

Out-of-Region Communications Hub Installations

Closure of Temporary 2G/3G
North Connection
Arrangements

Version: 1.0
Date: 16th April 2026
Closure Date: 30th April 2026
Author: DCC Regulation

Table of Contents

- 1. Executive Summary 2
- 2. Introduction 3
 - 2.1. Background 3
 - 2.2. Closing temporary OOR CH service in the North Region 4
 - 2.3. Areas for consultation 4
- 3. OOR CH WAN Connection 5
 - 3.1. Option 1: no change to the current SEC rights and obligations 5
 - 3.2. Option 2: extend SEC rights and obligations, and the commercial support for extended OOR CH WAN connection 5
 - 3.3. Further extensions to the OOR service 6
- 4. Next Steps 7
- 5. How to Respond 7

1. Executive Summary

1. The Data Communications Company is Britain's digital energy spine, supporting the transformation of the energy system. Smart meters are connected to the DCC network through the Wide Area Network (WAN), which utilises different technology types in different geographic areas within Great Britain.
2. Out of Region (OOR) Communications Hubs (CHs) are Devices which are installed in contradiction to SEC obligations. Following the approval of SEC MP308 and with support from the wider industry, DCC entered into a temporary contractual agreement with Communications Service Provider (CSP) Central and South (C&S). This agreement enabled DCC to retain a WAN connection to OOR CHs in the North Region at a cost to those responsible Supplier Parties that operate OOR CHs. At the time around forty-six thousand OOR CHs were commissioned in the North Region that would otherwise have lost smart connection on the 1st January 2026, with possible consumer detriment.
3. It is estimated that when the temporary CSP contractual arrangement ceases on the 31st May 2026 around thirty thousand OOR CHs will remain connected to the WAN in the North Region. These CHs will have their WAN connection removed from 1st June 2026 as defined within the SEC¹ and related SEC Party charging for this service will also cease.
4. This consultation is being undertaken by DCC on a voluntary and discretionary basis to seek views from Supplier Parties, who are best placed to understand impacts to consumers, to confirm if extensions are required to the temporary CSP contractual arrangement beyond 31st May 2026.
5. Alternatively, any SEC Party has the option to raise a SEC Modification at any time that proposes an extension to the temporary arrangements.
6. This consultation closes at 17:00 on 30th April 2026. Responses should be sent to consultations@smartdcc.co.uk.

¹ SEC F7.24 as implemented by SEC MP308.

2. Introduction

2.1. Background

7. The Data Communications Company (DCC) is Britain's digital energy spine, supporting the transformation of the energy system. DCC is licensed by the Government and regulated by the energy regulator Ofgem to connect smart meters in homes and small businesses across Great Britain to a single secure, digital network. DCC supports the roll-out and operation of second-generation (SMETS2) smart meters, as well as the operation of existing first-generation (SMETS1) meters on our network.
8. SMETS2 Meters connect to the DCC network through the WAN which is provided by multiple CSPs utilising different communication technologies across specific geographical Regions. Different technology solutions were chosen because they better meet the needs of different geographical areas. Each CSP therefore has a contractually defined geographical Region for service provision that their communication solution covers. The CSPs also provide Communications Hubs (CHs) which connect to their communication solution within those defined Regions. The Regions covered by 2G/3G mobile technology (the Central and South Region) and long-range radio technology (the North Region) do not overlap.
9. Through 2024 / 2025, there were increasing number of installations where the CH installed was not in the correct Region as identified in the Coverage Checker. Such CHs are known as OOR CHs and where that CH utilises the infrastructure of the CSP in a geographical area for which they were not contracted to provide WAN connection.
10. In early 2025 the CSP for the Central and South (C&S) Region requested that DCC, due to the increased volume of OOR CH installations, enter into a commercial agreement to support the continued connection of all 2G/3G OOR CHs in the North Region or alternatively have those CHs disconnected from the WAN.
11. As a result of this request, in June 2025 DCC consulted¹ with SEC Parties, outlining the issue of OOR CHs and seeking views on two resolution options, which were (a) to formalise terms with the Service Provider for continued service; or (b) replace the CHs with the correct WAN Variant in the North Region. This concluded² in August 2025 without a mandate for DCC to enter into commercial arrangements with the CSP and the consequence that any remaining OOR CH in the North Region would have their WAN connection removed from 1st January 2026.
12. Throughout 2025 DCC engaged with parties on their OOR CHs, provided monthly reporting on the issue and held regular bilateral engagements with Parties, where it was requested that they discontinue 2G/3G mobile communications technology CH installations in the North Region. The increasing number of OOR CHs was also discussed at SEC Panel and SEC Operations Group Sub-Committee.
13. In November 2025 there remained a large volume of OOR CHs installed in the North Region. Following concerns raised by the Department for Energy Security and Net Zero (DESNZ) around potential consumer detriment, the DCC proposed urgent SEC MP308³ and MP311⁴ to ensure that consumers continue to receive smart services and that prepayment and vulnerable consumers were not put at risk during the winter period. This implemented a temporary provision of service that ceases on the 31st May 2026, as defined within the SEC.

¹ <https://www.smartdcc.co.uk/consultations/out-of-region-communications-hub-installations/>

² <https://www.smartdcc.co.uk/consultations/conclusion-to-dcc-consultation-on-out-of-region-communications-hubs/>

³ [Out of Region Communications Hubs - Smart Energy Code](#)

⁴ [Additional Out of Region Communications Hubs Amendments - Smart Energy Code](#)

2.2. Closing temporary OOR CH service in the North Region

14. Since the implementation of SEC MP308 and MP311 Parties have taken steps to replace OOR CHs with compliant CH Variants. At the start of April 2026 there remained around thirty-four thousand OOR CHs connected to the WAN in the North Region. On recent removal rates we predict that approximately thirty thousand OOR CHs will remain in the North Region at the end of May 2026. These CHs are scheduled to have their WAN connection removed from 1st June 2026 and consumers will lose their smart services.

2.3. Areas for consultation

15. This consultation seeks feedback from SEC Parties, but primarily from Supplier Parties who are both paying for the temporary service and can best advise on consumer impacts. We are seeking views to confirm if extensions are required to the temporary CSP contractual arrangements and 2G/3G service in the North Region beyond the 31st May 2026.
16. This consultation is not required under the DCC Licence or SEC and is therefore not subject to any formal consultation requirements, procedures or timelines set out therein. Notwithstanding this, DCC will review and take into account stakeholder feedback as set out in this consultation document. DCC is not bound to any particular course of action based on responses.
17. However, DCC's current plan is that should we receive a **substantive majority response** from energy supplier SEC Parties that clearly support an extension to the temporary arrangements described, DCC intends to raise an urgent SEC Modification to extend relevant SEC provisions and related Service Provider commercial agreements.
18. This consultation closes at 17:00 on 30th April 2026, and responses should be sent to consultations@smartdcc.co.uk.

3. OOR CH WAN Connection

19. For clarity there are no plans to remove the WAN connection to OOR CHs in the Central and South Region. Current requirements would see OOR CHs in the North Region have their WAN connection removed from 1st June 2026.
20. SEC MP308 provided protection to consumers from the loss of Smart services during the winter months. DCC has limited information regarding the consumers who are likely to experience a loss of smart services, or the approach Parties have taken to OOR CH replacement, which may have first targeted consumers on the PSR or with prepayment services. It is therefore difficult for DCC to have an accurate understanding of the impact of the loss of smart services.
21. DCC has not been asked by any organisation to extend the temporary WAN connection and therefore consider that Parties are prepared for the loss of WAN connection to OOR CHs in the North Region. However, we would like to confirm our understanding through this consultation, and that Parties are supportive of an end to the temporary WAN connection for OOR CHs in the North Region and that they do not require an extension to the service.
22. Given the above we present two options for Supplier Parties to consider.

3.1. Option 1: no change to the current SEC rights and obligations

23. This is the default option. We would maintain the current SEC requirements and result in any remaining OOR CHs in the North Region being disconnected from the WAN from 1st June 2026. The consequences of this option would be that:
 - Any remaining OOR CHs in the North Region, connected to the WAN, would be disconnected from 1st June 2026
 - Impacted consumers lose their smart services from 1st June 2026
 - No additional costs for energy suppliers to maintain a WAN connection to OOR CHs beyond the explicit charges for the May 2026 period.

3.2. Option 2: extend SEC rights and obligations, and the commercial support for extended OOR CH WAN connection

24. This option would extend the SEC requirement to provide WAN connection to OOR CHs beyond 31st May 2026 and require that DCC maintains the related commercial agreement. The consequences of this option would be that:
 - DCC will raise an urgent SEC Modification
 - Any remaining OOR CHs in the North Region would retain their WAN connection beyond 31st May 2026 until the new agreed date for closure of the temporary arrangement
 - Consumers would be protected from loss of smart service during the extension period
 - Continued additional cost of £250k per month incurred to maintain WAN connection to OOR CHs beyond May 2026, split between Supplier Parties responsible for OOR CHs
 - Supplier Parties would have additional time available to replace OOR CHs in the North Region
25. The period of extension for which DCC should maintain WAN connection to OOR CHs would need to be agreed with Parties. The extension could be for a short time period of 2 to 3 months or longer. However, it is noted that the charging mechanism increases the cost per OOR CH (up to a cap of

£500 per CH) as they are replaced and the total volume of OOR CHs decreases, which should also be considered. We also note that a longer extension could result in the risk of WAN disconnection occurring during the winter months, which was considered a key part of the decision to approve SEC MP308 due to concerns about consumer detriment.

26. Given the desire to avoid WAN disconnection in the winter months DCC would propose that any extension does not go beyond August 2026 and that any extension should be limited to between one and three months.
27. **For the purposes of this consultation only, the market share of each energy supplier response will be taken into account as described within the next steps section of this consultation.**

Question 1

A: Should the temporary OOR arrangement be extended post the 31st May 2026? (Y/N)

B: Please give a rationale for your response.

Question 2

A: How long should an extension be in place for (1, 2 or 3 Months)?

B: Please give a rationale for your response.

3.3. Further extensions to the OOR service

28. Over the last two years DCC has engaged SEC Parties extensively on OOR CHs, including through bilateral engagement, consultation and the urgent SEC Modification process. Parties should be aware of the removal of WAN connection to OOR CHs in the North Region on 1st June 2026 and we provide reports to Parties detailing the OOR CHs they are responsible for.
29. Several Parties commented that their support of SEC MP308 was provided due to the increased risk of harm to consumers where smart services are lost over the winter period. Parties should therefore consider the risk of further extending temporary arrangements into the winter 2026/27 period.

Question 3

A: Do you agree that should an extension be approved that it should be the final extension, and that DCC should not engage further on future extensions? (Y/N)

B: Please give a rationale for your response.

Question 4

Do you have any other comments?

4. Next Steps

30. Following the closure of this consultation, DCC will review responses. Should DCC receive a **substantive majority response** from Supplier Parties that clearly support an extension to the temporary arrangements described, DCC intends to raise an urgent SEC Modification to extend relevant SEC provisions and related Service Provider commercial agreements. Non responses will be seen as supporting the current SEC requirements (Option 1).
31. An extension to these arrangements could impact any energy supplier who is responsible for or who may gain OOR CHs through consumer switching. As such it is important that we receive a clear indication of support for any extension. We will consider a **substantive majority response** from Supplier Parties if it represents and collectively exceeds 50% of smart connected consumers. This approach applies to this consultation only, given the unique circumstances of the current arrangement.
32. If we do not receive a **substantive majority response** to extend temporary arrangements, we will **not** propose any additional Modifications to the SEC on this matter and the WAN connection to OOR CHs will cease on the 31st May 2026 as defined within the SEC. Alternatively, any SEC Party could raise a Modification to extend these arrangements.

5. How to Respond

33. Please provide responses by 1700 on 30th April 2026 to DCC at consultations@smartdcc.co.uk.
34. Consultation responses may be published on our website www.smartdcc.co.uk. Please state clearly in writing whether you want all or any part, of your consultation to be treated as confidential. It would be helpful if you could explain to us why you regard the information you have provided as confidential. Please note that responses in their entirety (including any text marked confidential) may be made available to The Department and the Gas and Electricity Markets Authority (the Authority). Information provided to The Department or the Authority, including personal information, may be subject to publication or disclosure in accordance with the access to information legislation (primarily the Freedom of Information Act 2000, the Data Protection Act 2018 and the Environmental Information Regulations 2004). If The Department or the Authority receive a request for disclosure of the information we/they will take full account of your explanation (to the extent provided to them), but we/they cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded by us as a confidentiality request.
35. If you have any questions about the consultation documents, please contact DCC via consultations@smartdcc.co.uk.