			Increase in infrastructure standard charges due to extended timelines
Infrastructure Third Party			Renegotiation of 3rd party quotes resulted in decrease of cost by [redacted]
Third Party: Contingency			Third party risk contingency was reduced by [redacted] since renewal quotes were procured at the renegotiated rates as mentioned above
Schedule 7.1 PR Rate Card Discount			Discount Not applicable. For Fixed Fee contracts
Labour Contingency at [redacted]			Labour contingency Not applicable. For Fixed Fee contracts
Working Capital Charge			As the pricing model was changed from T&M to Fixed Fee, additional working capital charges added to the milestones. Established delivery linked payment milestones result in a working capital charge
Total Charges			

Table 41 – Price Breakdown

Initial IA price (£)	Final IA Price (£)	Difference (%)
[redacted]		**3.3% reduction**

Table 42 – Initial vs Final Price

Future Considerations

As part of the DSP Services, IBM' S SAN storage and Dell ME4012 Storage Array is used by the Contractor to supply the Services. To ensure continuity of ongoing DSP Services, SAN Storage and related hardware, software and associated maintenance will not need to be upgraded until the Future DSP solution goes live in 2028.

Linked CRs & PRs

Not applicable.

2.2.7. PR7821|CGI – (SMETS2)

Drivers for Change

PR7821 covers Systems Integrator (SI) Release Management Services for the period of 1st Dec 2023 through 31st October 2024, extension of SI Services agreement under PR7463. This Service initially commenced in 2022 to provide Systems Integrator support by the Data Service Provider ("CGI" or "DSP") for Technology refresh and other programs which required technical review. As there were several projects for the DSP Services which required an ongoing SI Release Management support, it was agreed to extend the SI Services under PR7821.

Scope of the Change

CGI's scope of supply under PR7821 incorporates planning, co-ordination, and management of releases from DCC Service Providers for the period 01/12/2023 to 31/10/2024 (11 months), for the following activities:

- Maintenance Release Check Point ("MRCP") and Technical Refresh Check Point ("TRCP")
  - co-ordination and management of the documented MRCP and TRCP processes to provide assurance wrap around High Impact Planned Maintenance windows and Infrastructure Change, including certain tech refresh activities where these are not covered under Tech Refresh specific PRs or CRs.
  - prompt escalation of any issues or conflicts to DCC Change and Release Management as necessary.
  - creation and maintenance of input artefacts including High Impact Planned Maintenance path-to-live environment dates for the next two years including B-stream merges where required.
  - continuous monitoring of progress of all Changes and Releases subject to any given M/TRCP cycle through the test environments into Production, alerting DCC Change and Release Management of any deviations.
  - Provide support to DCC Change and Release Management in the drawing up of a two-to-three year forward view of Planned Maintenance windows, including the lower environment dates for every High Impact Planned Maintenance window.

- Release Forum Governance and Reporting
  - preparing, requesting updates from Service Providers (SPs), along with managing and running weekly Release Forum calls with all operational Service Providers.
  - facilitation of weekly meetings with all DCC service providers to understand and document their future planned Change and Release activities.
  - prompt escalation of any issues or conflicts to DCC Change and Release Management as necessary.

- Change Review Board (CRB)
  - the daily management and running of CRBs (Change Review Boards) and additional emergency CRBs (eCRBs) as required, to cover all deployments to the non-production integrated environments: SIT- A, UIT-A, SIT-B and UIT-B.
  - the review and approval of DCC Service Provider Release Notes as part of MRCP, TRCP, CRB or any other activity outside of these as required.

- Managing Releases into Systems Integration Testing – A ("SIT-A") and User Integration Testing – A ("UIT-A") Environment
  - managing and monitoring the progress of the maintenance releases in the SIT-A and UIT-A environments.
  - MRCP for each high impact planned maintenance window.
  - co-ordination, oversight and assurance of maintenance release deployments and certain Changes.

- Merge the SIT-A changes into Systems Integration Testing- B ("SIT-B") Environment.
  - DSP manages the merges of code deployed into the A-Stream environments and, subsequently, into the B-Stream environments.

Securing Value for Money

Due to high volume of release activities, SI Service continues to be extended on a year-on-year basis. In addition to the release activities, DSP have undertaken additional scope of TRCP changes which was not covered in RY23/24 and merging of SIT-A/B changes. This has resulted in an increase in the labour charges by [redacted]

Historically the change releases for both streams were managed separately within DCC by different teams

under different CRs/PRs leading to potentially duplicated effort when assessing the impact of and deploying the same updates to each stream. Under the new commercial model both streams are managed under the same PR/CR with one team managing the whole process for both streams. This has enabled DCC to achieve efficiencies and cost savings by only requiring one release window for both streams and one team to manage the governance and support process. Whilst this is a necessary activity to ensure the environments are kept up to date and aligned, DCC holds regular monthly sessions with the service provider. The purpose of these is to review the volume and detail of the release to ensure the costs are proportionate to the effort and where appropriate challenging the service provider to deliver the maximum volume within the release window.

Detail	Price PR7463 (RY23-24)	Price PR7821 final (£)	Comments
Setup Labour Cost	[redacted]	[redacted]	Increase in Labour charges due to additional Scope
Core DSP Team Setup Expenses	[redacted]	[redacted]	Reduced expenses as PR7821 covered 11 months of support
- Discounted due to reduced travelling, subject to ongoing review"	[redacted]	[redacted]	Additional discount due to change in Labour profile for additional scope
Total Charges	[redacted]	[redacted]	

Table 43 – Price Breakdown

Price PR7463 (RY23-24) (£)	PR7821 Final Price (£)	Difference (%)
[redacted]	[redacted]	**10.7% (increase)**

Table 44 – Initial vs Final Price

Future Considerations

SI Release Management is a key component for maintenance activities undertaken by the Contractor's System for every Change released into the Production Environment. As the planning, co-ordination, and management of releases from DCC Service Providers, will be an ongoing activity, DCC would incur these costs on an ongoing basis.

Linked CRs & PRs

CR / PR name	Relationship they have	Cost comparison (if not already in the write up)
PR7463- CGI SI Release Management (Nov 22-Oct 23)	*Extension*	*As mentioned above in Table 1*

2.2.8. PR7699|CGI – (SMETS2)

Drivers for Change

Red Hat Enterprise Linux (RHEL) servers used by Data Service Provider ("CGI" or "DSP") to provide Services are approaching their End of Vendor Support (EoVS). Once the RHEL versions are past their EoVS date, security patches will not be available thereby compromising the DSP Services. This PR7699 will cover the Technology Refresh of RHEL versions as listed below:

- most servers use RHEL v6.10, which goes End of Vendor Support (EoVS) on 30th June 2024;
- servers supporting Oracle and Volt Active Data ("Volt"), which have been upgraded under previous CRs, use RHEL v8.4, which went EoVS on 31st May 2023; and
- a small number of system management servers are running RHEL v7, which also goes EoVS on 30th June 2024.

Scope of the Change

To upgrade the RHEL servers to 8.X version as mentioned in Table 1 below, uplifting only those software components which are required to be upgraded to maintain compatibility with other software components. For those virtual servers on RHEL v6/v7, replacement servers with the RHEL 8. Will be built in parallel. This will allow the upgrade with minimal service disruption; since the alternative process, a series of in-situ upgrades from RHEL v6 to v7 and then on the target version, is time consuming, error prone and risky.

The new servers on the target version(s) of RHEL will be built from a hierarchical set of RHEL base images:

- Base RHEL image;
- Motorway RHEL image; and
- Page Furnace RHEL image

Firewall rules for the new servers to be set up based upon their RHEL6 counterparts. The new servers will be built to include all the standard pre-requisites (Trend, BMC, etc.) before the DSP applications are installed. Upon completion of each environment there will be a period of stabilisation prior to the upgrade of the next environment. The stabilisation period is expected to be approximately one week, on the assumption that no material issues (issues that could impact Production service stability) are identified during that period. Upon successful cutover to the newly built servers, the old RHEL v6/v7 servers will be deleted and the firewall rules that include those servers will be updated to remove the reference. There will be a minimum period of parallel running for one week, for the old and new servers to establish a successful cutover.

Current RHEL version	Physical servers	Virtual servers	EoVS
6.10	14	430	30th June 2024
7	0	10	30th June 2024
8.4	0	78	31st May 2023
8.8	0	7	31 May 2024
Total	14	525	

Table 45 – RHEL Servers (Physical and Virtual) in scope

Securing Value for Money

Our discussions with CGI and scope revisions have delivered:

- A new option to deliver RHEL upgrade to reduce the number of versions of RHEL available in estate to 8.X version which in turn will simplify the further RHEL uplift under next Technology Refresh. This option has resulted in saving £[redacted] as CGI had proposed £ [redacted] if DCC had opted for upgrading RHEL to a higher version, i.e. 9.X and 8.X.

- RHEL 8 is a stable and mature platform, supported by RedHat until May 2029. It enables most of the DSP environment to be on a single operating system major version, reducing potential version incompatibility issues and easing management of the environment. While RHEL 9.2 upgrade may have moved the majority of services to the latest available operating system, however most of the technological advancements would not have been utilised under the current DSP solution and so would provide little tangible benefit for the additional cost. The End of Vendor Support for RHEL 8 upgrade ends in May 2029 which aligns with the future DSP move and therefore does not require additional upgrades in the interim.

Detail	Price initial (£)	Price final (£)	Comments
Setup Labour Cost	[redacted]	[redacted]	Increase in Labour charges due to extended timelines and additional deliverables
Core DSP Team Setup Expenses			Increase in expenses due to extended timeline
ALM Licences (test tool used by Contractor and other integrated parties. Charges are defined within Schedule 2.7 of the Agreement)			Increase in ALM license cost due to extended timeline
Infrastructure 'Standard Cost' Items			Ongoing infrastructure cost for Data Centre reduced by CGI due to renegotiation
Infrastructure Third Party			Increase in 3rd party infrastructure costs due to revised timeline i.e., cost refresh as the project start date moved
Third Party: Contingency			Third party risk contingency was reduced since renewal quotes were procured at the renegotiated rates as mentioned above
Schedule 7.1 PR Rate Card Discount			Discount Not applicable. For Fixed Fee contracts
Labour Contingency at [redacted]			Labour contingency Not applicable. For Fixed Fee contracts
Working Capital Charge			As the pricing model was changed from T&M to Fixed Fee, additional working capital charges added to the milestones. Established delivery linked payment milestones result in a working capital charge
Drawn down facility			As mentioned in the value for money section below, DCC will draw down £[redacted] from Tech refresh 3.0 cost (as agreed under a separate CGICAN266)
Total Charges			

Table 46 – Price Breakdown

Initial IA price (£)	Final IA Price (£)	Difference (%)
[redacted]		**0.9% increase**

Table 47 – Initial vs Final Price

Supplier Value for Money Statement

Option 1 and 2: To support the DCC in managing its budget, CGI has identified an option to maintain the approved budget associated with the RHEL upgrade.

- Option 1: Upgrade to RHEL: 9.X and 8.X: This option is the closest to DCC's original requirements and is aligned with the versions originally proposed under PR7699 Statement of Work v1.0.
- Option 2: Upgrade to RHEL 8.X only: This is a new option under which the Contractor will need to rework some of the progress made already to deploy RHEL 9.X in the PIT environments. This option will reduce the number of versions of RHEL on the estate to one which in turn will simplify the further RHEL uplift under TR3.0. Under this option CGI will "draw down" some of the funding set aside for the future RHEL TR3.0 upgrade agreed under CGICAN266 (£[redacted] to achieve a price with close alignment to that presented under PR7699 Price Breakdown v1.0. The "draw down" does not require any additional funding from the DCC, but approval of this Statement of Work based on this option being selected, is deemed as permission from the DCC to commence use of the TR3.0 funding from the date of approval.

Shared Management and Project Operations Functions: CGI is running multiple Tech Refresh projects alongside multiple other programmes. There is a single Tech Refresh Delivery Manager who has oversite of all Tech Refresh projects. The single resource is charged part time, in proportion, across other Tech Refresh PRs. Furthermore, all technology refresh projects benefit from the support of the centralised account management team and centralised programme operations functions (e.g. tracking, billing, account level reporting and document management) under a single discounted rate. The DCC has been able to run a significant DSP technology refresh programme and multiple major programme streams without incurring any additional charges for these centralised functions.

Future Considerations

Reducing the number of versions of the software across the estate to just one will reducing complexity and ensure that future upgrades are simpler and should require less effort. This will likely lead to lower future upgrade costs.

Linked CRs & PRs

Not applicable.

2.2.9. PR8007|CGI – (SMETS2)

Drivers for Change

PR8007 is for the provision of SI Release Management services covering the planning, co-ordination, and management of releases from DCC Service Providers for the period 01/11/2024 to 31/10/2025 (11 months). This is a continuation of PR7821, which covered these services for the previous period from 01/11/2023 to 31/10/2024

Scope of the Change

PR8007 covers the following activities:

- **Maintenance Release Check Point (MRCP) and Tech Refresh Check Point (TRCP)**
  - co-ordination and management of MRCP and TRCP processes for High Impact Planned Maintenance windows and Infrastructure change;
  - escalation of any issues or conflicts to the DCC Change and Release Management team as necessary. The DCC Ops and SI Release management work together to address these;
  - providing input to impact assessments for Releases and Changes that are taking place in a Planned Maintenance window to advise whether they can co-exist;
  - providing input to impact assessments which will advise of change/release dependencies;

- creation and maintenance of input artefacts including High Impact Planned Maintenance path-to-live environment dates for the next two years including B-stream merges where required;
- continuous monitoring of progress of all Changes and Releases subject to any given M/TRCP cycle through the test environments into Production, alerting the DCC Change and Release Management team of any deviations;
- provide support to the DCC Change and Release Management team in the drawing up of a two-to-three year forward view of Planned Maintenance windows, including the lower environment dates for every High Impact Planned Maintenance window

- **Weekly Governance Forum**
  - preparing, requesting updates from Service Providers (SPs), along with managing and running weekly Release Forum calls with all operational Service Providers;
  - facilitation and management of weekly governance with all DCC Service Providers in order to understand and document their future planned Change and Release activities.

- **Change Review Board (CRB)**
  - daily management and running of CRBs (Change Review Boards) and additional emergency CRBs (eCRBs) as required, to cover all deployments to the non-production integrated environments: SIT- A, UIT-A, SIT-B and UIT-B;
  - review and approval of the DCC Service Provider Release Notes as part of MRCP, TRCP, CRB or any other activity outside of these as required;

- **Managing Releases into the SIT-A and UIT-A environments**
  - Co-ordinating and supporting planned uplifts to the SIT-A and UIT-A environments when required, including liaising with the relevant teams for pre/post testing resources and triage resources;
  - managing and monitoring the progress of the maintenance releases in the SIT-A and UIT-A environments;
  - MRCP for each high impact planned maintenance window;
  - co-ordination, oversight and assurance of maintenance release deployments and certain Changes, including tech refresh, into all environments: SIT-A, SIT-B, UIT-A, UIT-B and Production (most of this work will have to be performed out of hours);
  - consolidated runbook review with the DCC Change and Release Management team ahead of walkthroughs with the DCC Service Providers;
  - assurance that all pre- and post- checks are covered, including smoke testing

- **Reporting**
  - SI Release Management reporting at daily, weekly, monthly frequency;
  - creation and maintenance of shared document facilities;
  - Maintenance Release Summary report.

- **Merging into B-Stream environments**
  - Manage the merge of code deployed into the A-Stream environments and, subsequently, into the B-Stream environments;
  - SIT-A environment to be kept in sync with the live Production Environment and SIT-B environment to be kept in sync with the UIT-B environment through incremental baseline releases.

Securing Value for Money

Historically the change releases for both streams were managed separately within DCC by different teams under different CRs/PRs leading to potentially duplicated effort when assessing the impact of and deploying the same updates to each stream. Under the new commercial model both streams are managed

under the same PR/CR with one team managing the whole process for both streams. This has enabled DCC to achieve efficiencies and cost savings by only requiring one release window for both streams and one team to manage the governance and support process Whilst this is a necessary activity to ensure the environments are kept up to date and aligned, DCC holds regular monthly sessions with the service provider. The purpose of these is to review the volume and detail of the release to ensure the costs are proportionate to the effort and where appropriate challenging the service provider to deliver the maximum volume within the release window

Whilst this is a necessary activity to ensure the environments are kept up to date and aligned, DCC holds regular monthly sessions with the service provider. The purpose of these is to review the volume and detail of the release to ensure the costs are proportionate to the effort and where appropriate challenging the service provider to deliver the maximum volume within the release window.

Detail	Price initial (£) (PR7821 Price)	Price final (£)	Clarification
Labour Cost	[redacted]	[redacted]	1. The initial price from PR7821 was for 11 months and the increase is around [redacted] (considered 11 months charges for PR8007) 2. Increase due to rate card indexation
Expenses			Same as above
Discount (for projects longer than 6 months)			
Total Charges			

Table 48 – Price Breakdown

Initial price under PR7821 (£)	Final IA Price under PR8007 (£)	Difference (%)
[redacted]		**22.1% increase**

Table 49 – Initial vs Final Price

Supplier Value for Money Statement from PR8007 (Section 3.3)

The Contractor has committed to an ongoing investment in driving value for money for the DCC. The following summarises how some of this investment is delivered through this Project:

- juniorisation – using more junior members of the team where appropriate; and
- grouping of releases in the same release window.

Future Considerations

SI Release Management is a key component for maintenance activities undertaken by the Contractor's System for every Change released into the Production Environment. As the planning, co-ordination, and management of releases from DCC Service Providers, will be an ongoing activity, DCC would incur these costs on an ongoing basis.

Linked CRs & PRs

CR / PR name	Relationship they have	Cost comparison (if not already in the write up)
PR7821(CGI SI Release Management (Nov 23-Oct24)	*Extension / amendment*	*As mentioned in Table 1 & Table 2 above*

2.2.10. PR8015|CGI – (SMETS2)

Drivers for Change

System Regression Testing is a key component of the testing undertaken by the Contractor's System Integration Test (SIT) team for every Change to be released into the Production Environment.

Historically, all system Changes requiring SIT have included a provision for the effort required to undertake System Regression Testing. This approach did not provide value for money and was susceptible to risk of overcharging, therefore DCC amended the commercial model in 2023/24 to provide a funded discrete service for SI Regression testing under a single PR. PR8015 incorporates the consolidated system regression testing services for 2024-2026, with an agreed, level of full-time equivalent (FTE) resources allocated to the service.

Scope of the Change

The Contractor provides System Regression testing as a service, running the SMETS1 and SMETS2 System Regression in the SIT-A test environment and the SIT-B test environment every Working Day, operating as a continuous service on both environments simultaneously.

The underlying principle of the System Regression testing service is that it is a fixed-range capacity service, with a stated average minimum monthly test volume, which provides the flexibility for the execution in any month to choose the optimum device set configurations and to flex the daily schedule to align with system changes in the environment.

The System Regression testing service maintains a pool of device sets across the SIT environments; and a subset of these device sets is selected for test execution each Working Day. The device set pool provides coverage of the device set configurations that exist in the Production Environment. The pool of devices may be updated as per any agreed device selection process.

The System Regression testing service reports the test execution results to each release that is executing tests within each SIT environment. Each release will continue to take responsibility for presenting to DCC the appropriate System Regression test results within its reporting regime.

A monthly report and review meeting has been introduced for the System Regression testing service. This service will be terminated once Test Automation Framework (TAF) solution is up and running and system regression services are migrated to it.

Securing Value for Money

Historically system regression testing was priced in each individual Change, which had SIT testing in its scope. Considering that the delivery of the Changes could not be precisely coordinated, CGI, in their effort to ensure that they recuperate the costs and margin for the effort of the team delivering the testing, have been overcharging for this service, which became clear, when the total of the Changes in flight was analysed against the consolidated charge for 5 resources delivering the service in RY23/24. This consolidated commercial model therefore delivered very significant savings by removing the costs quoted in individual Changes and replacing it with the charges for the agreed team of 5 resources in PR7508

In RY24/25, under PR8015, this consolidated commercial model delivered 12% savings as by negotiating the defect volume as demonstrated in the next section. Using this model of working will allow DCC and CGI to plan well in advance and flex workload based on priority and available capacity.

Price Breakdown

Detail	Price initial (£)	Price final (£)	Comments
Setup Labour Cost (Nov 24 through Oct 26)	[redacted]	[redacted]	Reduction of labour charges in the Triage team due to volume reduction. We negotiated the defect volume,

			to remove any defects which were open for more than 6 months and no longer required any triage.
Core DSP Team Setup Expenses (Nov 24 through Oct 26)	[redacted]		Reduction of expenses due to reduction of labour charges
ALM Licences (test tool used by Contractor and other integrated parties. Charges are defined within Schedule 2.7 of the Agreement) (Nov 24 through Oct 26)			Reduction of expenses due to reduction of labour charges
Schedule 7.1 PR Rate Card Discount (Nov 24 through Oct 26)			
Labour Contingency at [redacted] (Nov 24 through Oct 26)			Reduced contingency due to reduction of labour charges
Total Charges			

Table 50 – Price Breakdown

Initial IA price (£)	Final IA Price (£)	Difference (%)
[redacted]		**12% reduction**

Table 51 – Initial vs Final Price

Future Considerations

As the volume of changes is expected to continue at similar level, the saving percentage is estimated to continue until the end of the current term of PR8015, which is aligned with the term of DSP Agreement, which ends on 31st October 2026 or until TAF is implemented, whichever is earlier.

To maximise the value for money and implement the commercial model change correctly, the following steps and processes have been applied for the implementation and governance of PR8015

- All costs for System Regression Testing quoted in signed or unsigned Changes, which will be delivered in the term of PR8015, and removed from the individual Changes.
- A monthly reporting process has been agreed, and reviews have been held every month to demonstrate the volume of testing/defect triaging.
- CGI provides monthly reports showing the number of tests associated with each Change, which is used by DCC Finance to apportion the monthly charge for PR8015 to individual programmes.

Linked CRs & PRs

Not applicable.

2.2.11. CR5511|CGI – (DSP)

Drivers for Change

CR5511 relates to the provision of User Integration Testing (UIT) Services to support Test Participants (TPs), Communication Service Providers (CSPs) and DCC Service Providers. The services comprise existing services, previously provided under various CR's from 2021 and additional services which are necessary to support industry testing and to ensure defect fixes, en-route to the Production Environment, are sufficiently tested.

Scope of the Change

UIT Testing Services for SMETS1 and SMETS2 - Support for Testing Participants (TPs) relating to their testing in the UIT-A and UIT-B environments, including the following testing services:

- User Entry Process Tests (UEPT);
- Smart Metering Key Infrastructure (SMKI) and Repository Entry Process Tests (SREPT);
- Device and User System Tests (DUST);
- Modification Proposal implementation testing); and
- the DCC Internal Systems change testing

Other UIT Testing Services requirements: for components and facilities already live in the Production Environment, the support is exclusively provided by the UIT Testing Services team;

- Supporting DUST for SMETS1 and SMETS2 (including execution of Service Requests to support non-Supplier TP testing);
- Processing of tickets and or defects raised by TPs as a result of their testing in UIT relating to components already live in the Production Environment;
- Supporting Testing Services Work Requests (TSWRs), including but not limited to:
- Supporting device stock baseline and ensuring readiness for next customer;
- Over the Air (OTA) updates to meters and putting Access Control Broker (ACB) certificates back on to meters and Comms Hubs;
- Decommissioning of device sets where customers are unable to do this; and
- Value-added services for internal DCC Testing Services team and customers.
- UIT Proving of new DCC releases including but not limited to firmware releases for Communication Hubs (CHs), the DCC provided meters and emulators;
- Any items carried out by the Contractor's fix teams (Data Management, Defect Management, Triage, Integration and Infrastructure) derived from the above.;
- Support for Meter Manufacturers including meter firmware upgrades and polyphase testing;
- Attendance at the Change Review Board (CRB) and preparation of any communications that are deemed relevant for UIT to be sent to customers;
- Production of enhanced reports/material with measures and metrics analysis;
- Chairing UIT related meetings as agreed with the DCC Head of Testing Services;
- Submission of customer scorecards, quarterly service efficiency reviews and guidance/support for implementation;
- Support with alert generation for UEPT and running of Service Requests to support non-Supplier TP testing; and
- UIT-A and UIT-B environment monitoring at the DCC Test Lab and running pre and post deployment checks.

Additional Services

- Supporting ECoS Maintenance Releases (MRs);
- Support to Market-Wide Half Hourly Settlement (MHHS) Testing Participants in the setup of the Market Data Retriever (MDR) User Role, which is a new User Role introduced in 2024. The setup will include checking the creation of a link between the MDR User Role and MPxNs;
- Support UEPT testing for those TPs who have not conducted mandatory UEPT under the Future Service Management (FSM) programme;
- Enhanced monitoring for the DCC Service Providers (DCC SPs) with regard to service availability, including programme deliverables after Pre-UTS, e;
- Support the Test Automation Framework (TAF) Service Provider in their role as a TP;
- Triage and defect management ownership;
- Management of all triage activities under CR5511 UIT Testing Services;
- Engagement with TPs;
- Production of reports for the Test Design and Execution Group (TDEG) and Test Assurance Group (TAG), adhering to paper days and formats used at these forums:
    - TAG TI Work Off Item report (monthly)
    - TAG UTS window TI report (as required) – aligned to Terms of Reference (ToR); and
    - Smart Energy Code (SEC) report (weekly);
    - reporting for SMETS1, SMETS 2 test issues and redacted UIT test issues report;
    - support for Elective Communication Services (ECS), providing the TP with technical support and the processing of tickets and or defects raised by the TP as a result of their ECS testing in UIT. UIT Proving will be included, as required, in the absence of any other TP testing taking place;
    - data admin tasks for Device Model Combination Testing (DMCT);
    - support to Managed Service Providers (MSPs) for device commissioning; and
    - support to MSPs to replace ACB certificates and reflash devices for those MSPs who do not have this functionality

Securing Value for Money

In this CR5511 for UIT Testing Services, the Contractor has achieved a reduction of circa [redacted] in charges compared to previous year CR- CR5194 (after the application of annual indexation). This is after allowing for the increase in scope as compared to CR5194, thereby demonstrably reflecting a substantial efficiency improvement.

These efficiencies have been achieved through process improvements and the increased use and evolution of the UIT Automation framework. From a resourcing perspective, these efficiencies have resulted in an overall reduction of two full time resources in the UIT Testing Services team in comparison with CR5194.

The cost and scope of UIT Services has been reviewed monthly since November 2021. The governance comprises monthly meetings and detailed reporting from CGI on the work carried out during the month and reviewing the actual effort booked by the dedicated team. These reviews have facilitated the revision of the scope of services and costs. The evolution of the monthly charges since November 2021 is as follows:

Source of the UIT Testing Service Charge	Monthly UIT Testing Service Charge	Effective from	Effective to	Changes to the UIT Testing Service Charge
CGICAN201	[redacted]			
UIT Testing Service Charge after application of indexation for the 2022-2023 Contract Year				
UIT Testing Service Charge after application of indexation for the 2023-2024 Contract Year				
CGICAN264				
CGICAN283*				

Table 52 – Monthly charges and Savings since November 2021

Detail	Price initial (£)	Price final (£)	Comments
Setup Labour Cost	[redacted]		Increase of [redacted] due to additional services as listed in Scope Section (3) of this narrative.
Core DSP Team Setup Expenses			As per above comment
ALM Licences (test tool used by Contractor and other integrated parties. Charges are defined within Schedule 2.7 of the Agreement)			As per above comment
Working Capital			Working capital charges for late billing
Total Charges			

Table 53 – Price Breakdown

Initial IA price (£)	Final IA Price (£)	Difference (%)
[redacted]		0.7% increase

Table 54 – Initial vs Final Price

Future Considerations

DCC requires the UIT-B Services to meet the Smart Energy Code obligations. In addition, UIT-B environment services are necessary to deliver ongoing enhancements to the DSP systems which the Energy industry is dependent on, including operational fixes.

Linked CRs & PRs

CR / PR name	Relationship they have	Cost comparison (if not already in the write up)
CGICAN264	*Extension*	*Increase in cost due to additional scope as mentioned in Table 2 above*

2.2.12. PR7769|CGI – (SMETS1/DSP)

Drivers for Change

The purpose of PR7769 was to support the SMETS1 Design Team and other functions within the DCC with deliverables as required, including but not limited to:

- Design, regulatory and industry level presentations;
- Review and architectural approval of DCC supplier impact assessments, design documentation;
- Architectural support to other DCC functions as required;
- Supporting DCC in the resolution of incidents;
- Assisting with specifying architecture, design and requirements, and discussions with BEIS, service providers and the industry.

Scope of Change

The scope of supply is limited to the provision of 5 resources covering 4 different role types. Whilst the primary responsibilities are listed in the bullet points above, since the resources are operating under the supervision of the DCC SMETS1 Programme team, the resources may be able to take on extended responsibilities to facilitate achievement of DCC's objectives. All resources shall be brought under the Ethical Wall Arrangement (as agreed between the Parties within the Ethical Wall Arrangement letter with subject reference 'Smart Metering Implementation Programme – Ethical Wall Arrangements' dated 16th August 2021).

These 5 resources were all covered previously under separate PRs:

- PR7203 – SMETS1 Architect
- PR7145 – DSP and DCC SMETS1 Subject Matter Expert
- PR7250 – SMETS1 Design Support Lead and 2 x SMETS1 Design Support

Securing Value for Money

The initial price for PR7769 (SMETS1 Technical Expert Resources) was calculated to be £[redacted] by CGI DSP. The activity is originally planned to cover a 12-month period between October 2023 and September 2024. However, there is an opportunity to extend these services beyond the end of September 2024 at a monthly cost of £[redacted]

All of the 5 resources are required by the SMETS 1 Programme full time and are a continuation of the same named individuals and charges as provided under PR7203, PR7145 and PR7250. Whilst it was considered to explore employing these resources to be in-house, the existing external expertise would be

lost, and the Programme has had an unknown end-date with several extensions to date. Due to the long lead time for recruitment of internal staff (typically 6 months) and allowing for a sufficient handover timescale to ensure the skills and knowledge provided by the external resources was not lost, a continuation of existing PRs was required.

Recruitment of in-house staff typically takes 6 months and following recruitment is a transition period handover of tasks and knowledge. This activity started in 2025 has completed April 2025. The consultants have been replaced by permanent staff, and all knowledge has been retained in the handover. Without these consultants in place the technology function would not have had sufficient skills, knowledge and expertise to assess design changes, placing a significant risk to the live SMEST1 service. With robust recruitment and handover, the SMETS1 service has remained stable throughout the period.

Detail	Total Price (Ex VAT) *
Setup Labour Charges	[redacted]
Core DSP Team Setup Expenses - Discounted due to reduced travelling, subject to ongoing review	
Schedule 7.1 PR Rate Card Discount ([redacted] for Projects of continuous duration greater than six months)	
Total Charges (excluding finance)	

The total spend under this PR7769 SoW for the full period October 2023 to September 2024 is £[redacted] which delivered a small saving of [redacted] or [redacted] A breakdown of the costs is provided in the tables below.

Detail	Price initial (£)	Price final (£)
Setup Labour Charges	[redacted]	
Core DSP Team Setup Expenses		
Schedule 7.1 PR Rate Card Discount		
Total Charges		

Table 55 – Price Breakdown

Initial SoW price (£)	Final SoW Price (£)	Difference (%)
[redacted]		0.3%

Table 56 – Initial vs Final Price

Future Considerations

The resources provided under this PR deliver subject matter expertise to support the SMETS1 service, ensuring critical service continuity. To maintain a seamless operation, the service will likely be extended again under a future PR so as not to lose expertise and add risk to the SMETS1 service.

Linked CRs & PRs

CR / PR name	Relationship they have	Cost comparison (if not already in the write up)
PR8019 - Extension of PR7769 SMETS1 technical resources	*Extension*	[redacted]

2.2.13. New Contracts

Not applicable.

2.2.14. Other key contracts

Not applicable.

2.3. VMO2 - Communication Service Provider Central and South

Ref	Description	Programme	Linked CR/PR
CR4893	VMO2 – VM02 UIT B & SIT A Test Environments	SMETS2	

2.3.1. CR4893|VMO2 – (SMETS2)

Drivers for Change

DCC is obligated under the SEC to maintain two regulated test environments (Stream A and B) for System Integration Testing (SIT) and User Integration Testing (UIT) to assure any changes to DCC's infrastructure before going live. This CAN and solution are tied to the existing service provider and therefore, cannot be procured competitively.

The A stream formed part of the original Telefonica contract in 2013, whereas the B stream was introduced after a cross-industry workshop as a new service via change control in 2016. The current B stream environment is on premises and is separated from Telefonica's other production and testing that has already been moved into Telefonica Cloud environment.

This extension is covered by Board Approval provided at the July 2023 Board Meeting. Board Paper ref BP-CX-C001-2 approved a spend of up to £[redacted] for a two-year period ending 31 July 2025 for the two-year extension of Telefonica stream B (SIT A and UIT B) enduring testing services including a migration of services to the Cloud environment.

The agreement for the test environment services ended in Aug 2023 and PR7726, PR7903, PR7923 and PR7944 were created to enable Telefonica to continue to host the testing environments under commercial cover whilst Telefonica provided a new impact assessment given that DCC had changed its requirements at relatively short notice and wanted to further consider its future Cloud strategy.

Scope of the Change

VMO2 are to continue to provide and support the existing SIT A and UIT B test environments, currently contracted under CR4157, from 1st March 2024 and until;

- DCC-L and VMO2 successfully implement cloud solutions for the relevant environments, and/or
- DCC-L implements new Change Requests to remove or amend the obligations for VMO2 to provide the test environments in their current form. Neither of which would be earlier than 31st July 2024 unless otherwise agreed with VMO2, or if VMO2 can implement a cloud solution for either of the environments earlier and DCC instructs VMO2 to proceed with such implementation.

This Contract Approval Record for TEFCAN127 for Central and South Regions (CR4893) provides the below:

- Run and operate resources (previously contracted under TEFCAN42 and TEFCAN98)
- Technical refresh of servers supporting Network systems of Sm2m DMM, Sm2m Portal and Validator which will go end of life in 2025.

- Movement of most IT systems (covering CHDB, CCDB and non-logistics OI/OT functionality) into the cloud based on a roadmap of change outlined by Telefónica.

Therefore, the total costs for the change amounts to £[redacted] against a Board Approved value of £[redacted] noting that £[redacted] of the cost can be attributed to the run and operate services already provided by Telefonica under PR7726, PR7903, PR7923 and PR7944. Pricing is set out as below:

- Setup Costs: £[redacted]
- Fixed Operational Costs: £[redacted]

These charges are subject to annual indexation as currently set out within the existing CSP C&S Agreements.

Securing Value for Money

This is a continuation of an existing service providing testing services to DCC through VMO2 premises and resources. The original budget board approval was for £[redacted] with an actual approved documented proposal of £ [redacted] The renewal change request equates to a £ [redacted] per annum reduction totalling £[redacted] over the term of the contract.

Detail	Price initial (£)	Price final (£)
Previous Contract charges	[redacted]	
New contract (2-year contract)		
Set Up (One off)		
Total New Contract Charges		

Table 57 – Price Breakdown

*This relates to the total current charges for the contract and does not include the previous contract charges.

The contract spend for RY24/25 is £[redacted]

Current Charges (under CR4157)	New Charges (under this CR4893)	Difference (%)
[redacted]		5.91% Reduction
		5.99% Reduction

Table 58 – Table 2: Initial vs Final Price

Supplier Value for Money Statement

Setup charges covering technical refresh activities and design, develop and system test of functionality to move components to the cloud. Most of the costs to move the relevant IT systems to the cloud are funded by Telefónica and will be deployed across all environments, with DCC-L contributing a portion of the overall costs associated with the SIT A and UIT B environments.

The benefits of the solution proposed in this IA are based on the following:

- It aligns to the DCC-L cloud first strategy and Telefónica's End State Architecture
- It ensures consistency across all 6 environments in the cloud
- It offers DCC-L future potential cost saving opportunities for example the ability to flex up / down subject to demonstrable behaviour changes

Future Considerations

The services continue to be required in accordance with SEC obligations therefore there is potential for a 12 month extension from 1 August 20025 to the existing contract to allow overall alignment with the wider business areas for test environment services and combine a fully managed service for the whole of DCC.

The overall strategy should be to roll all environment costs into annual fixed operating costs as part of the main contract extension discussions which will extend from 2028 to 2033, with ability to cancel or part terminate should the services be brought in house or moved to another service provider.

DCC must have a consolidated environments strategy by end June 2025 for ALL environments with ability to scale down when not required to reduce costs (cloud journey for all suppliers) to enable greater control and value for money moving forward.

Linked CRs & PRs

Not applicable.

2.3.2. New Contracts

Not applicable.

2.3.3. Other key contracts

Not applicable.

3. APPENDIX

Ref	Description	Programme
CR5320	CGI – CR Aligned to CGI's CR4470 Proposal	SMETS2
CR5504	Disaggregation of CGICAN267 CR5320 (Adjustments to the Consolidated Funding agreed under CGICAN192 (CR4470))	SMETS2
CR5220	Implementation of a Traffic Management Gateway by CSP C&S	SMETS2
CR5276	CGI - DSMS Upgrade	SMETS2
PR7698	CGI – Tech Ref 2.0 Vormetric DSM	SMETS2
PR7700	CGI – CGI Tech Refresh 2.0, Storage and Senetas (SafeNet) Fibre WAN Encryptor	SMETS2
PR7821	CGI – CGI SI Release Management (Nov23 - Oct 24) - follows PR7463	SMETS2
PR7699	CGI – CGI Tech Refresh 2.0 - Redhat (RHEL)	SMETS2
PR7769	CGI – SMETS1 Technical Expert Resources	SMETS1
PR8007	CGI – CGI SI Release Management (Nov24 - Oct25) - follows PR7821	SMETS2
PR8015	CGI – CGI SI - System Regression as a Service (follow on from PR7508)	SMETS2
CR5251	FSM - DSP interface changes to support the migration of DSMS to FSMS	FSM
PR7926	CGI – Early Engagement Systems Integration Services for the FSM (Future System Management) Programme - Part 2	FSM
CR5511	UIT Base Services (Changes to CR5194 for Contract Year Nov 24 to Oct 25	DSP
CR4895	Arqiva – CSP.N Scaling & Optimisation – Ensure that the E2E CSP.N solution will support the additional messaging capacity implemented via CR4866 - RF Channel Expansion for Bulk Messaging Channels	SMETS2
CR5115	Arqiva – Continuation of Arqiva B stream extension PIT B and UIT B - July 2024 - June 2026	SMETS2
CR4279	Arqiva – GBCS 4.2 Release Scoping end to end (PIT, SIT, UIT, Pilot)	SMETS2
CR5431	Arqiva – CSP.N Scaling & Optimisation Phase 2	SMETS2
PR7907	Arqiva – PR for advance work on CR4895 (RNI Uplift) re CSP.N Scaling & Optimisation project	SMETS2
PR7971	Arqiva – PR to enable the development activities until CR4279 is approved	SMETS2
CR5564	Accenture (ECoS)– Accenture Lot3 Extension	ECOS
CR4879	Capacity Uplift Associated with Market Half Hourly Settlement	MHHS
CR4893	VMO2 – VM02 UIT B & SIT A Test Environments	SMETS2