



**DCC Request for Information (RFI)
on the number of
Communications Hub Replacement
Reimbursement Events**

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1. Executive Summary

1. The Data Communications Company (DCC) is Britain's digital energy spine, supporting the transformation of the energy system. Communication Hubs (CHs) allow for smart meters installed in homes and businesses to be connect to the DCC's secure network, facilitating the transmission of energy consumption data and other smart services.
2. The Department for Energy Security & Net Zero (DESNZ) has engaged with industry to devise a programme that considers the funding arrangements by which Energy Suppliers undertake 2G/3G to 4G CH only exchange site visits. This is for exchanges of Smart Metering Technical Specifications 2 (SMETS 2) CHs where no Energy Meters are replaced and only applies to the Central and South Regions of Great Britain. These are defined in the SEC as CH Replacement Reimbursement Events.
3. DCC shall pay CH Replacement Reimbursement Amounts to Supplier Parties as per the SEC requirements for each of these events. The scheme will start in RY26/27 and in order to assess the potential financing facility in the early years of the facility being available, DCC needs accurate forecasts of CH Replacement Reimbursement Events from Energy Suppliers. These forecasts will determine expected qualifying exchange visits which are expected to take place across the first four years.
4. Financing arrangements will not be in place at the start of the scheme, this is likely to be agreed later in 2026. However, CH exchanges that take place between the scheme starting and financing arrangements being in place will have the associated Energy Supplier CH Replacement Reimbursement Amounts backdated.
5. As per the requirements set out within SEC F14.5 to F14.7 (Supplier Party Forecasts), DCC is requesting that Energy Suppliers provide forecasts for CH Replacement Reimbursement Events for the next four-year period. This information will allow DCC to optimise the related finance arrangements.
6. This Request for Information (RFI) was initially planned to take place in late 2025 but following feedback from Energy Suppliers at the December 2025 Quarterly Finance Forum (QFF-X) , the start date has been delayed and we have extended the time period over which Energy Suppliers have to respond. There is a further opportunity to ask questions at the next QFF-X stakeholder forum on the 5 February 2026.

2. Introduction

2.1. Background

7. In December 2021, Mobile Network Operators (MNOs) operating in the UK confirmed that they do not intend to offer 2G and 3G mobile networks past 2033 at the latest. After this date, any CHs still operating on these networks will lose connectivity and associated metering equipment will lose any communication dependent smart functionality. To ensure seamless connectivity, 2G/3G CHs will need to be replaced in advance of this date.
8. The Department for Energy Security & Net Zero (DESNZ) has engaged with industry to devise a programme, considering the funding arrangements by which energy suppliers undertake 2G/3G to 4G CH only exchange site visits for a SMETS 2+ installation.
9. This programme confirms Government's support for the smart metering 4G transition. The related decisions aim to minimise the risk of smart metering functionality interruption, owing to the sunsetting of the 2G/3G networks. DESNZ published its conclusions on cost recovery and legal changes associated with the programme on 8th August 2025.¹ This set out changes to the DCC Licence and main body of the SEC.
10. DESNZ undertook a Network Evolution Transition and Migration Approach Document (NETMAD) consultation,² which closed on 26 January 2026. This consultation sought feedback on the plan to finance payments to Energy Suppliers upon a qualifying exchange taking place.
11. It is proposed that DCC would procure the financing facility needed to support these payments to Energy Suppliers. Interactions with the Capital Markets within the procurement process for the 4G CH Asset financing established that there was a limit on the period under which Finance providers were willing to keep open a flexible drawdown facility. This was especially true given the 15 year repayments on each draw down. Given that the facility will run from 2026 to 2033, DCC expect to arrange between 2 and 3 separate financing facilities across that period.
12. At the most recent QFF-X stakeholder event on the 19 December 2025, DCC presented its current plans to SEC Parties. At that session, DCC highlighted the need for accurate forecasts from Energy Suppliers. This is to ensure that a suitably sized finance facility is procured by DCC to accurately meet the cost reimbursement amounts over the initial years of the scheme. These Energy Supplier forecasts are the focus of this RFI and will allow DCC to put in place the best possible financing arrangements, without accurate forecasts the financing arrangements will not meet the needs of the scheme and potentially create additional costs for SEC Parties.
13. Following consultation by DESNZ in August 2025, the SEC was updated to include the following requirement for Energy Suppliers provide these forecasts:

Supplier Party Forecasts

F14.5 The DCC may, from time to time, require Supplier Parties to provide forecasts of how many CH Replacement Reimbursement Events the Supplier Party expects to occur in respect of Communications Hubs for which the Supplier Party is the Lead Supplier. The DCC shall act reasonably in determining the forecasts which it requires Supplier Parties to provide.

¹ <https://smartenergycodecompany.co.uk/smart-metering-implementation-programme-desnz-conclusions-on-4g-communications-hub-only-exchange-site-visit-dcc-charging-mechanism-and-legal-changes/>

² <https://smartenergycodecompany.co.uk/smart-metering-implementation-programme-desnz-consultation-on-proposed-changes-to-the-netmad-sec-appendix-au/>

F14.6 Each Supplier Party shall provide to the DCC such forecasts as the DCC requires under Section F14.5. Each Supplier Party shall provide each such forecast in respect of such periods as the DCC may reasonably require, on or before such date as the DCC may reasonably require, and in such form as the DCC may reasonably require.

F14.7 Each Supplier Party shall ensure that its forecasts under this Section F14 are prepared in accordance with Good Industry Practice.

2.2. Statement from DESNZ

14. DESNZ has provided DCC with the following text regarding DCC's request for Energy Supplier forecasts in relation to the requirements under SEC Section F14.

"DESNZ would like to underline the importance of energy suppliers ensuring that any forecasts of the number of CH Replacement Reimbursement Events provided under SEC Section F14 are prepared in accordance with Good Industry Practice as required by SEC F14.7 (and therefore ultimately supply licence conditions)."

15. The consequences of the DCC failing to predict the aggregate number of replacements in any particular year may be:
- i) cashflow issues for the DCC;
 - ii) additional financing costs; or
 - iii) the need for within-Regulatory Year changes to the DCC's charging statement.
16. None of these outcomes are desirable for consumers, Energy Suppliers, the DCC or the industry more generally and as a consequence we request that Energy Suppliers seek to give as reasonably accurate a forecast as they can to the DCC.

2.3. Previous Engagement

17. DESNZ has undertaken engagement with Energy Suppliers since the scheme was first proposed in 2023¹ when a consultation was issued, inviting responses on proposed options for providing installation site visit funding in situations where only a 2G/3G CH is to be exchanged for a 4G CH as part of a SMETS 2+ installation. The consultation also sought initial views on the eligible cost components for such 4G CH only exchange installation work, and on options for how the costs of the funding associated with 4G CH only exchange site visits could be recovered.
18. On 29 February 2024 DESNZ further engaged industry² on 4G CH only exchange activity (i.e. where no smart meter(s) are replaced or added) for SMETS2+, seeking views on the cost recovery arrangements and legal changes needed to implement the arrangements.
19. DESNZ has since issued a further consultation under NETMAD arrangement to outline the proposed financing of the replacement scheme payments for qualifying exchange visits over a 15-year repayment period to match the asset financing facilities.

¹ <https://smartenergycodecompany.co.uk/documents/sec/smart-metering-implementation-programme-consultation-response-29-feb-24/>

² <https://smartenergycodecompany.co.uk/smart-metering-implementation-programme-4g-communications-hub-only-exchange-site-visits-arrangements-and-further-proposal-on-the-dcc-charging-mechanism-and-legal-changes/>

2.4. Scope of this Request for Information

21. As set out in the updated SEC, the following CH only exchange visits qualify under this scheme as a CH Replacement Reimbursement Event:

F14.4 A "CH Replacement Reimbursement Event" shall be taken to have occurred in respect of a Communications Hub when all of the following requirements are satisfied:

(a) a previously installed 2G/3G Communications Hub was removed from a premises and that 2G/3G Communications Hub was a SMETS2+ Communications Hub;

(b) during the site visit to remove the 2G/3G Communications Hub, no new Energy Meters were installed to serve the premises which were previously served by the 2G/3G Communications Hub;

(c) during such site visit, a 4G Communications Hub was installed to serve the premises which were previously served by the 2G/3G Communications Hub; and

(d) such site visit occurred during a Regulatory Year to which the CH Replacement Reimbursement Service applies (as per Section F14.2).

22. This RFI is asking Energy Suppliers to provide their planned/forecasted swap out volumes for the four years from April 2026 as described within SEC F14.6/7.
23. Based on the qualifying criteria detailed within SEC F14.4, Energy Suppliers are requested to provide a response that includes:

A forecast for the total expected annual number of CH Replacement Reimbursement Events for each of the four (4) regulatory years of the scheme, for which the Energy Supplier is the responsible lead supplier:

1. For Regulatory Year 26/27 (1 April 2026 – 31 March 2027 – inclusive)
2. For Regulatory Year 27/28 (1 April 2027 – 31 March 2028 – inclusive)
3. For Regulatory Year 28/29 (1 April 2028 – 31 March 2029 – inclusive)
4. For Regulatory Year 29/30 (1 April 2029 – 31 March 2030 – inclusive)

24. Please use the RFI response template provided alongside this document.
25. Energy Supplier responses to this RFI should be sent on or before 3 March 2026, to consultations@smartdcc.co.uk.
26. SEC F14.10 sets out the method by which DCC will identify CH Replacement Reimbursement Events. The method requires the identification of where a 2/3G CH has been Decommissioned and a 4G CH has been commissioned in parallel, and where no changes to Device ID for Energy Meters has been made for that MPAN or MPRN. Parties are reminded of SEC F8.6 that requires CH to be returned to DCC within 90 days of the date of their removal.

2.5. Clarification questions

27. DCC is holding a stakeholder engagement session (QFF-X) on the 5 February 2026 and Energy Suppliers are encouraged to raise any clarification points at that session. If recipients of this RFI do not have an invite to that session, please contact DCC's customer engagement team on the following email address customerengagement@smartdcc.co.uk.

3. Next Steps

28. Following receipt of Energy Supplier responses to this RFI request, DCC will assess volume forecasts and use this information to inform DCC on expected total volumes of CH Replacement Reimbursement Events in the first four years.
29. On the basis of expected qualifying CH only exchange visits in the four years from RY26/27, DCC will then develop its proposed financing facility, and seek prices through a competitive procurement process.
30. During the QFF-X session on 19 December 2025, DCC set out the planned customer engagement which will lead to a final presentation of the finance business case to SEC Panel, which completes this engagement.
31. DCC is targeting to present the financing contracts for approval by the DCC Board in June 2026 and will update its Charging Statement to reflect an increase in charges related to this programme in line with a timetable to be shared with SEC parties and agreed with Ofgem.
32. Backdated Reimbursement payments will be made following implementation of both finance arrangements and the updated DCC Charging Statement.
33. Given the confidential nature of Energy Supplier forecasts, DCC will not publish the individual responses to this RFI on the DCC website and will treat information provided in line with our SEC requirements.

4. How to Respond

34. Please provide responses by 17:00 on 3 March 2026 to DCC at consultations@smartdcc.co.uk.
35. If you have any questions about this RFI, please contact DCC via consultations@smartdcc.co.uk.