



# Executive Summary of DCC's Price Control Submission

## Price Control RY23/24

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This document is intended to provide an Executive Summary of DCC's broader Price Control RY23/24 submission. It provides a high-level overview of our costs and the reasons why these have been incurred. More detailed information on each of these areas is provided in our price control submission.

## Introduction

We are pleased to provide our price control submission covering the Regulatory Year 2023/24 (RY23/24). During the year, the Data Communications Company (DCC) continued to play a vital role in building and operating the Smart Metering network and the Central Switching Service, critical services in support of a smart and digital energy market.

We are continuing our journey to a more mature, operational-focused organisation. We have gone from undertaking first-of-a-kind activities in the 2010s to scale operation in the early 2020s. By the end of RY23/24, we had over 30 million meters connected to the network, six times more than in 2020.

For RY23/24, our total costs<sup>1</sup> have remained stable in real terms vs. RY22/23 despite significant growth in activity, and our cash forecasting accuracy saw a step change improvement, increasing to 96% (from 87% last year).

As a regulated monopoly, we recognise the importance of the annual price control process and regulatory scrutiny to our customers and energy consumers more widely. While we seek to demonstrate this on an ongoing basis, our annual price control submission provides a detailed breakdown of where and how we have incurred costs, and our rationale for doing so.

To support this, DCC has conducted a rigorous and independent process to ensure that our submission has been fully assured. A Data Process and Assurance Report is provided as an annex to the price control submission and has concluded that significant improvements have been made in RY23/24 leading to a high quality, complete and accurate submission which demonstrates the economic and efficient operation of the network on behalf of our customers.

# Table of contents

Introduction.....	1
1. Our RY23/24 cost overview.....	3
1.1. Expenditure summary .....	3
1.2. Comparison to DCC charging statement and Ofgem price control baseline .....	4
1.3. Improved cost management .....	4
2. Providing stable, reliable and secure systems .....	5
2.1. Strong system performance.....	5
2.2. Supporting Government and industry in the energy transition .....	6
3. Improving how we operate .....	7
3.1. Standardising and automating how we work.....	7
3.2. More meaningful engagement with SEC and REC.....	8
3.3. Improving data quality for the price control .....	8
4. Preparing for the future.....	9
4.1. Upgrading our legacy systems.....	9
4.2. Future regulatory framework .....	10
5. Driving cost control today, and in the future.....	10

# 1. Our RY23/24 cost overview

## 1.1. Expenditure summary

Over RY23/24, DCC has focused on the delivery of a stable, reliable and secure system, while continuing to improve how we operate and ensure we prepare for future requirements.

The costs we incur are a key driver of the revenue we recover from customers, and ensuring value for money is therefore a critical objective for the business. In RY23/24, our total costs<sup>1</sup> were slightly below RY22/23 in real terms<sup>2</sup> despite a significant growth in activity, reflecting our strong focus on cost management during the year. In addition to inflationary pressure, our costs were impacted by:

- Increased numbers of meters and communications hubs connected to our network, and
- Growth in our fundamental service capabilities. For example, we completed the design and build phases of the 4G CH&N programme in RY23/24 and delivered changes to our SMETS2 and Switching systems to support the move to Market-wide Half Hourly Settlements (MHHS).

£m	DCC actual RY22/23	DCC actual RY23/24	Change		
			£m	% nominal	% real <sup>2</sup>
Annual costs <sup>1</sup>	530.8	563.4	+32.6	+6.1%	-0.1%
SMETS Internal Costs <sup>3</sup>	139.9	155.9	+16.0	+11.4%	+4.8%
SMETS External Costs <sup>3</sup>	369.7	392.7	+23.0	+6.2%	-0.1%
Switching costs <sup>4</sup>	21.1	14.8	-6.4	-30.2%	-34.3%

External Costs increased by £23m vs RY22/23 (but were flat in real terms) as the volume of meters connected to our network continued to increase, including the number of SMETS1 migrations successfully completed (12.2m migrated by the end of March 2024, up from 11.3m in March 2023). Continued progress was also made against several mandated programmes, such as Enduring Change of Supplier (ECoS, which successfully went live in June 2023) and Market Wide Half Hourly Settlement (MHHS) that required changes to our core systems, including augmenting the current Data Service Provider (DSP) which underpins all our smart metering data.

Internal costs increased by £16m versus RY22/23. Like the rest of the economy, DCC's costs have been subject to significant inflationary pressure over this period, with internal costs only growing by 4.8% in real terms, during a period of significant increase in activity. As the scale and complexity of our activities has continued to grow, our payroll costs that support the solution design and programme management of our key mandated programmes have inevitably increased (for example, payroll costs to support the re-procurement of the DSP have increased as the programme moves towards contract award). Corporate Management costs are £5m higher than RY22/23, partly driven by the activity required to support Licence Renewal and moving to ex ante price control regulation. As expected, given the increase in traffic in the network, both Operations and Commercial functional costs have also slightly increased.

<sup>1</sup> Excluding 'Other' costs and costs of Comms Hubs which are ordered by our customers and passed through to them at cost

<sup>2</sup> Average CPIH between October 2022 and September 2023, the mid-points of the regulatory years, was 6.3%

<sup>3</sup> External Costs cover our Fundamental Service Providers (FSPs) across our key systems and services specified in our licence.

Internal Costs relate to payroll for DCC staff and other costs, such as IT, facilities or any external service providers that are not our FSPs

<sup>4</sup> Switching costs include both Internal and External Costs

## 1.2. Comparison to DCC charging statement and Ofgem price control baseline

DCC's charging statement and RECCo switching budget provide the best and most complete forecast of expected costs. These include DCC's best view of the costs we expect to incur and include all types of expenditure. These are developed through the year and shared with our customers and key stakeholders for their feedback via Quarterly Finance Forums (QFFs), and RECCo forums.

In contrast, and as shown in the table below, an Ofgem baseline is also used but only for price control purposes and is constructed using only a subset of our forecast costs, i.e. those that meet the criterion of being 'significantly more likely than not to occur'.

Additionally, the Ofgem price control baseline excludes forecasts of costs that Ofgem considered were not yet sufficiently justified as being economic and efficient at the time of the previous price control review<sup>5</sup>.

An example of this is our Switching service, where the Ofgem baseline for this activity was set to zero despite this being an ongoing service.<sup>6</sup> Therefore, our actual costs may appear (to those unfamiliar with the process) as an overspend to Ofgem's baseline used in the price control process despite being (i) below the DCC forecast agreed with RECCo for RY23/24 in February 2023 and (ii) costs that were necessary for DCC to incur to deliver its services.

The overall effect of this can be seen in the table below where, in RY23/24, we spent £18m less than our charging statement forecast and switching services budget but £128m more than the Ofgem baseline.<sup>7</sup>

£m	DCC actual RY23/24 – price control	DCC forecast RY23/24 – charging statement	Ofgem baseline RY23/24 – price control
<b>Annual costs<sup>1</sup></b>	563.4	581.1	435.6

It is important that the differences in methodology underpinning the forecasts provided through DCC's charging statements and the Ofgem baseline used for price control purposes are clearly understood by our customers in order to ensure the variances derived from these are interpreted correctly.

## 1.3. Improved cost management

Over recent years, we have put a strong focus on improving our business accuracy and we are starting to see the clear benefit of this improved capability.

For example, we have driven a step change improvement in our cash forecasting accuracy through our charging statement, with 96% accuracy in RY23/24 compared to 87% in RY22/23.<sup>8</sup> This enables our customers to have greater certainty over how much we will charge for our services, in turn helping them to manage their own costs with greater confidence and therefore price their own products and services more accurately.

These changes have also laid the foundations for an enhanced focus on cost control, and cost efficiency where viable, to ensure we drive value for money for customers, and ultimately GB consumers.

<sup>5</sup> As set out in section 2.18-2.24 of "DCC Price Control: Processes and Procedures", published by Ofgem in July 2022.

<sup>6</sup> Ofgem, Consultation - DCC Price Control: Regulatory Year 2022/23, 8 November 2023: "Only at the point of REC approval of the budget would we have sufficient certainty and clarity over DCC's Switching costs to be able to approve forecast costs." DCC only received budget approval after Ofgem's final decision and, as such, Ofgem excluded the budget from the baseline.

<sup>7</sup> Our charging statement only covers our smart metering network. Each year we prepare and agree a budget with RECCo for our switching services in advance of the next financial year.

<sup>8</sup> As set out in our charging statement, we forecast annual required revenue across costs, pass-through items and other areas to determine our cash requirement each year.

Through the price control review process, Ofgem makes an assessment as to whether DCC has incurred costs on an “economic and efficient” basis and has the power to disallow costs it does not believe meet this test. Following last year’s price control, in which Ofgem disallowed an unprecedented level of cost, including in some new areas, we have focussed on our approach to external services and procurement costs.

- *External services:* We have reviewed our resourcing approach for key activities and, where we have ongoing or longer-term resource requirements, sought to bring these in-house to reduce reliance on external consultants. We will realise further savings in RY24/25 as we see the full year benefits from these changes. Inevitably, DCC will need to leverage some external expertise as all organisations do. We have engaged third party resource to support work where external support provides added value and fills skills gaps that DCC do not historically have in-house, and which would not be economic or efficient to retain on a full-time basis. For example, on Licence Renewal activities and the preparations to move to ex ante price control regulation (costing c.£1.5m in RY23/24).
- *Procurements:* We continue to review the procurement approach for all key activities, ensuring this is conducted on an economic and efficient basis and is consistent with our licence obligations. As a result, we have reduced the use of direct awards and reviewed how we design and disaggregate our systems to enable more competition and drive better value for money, including on both DSP and CH&N. For PKI-E, DCC is developing a flexible solution to allow us to respond to changing technology and evolving cyber threats. During RY23/24, the UK Government published the Procurement Act 2023<sup>9</sup> which outlines the circumstances when the direct award of a public contract is justified. DCC welcomes this clarification and is keen to reflect this in our ongoing procurement approach.

We believe that this submission clearly demonstrates how DCC’s costs were incurred on an economic and efficient basis. The outcomes of our expenditure decisions have supported the implementation of Government policy and Ofgem’s principal objective of protecting the interests of existing and future consumers, including in reducing greenhouse gas emissions and ensuring security of supply.

## 2. Providing stable, reliable and secure systems

DCC is delivering a secure and reliable service to meet our licence obligations and our customers’ expectations, which underpins our key role in ensuring security of supply across the GB energy sector. This is essential as Distribution Network Operators (DNOs) will need information on consumption to manage an increasingly decentralised grid, energy suppliers will continue to rely on our network to manage consumers’ accounts, and more and more often consumers will be able to manage their energy bills and control new smart devices via the smart metering network.

### 2.1. Strong system performance

During RY23/24, DCC’s network has continued to deliver exceptional operational performance: Service availability was over 99.9%, Install and commission was 99.75%, and Prepayment availability at 99.86%. This is reflected in our 100% achievement against our smart metering system performance targets through the Operational Performance Regime (OPR). Maintaining this level of system stability and up-time is particularly significant given the volume of change being implemented alongside the ongoing system operation.

Under the OPR, we record our system performance against three weighted performance measures, along with some unweighted measures:

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<sup>9</sup> [Procurement Act 2023 \(legislation.gov.uk\)](https://legislation.gov.uk)

	Result RY22/23	Result RY23/24	Target
Service availability	99.99%	99.93%	99.50%
Install & Commission	97.01%	99.75%	99.00%
Prepayment	99.87%	99.86%	99.00%

These exceptional performance metrics are important in demonstrating how we operate, maintain and upgrade our systems in a secure and reliable way for our customers.

We have also invested to respond more quickly to incidents and are able to escalate resolutions to match the needs of individual customers or stakeholders. In RY23/24, we had over 3,700 changes introduced to our systems to maintain service reliability across SMETS1 and SMETS2 and have seen an 85% reduction in Planned Maintenance outages, which means an extra 76 hours of service availability compared to the previous year. Alongside this, we reduced the downtime related to major incidents by 137 hours compared to RY22/23.

In addition to the formal metrics covered by the OPR, we have also proactively developed additional Key Performance Indicators with our customers for monthly reporting on key aspects of customer journeys, for example the end-to-end success rate, and customer effort score.

Our Switching service has completed its first full year of operations, and in RY23/24 we have delivered over 99.98% availability. This service helps consumers switch energy suppliers swiftly and seamlessly, and we have enabled 8.6 million energy switches to date. We have a fully operational service desk to provide timely and accurate resolutions for customers, who have handled over 80,000 incidents since go-live in July 2022.

## 2.2. Supporting Government and industry in the energy transition

We are proud of the work done in partnership with Government and our wider stakeholder community to build and develop the smart metering systems and processes to support the energy transition. Much of our activity over RY23/24 has focused on delivering Government policy, through the continued migration and operation of SMETS1 services, steps to address forthcoming 2G/3G sunsetting through the 4G CH&N programme, and initiatives designed to support a smarter energy system, such as Market-wide Half Hourly Settlement (MHHS) and future connectivity.

Since 2015, when the DCC was directed by Government to assess the feasibility of options for enrolling SMETS1 meters in its system, we have worked very closely with the Department and industry to deliver consumer benefit and deliver value for money. Over RY23/24, our migration service continued to support suppliers, with 12.2m SMETS1 meters operating on the network, and therefore fully interoperable, by the end of March 2024. We delivered over 99.5% of our migrations 'right first time'. While technically challenging, this service has extended the operation of first-generation metering assets, at much lower cost than replacing these meters early, and delivered interoperability for consumers so they can enjoy the benefits of swift and seamless change of supplier.

One key benefit of moving to 4G technology is the reduction in operating costs. 4G Comms Hubs, by virtue of the technical design and commercial model, are materially less expensive per unit than existing SMETS1 and SMETS2. As they are rolled out and begin to form a significant proportion of the installed base they will drive further value for money for consumers.

The 4G Communications Hubs and Network programme is one of the most critical we are undertaking, as it seeks to deliver a solution to ensure continued smart connectivity in the face of ongoing technology evolution and the sunsetting of 2G/3G services. We are delivering a solution that enables suppliers to use



up their existing 2G/3G meter inventory while they connect new customers to smart meters, driving better value for money for our customers. In RY23/24, we have designed and built our solution and have now moved into the testing phase. Crucially, we have competitively appointed a service provider to manufacture the new communications hubs and remain on track for Go-Live in 2025, a critical milestone to provide industry with as much time as possible for swap out of the old equipment. In RY23/24, we incurred a net cost of £21m on the CH&N programme.<sup>10</sup>

MHHS will mandate energy suppliers to settle all consumers with capable meters on a half-hourly basis, enabling consumers and industry to gather near real-time information on energy consumption and support the uptake of new service propositions, such as Time-of-Use Tariffs. We have spent £6m in RY23/24 to support this industry programme. This has delivered changes to our SMETS2 and Switching systems to enable the settlement capability and we are currently progressing through testing before starting to support migrations.

We are working with project partners and our customers to increase access to smart meter system data in support of helping consumers at risk of fuel poverty. The potential of smart meter data was recognised in November 2023 by the Edie Net Zero Awards, with the uZero platform developed by UrbanTide winning the Software, Systems and Services award. We look forward to continuing to work with Ofgem and Government on this to ensure Great Britain can maximise the value from smart metering data – and the Data for Good Smart Meter Data Access paper published by Energy System Catapult in October 23 outlined the areas where further progress can be made.

We are also working to support government in providing Wide Area Network coverage to all eligible premises via the Consumer Access Device (CADg) programme. We have a current WAN coverage of 99.3% and successful delivery will ensure all eligible premises across Great Britain can enjoy the benefits of smart metering. This is critical if we are to achieve our national net zero obligations and ensure a fair transition for all consumers.

### 3. Improving how we operate

We are improving how we operate to become a more robust and efficient organisation that is ready to respond to customer and Government needs.

#### 3.1. Standardising and automating how we work

Across the organisation, we continue to explore ways in which we can standardise our processes to reduce complexity, enhance continuity and drive value for money. This approach looks to utilise common standards where possible, leveraging established expertise to certify our approach. In doing so, we are able to identify potential opportunities to automate processes, in turn helping to deliver value for money.

In the RY22/23 price control review process, Ofgem encouraged DCC to review how it could improve its processes to plan projects and track risks.<sup>11</sup> As part of improving how we work, and similar to how other similar business undertaking a significant change portfolio (e.g. large networks companies in regulated industries), we are building an Enterprise PMO capability. In the second half of RY23/24, we created a single EPMO to oversee, assure, support, and report on delivery of DCC's Change Portfolio, merging three existing teams. This will set standards for how we operate under the new regulatory frameworks, by driving consistency in approach along with transparency and robust governance.

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<sup>10</sup> Given the scale of this programme, following the non-objection from DESNZ to the 4G CH&N business case in 2022, we developed an approach for managing the financing of the programme. This had the benefits of smoothing the costs for industry over the life of the comms hub asset (approximately 15 years).

<sup>11</sup> Section on "Planning, Scoping and Resourcing of projects" starting on p91 of Ofgem's Consultation on "DCC Price control: RY2022/23", published 8<sup>th</sup> November 2023.



In RY23/24 we also continued our commercial transformation<sup>12</sup> implementing new standard processes and ways of working to improve how we manage and procure contracts, to drive better value for money with our existing and future suppliers. The shift to an ex-ante price control regime, and the impact this will have on how budgets are agreed with Ofgem and managed over time, means DCC needs to revise how it procures and manages its portfolio of contracts. This will be essential to adapt to any changes in service requirements during a price control period, as more risk will sit with the DCC to manage costs within a multi-year regulatory period.

We are also reviewing and redeveloping our procurement strategy to streamline and modernise how we scope and procure services using a risk-based approach. This will be especially important as we undertake a significant growth in re-contracting activity, with a number of legacy contracts approaching their end.

As part of our Test Automation Framework (TAF) programme, we have incurred almost £6m on finishing the build of a dedicated test lab facility and our testing solution to enable us to automate testing across a greater number of customer devices and at greater volumes. Testing is an integral part of all our programmes, whether delivering recurring SEC or maintenance releases or developing key new functionality. By increasing the speed of regression and User Integration Testing we can drive cost savings for our customers. During RY24/25 we will be testing and assuring our TAF, ready for go-live in January 2025.

The security of our systems is always of paramount importance. We have invested in broadening our monitoring beyond our own systems and into our supply chain to more readily identify and respond to cyber threats. In March 2024, our Security Operations Centre (SOC) successfully achieved CREST accreditation, becoming one of only 10 Internal SOC's in the world with this status. The accreditation recognises the quality of our processes and the team within our SOC.

### 3.2. More meaningful engagement with SEC and RECCo

Each year, we work closely with the Smart Energy Code (SEC) and the Retail Energy Code Company (RECCo) to develop new solutions and roll-out regular releases of updates/new capability for our systems. To improve our engagement with our customers and code members, we have:

- Developed new engagement and assurance guidelines for SEC and RECCo (so SEC members can understand how and when to be involved in solution design), and we are providing more channels for a better and a more targeted engagement. We have formalised peer to peer engagements and forums with RECCo. Following feedback at the December 2023 Ofgem's price control stakeholder event, we have proactively engaged with our customers to update the Terms of Reference for our Quarterly Finance Forum (QFF) – achieving a more open, engaged and constructive engagement via the QFF.
- Improved our transparency with SEC members and SECAS by sharing business cases for review while managing confidential and commercially sensitive information. In addition, we are piloting a project to enable sharing of updates during live procurement to improve customer visibility and transparency.

These initiatives allow greater opportunities for DCC to have informed discussions with our customers, and therefore ensure that our customers' views are at the heart of our decisions.

The above initiatives and others have augmented our existing engagement processes and materials used across our programmes. Under the OPR customer engagement measure, we are improved on our results from a score of 2.25 out of 3 in RY22/23 to 2.4 out of 3 in RY23/24. We have also started reporting our customer engagement with RECCo as part of our first year under the Switching Incentive Regime.

### 3.3. Improving data quality for the price control

This year's price control submission is a major step forward in addressing Ofgem's feedback around data quality and management. For example, we have developed new data models to better reconcile our regulatory reporting under the price control with the costs and forecasts used for our charging statement

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<sup>12</sup> The Commercial Transformation and benefits realised is described more fully in the Commercial function chapter

and SEC/REC engagement. These models also improve our allocation of costs across our service lines and the RIGs cost categories, which improves the accuracy of our RIGS reporting.

As with most mature organisations, the use of timesheets enables us to better track actual time spent against our programmes and our wider business, such as maintenance and technical refresh activities, enduring operations and any internal initiatives. We will see further benefits from RY24/25 as the process becomes embedded across our staff and we are able to build a reference base for workforce forecasting.

As mentioned in section 1, we have also significantly improved our business planning and forecasting accuracy for costs and revenues. We have achieved a 96% accuracy of our actual costs compared to our RY23/24 charging statement forecasts (compared to 87% in RY22/23). This means our customers have more certainty over their costs to support their own business planning.

As part of this year's price control process, DCC commissioned a thorough review of the process, data and narrative underpinning the RY23/24 price control submission. The Data and Assurance Report is provided as an annex to this submission to provide DCC stakeholders assurance that the data submitted to support the RY23/24 Price control:

- Demonstrates a high quality process and is complete and accurate.
- Reflects value for money in the development, management and operation of the network.
- Demonstrates that costs incurred have followed, and are compliant with, agreed process and governance.

The review concluded that the submission has addressed the areas of feedback in relation to previous years, noting improvements in the process followed, the quality and accuracy of data, and the cost tracking and reporting carried out throughout the year. The creation of enhanced governance around key processes has also underpinned the economic and efficient operation of the network on behalf of our customers.

## 4. Preparing for the future

### 4.1. Upgrading our legacy systems

Many of our systems were designed and built five or even ten years ago. They were conceived for a much narrower range of activities and obligations than we now undertake, while technology solutions continue to evolve at a significant pace. Consequently, legacy technology choices made during the infancy of smart metering provide challenges as we plan how to upgrade or replace these without service downtime for customers. For example, our systems handled circa 115 million messages per month in 2019. By the end of RY23/24 we handled over 2.5 billion messages per month. As several of our legacy systems are reaching the end of their useful lives, we must invest in their replacements in order to continue to support the principal policy objectives of security of supply, interests of customers and net zero.

Fundamental to this is the repurchase of the DSP and supporting services to ensure the continuity of the systems and services that connect DCC users to devices at their consumers' premises, enabling critical functions to take place such as prepayment meter top-up and billing/settlement. The programme will provide greater resilience, reduced service downtime, ability to cope with increased volumes, and self-serve data access. The current DSP is integral to all our services, where new scope has driven a cost increase of £18m in RY23/24 to support our SMETS2 operations and interfaces with our ECoS, MHHS and SMETS1 programmes. In total, we spent £58m in External Costs across all our DSP activities in RY23/24.

To drive value for money in the DSP going forward we have disaggregated the service, allowing us to be more targeted in what we buy and from whom. To minimise our costs, we have generally sought to bring skills and expertise for ongoing procurement activity in-house. However, where the right technical experts have not been available or the expertise relate to short-term programme-specific requirements, we have

made use of temporary external support to ensure delivery is not compromised. This is consistent with the approach taken by other organisations, including those in the public sector.

We are preparing to replace the security system that underpins our smart metering services, through our Public Key Infrastructure Enduring (PKI-E) programme. In RY23/24, the focus has been on developing the Full Business Case for DESNZ so that we can commence the design and build of the solution from December 2024. With our stakeholders, we are developing a platform that can work with the existing key infrastructure solutions but that has capability to be extended so DCC can evolve the solution in response to emerging cyber threats or customer requirements.

During RY23/24 we also made important progress in replacing the DCC Service Management Systems (DSMS) to improve day-to-day interactions between DCC and its customers.

## 4.2. Future regulatory framework

The future of how the DCC is governed and regulated has become clearer in RY23/24. Early preparation and planning for licence renewal and the forthcoming ex-ante regulatory framework is essential to ensure we can transition to new arrangements while continuing to meet our obligations and customers' needs.

During RY23/24 we have started work to enable the transition to a new ex-ante price control regime, engaging collaboratively with Ofgem to support their design decisions. As expected for a transition of this scale, we required expert advice on developing the regulatory and business processes involved in restructuring DCC's services, managing contracts across these services, along with aligning reporting and upskilling our staff for their roles under the new operating environment.

As we move closer to DCC's current licence period ending in September 2025, we expect the volume of work required to support the complex design and transition to the new arrangements to increase (for example, as Ofgem launches the RFP for the Successor Licence). Over RY23/24, we have focused on supporting Ofgem with the range of activities needed to extend the current licence, design the Successor Licence, run an RFP and prepare for Business Handover.

## 5. Driving cost control today, and in the future

In RY23/24 we introduced a number of additional cost control initiatives to further tighten the governance around expenditure in order to drive value for money for customers, and ultimately GB consumers.

In addition to the focus on resourcing and procurement approach described in section 1, we have established new governance forums to implement and embed improvements specific to our price control data and submission collation, along with additional decision making for significant investments. These include a Price Control Risk Committee (PCRC) and Price Control Improvement and Delivery Group (PCIDG). As highlighted in the Data and Assurance report, these have improved the integrity and efficiency of cost data and increased the level of scrutiny of expenditure decisions.

We have improved our resource allocation and forecasting accuracy through the ongoing use of timesheets, enabling us to better understand time spent on our major programmes, improving and running our existing operations, and business support services. This information helps us drive greater cost accuracy within our overall financial envelope.

Core to all of these changes is driving a strong compliance and cost control culture and mindset throughout the organisation, which is critical to provide the best outcomes for our customers and is a core part of our preparations for moving to an ex-ante price control regime. DCC fully supports Ofgem on the move to ex ante regulation and is keen to play our part in ensuring this is successful for all stakeholders.

These initiatives have driven significant benefits in RY23/24, as described throughout this submission, and we will see more of the benefit these in RY24/25 and RY25/26 as we embed practices within our business and progress through our procurement phases.

In each chapter of our price control submission, we set out where we have any cost variances compared to Ofgem's baseline and explain why these costs are economic and efficient. We explain the drivers of our costs and how we have secured value for money for our customers.