Data Communications Company

DCC Price Control RY25/26 – BMPPA schemes

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Table of Contents

1. BMPPA Schemes 3
2. Introduction 4
3. 4G CH&N BMPPA 4
   3.1. Project activity 1 5
   3.2. Project activity 2 5
   3.3. Project activity 3 6
   3.4. Project activity 4 6
4. ECoS BMPPA 7
   4.1. Project activity 1 7
   4.2. Project activity 2 7
5. PKI-E BMPPA 9
6. FSM BMPPA 9
7. Upcoming BMPPA schemes 9
Appendix A: BMPPA supporting files 10

1. BMPPA Schemes

Summary

What is this and why is it important?

The Baseline Margin Project Performance Adjustment (BMPPA) schemes are designed to incentivise DCC in its delivery of specific programmes. The BMPPA schemes are set and administered by the Department for Energy Security and Net Zero (DESNZ).

There are currently four live BMPPA schemes:

- The Enduring Change of Supplier (ECoS) programme
- The 4G Communications Hub and Networks (4G CH&N) programme
- The Future Service Management (FSM) programme; and
- The Public Key Infrastructure – Enduring (PKI-E)[1]

RY25/26 activities

The 4G CH&N BMPPA scheme currently placed £3.14m of margin at risk and, based on the completion of three of the four project activities and our expected performance for the remaining activity, we expect to retain £3.10m. Project activities 1 and 2 required DCC and SEC Panel to submit an assessment of our customer engagement. Project activity 1 was submitted on 31 July 2024 and project activity 2 on 31 July 2025. Project activity 3 required DCC to achieve a volume manufacture decision by 7 April 2025 (which was met), and project activity 4 required DCC to report on the success rate of 10,000 4G CH installations (which achieved a score of 3 out of 3).

The ECoS BMPPA scheme currently placed £1.417m of margin at risk and our self-assessment (submitted to DESNZ on 31 January 2025) requests we retain £0.7m. The scheme included two project activities: 1) to achieve ECoS go live by 30 June 2022, and 2) to submit a report that included an assessment of our customer engagement and efforts to increase migrations and resolve any issues during the migration period. DESNZ has determined a Project Activity Performance Factor of 0.4 for the ECoS BMPPA.

DESNZ introduced an FSM BMPPA scheme during RY25/26. The scheme comprises two project activities. Project 1 was completed on 18 May 2026 with Project 2 activity due to be delivered in November 2026. Currently, £0.833m is at risk against the entire FSM BMPPA scheme.

DESNZ introduced a PKI-E BMPPA scheme for the Smart Metering Key Infrastructure (SMKI) programme (also known as PKI-E) during RY25/26. The scheme comprises two project activities. Project activity 1 was completed on 27 March 2026. The report associated with Project activity 2 is due to be delivered in September 2026. Currently, £0.154m is at risk against the entire PKI-E BMPPA scheme.

Future activities

We expect to report on the final Project Activity Performance Factors (PAPFs) in the RY26/27 price control submission for the following programmes:

- The PKI-E BMPPA scheme
- The FSM BMPPA scheme

[1] Referred to as the Smart Metering Key Infrastructure (SMKI) programme under the BMPPA scheme guidance

2. Introduction

DCC is subject to several economic incentive regimes, the table below sets out a summary of each of them including references to where they are reported in this year's price control submission.

Regime	Regime type	Status	Narrative reference	RIGs reference
Operational Performance Regime (OPR)	Operational	Live	Please see: • 5.Perf_OPR_Customer_Engagement_Part 1_RY2526 • 5.Perf_OPR_Customer_Engagement_Part 2_Ofgem_only_RY2526 • 5.Perf_OPR_Customer_Engagement_Part 2_PUBLIC_RY2526	RIGs Annex 1
Enduring Change of Supplier (ECoS)	Programme	Live	Reported in this document	RIGs Annex 2
4G Communications Hubs and Networks (4G CH&N)	Programme	Live	No reporting for RY25/26	RIGs Annex 2
Data Services Provider (DSP)	Programme	Not yet live	No reporting for RY25/26	RIGs Annex 2
Future Service Management (FSM)	Programme	Live	No reporting for RY25/26	RIGs Annex 2
Public Key Infrastructure - Enduring (PKI-E)	Programme	Live	No reporting for RY25/26	RIGs Annex 2
Switching Incentive Regime (SIR)	Operational	Live	Please see: • 5.Perf_Switching_SIRSDM1_RY2526 • 5.Perf_Switching_SIRVMM1_RY2526	RIGs Annex 4

Table 1 – Economic incentive regimes and their status

As set out above, this document explains the performance related to 4G CH&N and ECoS.

DCC is now subject to three new incentive regimes for the Public Key Infrastructure Enduring (PKI-E) programme, the Data Service Provider (DSP) programme and Future Service Management (FSM). We will provide the relevant reporting to the Department and Ofgem in due course.

3. 4G CH&N BMPPA

The 4G CH&N programme BMPPA scheme came into effect on 21 July 2023. The scheme is designed to incentivise delivery of the 4G CH&N programme by applying criteria that will determine the level of associated margin we can retain based on our performance. The scheme is split into four project activities: project activity 1 and 2 assess DCC's customer engagement, project activity 3 sets a milestone target for DCC to achieve the Live Services Criteria (LSC) volume manufacture criteria by 7 April 2025 and project activity 4 incentivises DCC to carry out all activities between the conclusion of Initial Pallet Validation (IPV) end and the PA4 Specified Date. PA1 was reported on in RY23/24 with PA2 and PA3 reported on within this reporting period. There is £3.274m at risk against the 4G CH&N BMPPA scheme.

We have included the reporting in Annex 2 of the RY25/26 price control submission, specifically in rows 17, 18, 19 and 20 in worksheet 'P4' in the RIGs Annex 2 RIGs Reporting Template. Row 47 in worksheet '2' shows the final PPA2t values for each year.

3.1. Project activity 1

Project activity 1 (PA1) assessed DCC's customer engagement for the 4G CH&N programme. 16.7% of the margin is placed at risk under PA1, with scores awarded between 0 – 3 by both DCC and the SEC Panel. Appendix 1 includes DCC's PA1 submission, which was submitted to the Department on 31 July 2024, for activities carried out between 01 August 2023 – 31 March 2024.

The table below sets out the calculations made for PA1. We have included the reporting within Annex 2 of the RIGs for RY25/26.

Project activity 1 - customer engagement Designed to incentivise DCC to undertake high-quality customer engagement	
Minimum score	0
Maximum score	3
Final assessment (by DESNZ)	2.88 (95.8%)
DCC self-assessment	2.83 (94.44%)
SEC Panel assessment	2.83 (94.33%)
Project Activity Performance Factor for Project Activity 1	$\mathbf{PAPF1 = 1 - \left(\frac{2.88}{3.00}\right) = 0.042}$
RIGs reference	Worksheet P4, row 39
Current estimate of margin at risk for PA1	£0.523m
Current estimate of margin impact	£0.523m x 0.042 = £0.022m (loss)

Table 2 – 4G CH&N project activity 1 – customer engagement

3.2. Project activity 2

Project activity 2 (PA2) is also centred around DCC's customer engagement for the CH&N programme. 16.7% of the margin is placed at risk under PA2, with scores awarded between 0 – 3 by both DCC and the SEC Panel. Appendix A includes DCC's PA2 submission, which was submitted to the Department on 31 July 2025, for activities carried out between 01 April 2024 – 31 March 2025.

The table below sets out the calculations made for PA2. We have included the reporting within Annex 2 of the RIGs for RY25/26. On 3 July 2026, the Department confirmed its decision on the final PAPF for PA2.

Project activity 2 - customer engagement Designed to incentivise DCC to undertake high-quality customer engagement	
Minimum score	0
Maximum score	3
DCC self-assessment	2.50 83.3(%)
SEC Panel assessment	2.23 (74%)
Project Activity Performance Factor for Project Activity 2	$\mathbf{PAPF2 = 1 - \left(\frac{2.50}{3.00}\right) = 0.167}$
RIGs reference	Worksheet P4, row 40
Current estimate of margin at risk for PA2	£0.523m
Current estimate of margin impact	£0.523m x 0.167 = £0.087m (loss)

Table 3 – 4G CH&N project activity 2 – customer engagement

3.3. Project activity 3

Project activity 3 stipulates that DCC must satisfy the Live Service Criteria (LSC)2 volume manufacture decision criteria, detailed in paragraph 6.4 of the BMPPA scheme, on or before 7 April 2025. On 7 April 2025, the Department issued a notice to DCC which confirmed that DCC could progress to volume manufacture of 4G CHs. This position was also endorsed by the Smart Energy Code (SEC) Operations Group on 24 February 2025 and the SEC Panel on 7 March 2025. On 12 May 2025[1], the Department confirmed the full amount of margin associated with PA3 could be retained by DCC for PA3.

The table below sets out the calculations made for PA3. We have included the reporting within Annex 2 of the RIGs for RY25/26.

Project activity 3 – volume manufacture Designed to incentivise DCC to meet the Live Service Criteria in order to progress to volume manufacture of 4G CHs	
Project Activity Performance Factor	0
Project Activity Performance Factor for Project Activity 3	$\mathbf{PAPF3 = 1 - \left(\frac{3.00}{3.00}\right) = 0.000}$
RIGs reference	Worksheet P4, row 41
Current estimate of margin at risk for PA3	£1.047m
Current estimate of margin impact	£1.047m x 0.0 = £0.0m (no loss)

Table 4 – 4G CH&N project activity 3 – volume manufacture

3.4. Project activity 4

Project activity 4 incentivises DCC to carry out all activities between the conclusion of Initial Pallet Validation (IPV) end (7 February 2025) and the PA4 Specified Date (4-months after IPV + 10,000 compliantly installed CHs and a 90-day operating period). DCC submitted the PA4 submission to the

[1] smartenergycodecompany.co.uk/documents/sec/20250512-4g-chn-bmppa-pa1-pa3-consultation-response/

Department four-months after the criteria for PA4 was met. At the time of writing, DCC had not yet received the minded-to position for PA4.

Project activity 4 – service quality Designed to incentivise DCC to ensure the installation of 4G CHs is without issue	
Project Activity Performance Factor	0
Project Activity Performance Factor for Project Activity 4	$PAPF4 = 1 - \left(\frac{3.00}{3.00}\right) = 0.000$
RIGs reference	Worksheet P4, row 42
Current estimate of margin at risk for PA4	£1.047m
Current estimate of margin impact	£1.047m x 0.0 = £0.0m (no loss)

Table 5 – 4G CH&N project activity 4 – service quality

4. ECoS BMPPA

The Enduring Change of Supplier (ECoS) BMPPA regime comprises two project activities. Project activity 1 took place in RY22/23. Project activity 2 took place in RY24/25 and the final report was submitted to the Department on 31 January 2025.

Currently, £1.575m is at risk against the entire ECoS BMPPA scheme, split £0.475m for project activity 1 and £1.100m for project activity 2.

We have included the reporting in Annex 2 of the RY25/26 price control submission, specifically in rows 17 and 18 in worksheet 'P3' in the RIGs Annex 2 RIGs Reporting Template. Row 37 in worksheet '2' shows the final PPA2t values for each year.

4.1. Project activity 1

Project activity 1 related to the programme milestone to begin the replacement of Device Security Credentials of the CoS Party with information from an ECoS certificate by the Milestone Date of 30 June 2022.

30% of the ECoS baseline margin was put at risk against this milestone (which currently translates to a margin value £0.475m). This milestone was achieved on 29 June 2023 and so, the BMPPA scheme milestone for PA1 was not achieved.

Project activity 1 – go live milestone Designed to incentivise DCC to achieve go-live of the ECoS arrangements by 30 June 2022	
Project Activity Performance Factor	1
Project Activity Performance Factor for PA1	$PAPF1 = 1 - \left(\frac{0}{3.00}\right) = 1$
Current estimate of margin at risk for PA1	£0.475m
Current estimate of margin impact	£0.475m x 1.0 = £0.475m (full loss)

Table 6 – ECoS project activity 1 – go live milestone

4.2. Project activity 2

Project activity 2 places 70% of the ECoS margin at risk (this currently translates to a margin value £1.100m). This project activity is broken down by the following 5 quality factors:

a. Quality factor A: From 31 Oct 2023, the DSP should no longer be providing TCoS keys (40%)

b. Quality factor B: DCC has identified any 'difficult to migrate' devices and provided support to any customers with them as early as possible (20%)

c. Quality factor C: On 31 Oct 2024, the number of devices that have a TCoS certificate but have not been commissioned should be low (20%)

d. Quality factor D: Customer engagement (20%)

e. Quality factor E: Adjustment factor based on successful processing of SRV6.23s. Uses average of 5 lowest days of performance

Project activity 2 – Quality Factor A Designed to incentivise DCC to ensure the DSP is no longer providing TCoS keys	
Minimum score	0
Maximum score	3
DCC self-assessment	1.3
Department assessment	1.0

Table 7 – ECoS project activity 2 – QFA: DSP no longer providing TCoS keys

Project activity 2 – Quality Factor B Designed to incentivise DCC to identify difficult to migrate devices and provide support to industry	
Minimum score	0
Maximum score	3
DCC self-assessment	3
Department assessment	2.9

Table 8 – ECoS project activity 2 – QFB: Identification of difficult to migrate devices and provide support

Project activity 2 – Quality Factor C Designed to incentivise DCC to minimise number of devices to enter supply chain with TCoS certificates	
Minimum score	0
Maximum score	3
DCC self-assessment	2
Department assessment	1.7

Table 9 – ECoS project activity 2 – QFC: Minimise number of devices to enter supply chain with TCoS certificates

Project activity 2 – Quality Factor D Designed to incentivise DCC to seek carry out effective customer engagement during the ECoS programme	
Minimum score	0
Maximum score	3
DCC self-assessment	2.8
Department assessment	2.0

Table 10 – ECoS project activity 2 – QFD: Carry out effective engagement during the ECoS programme

Project activity 2 – Summary Designed to incentivise DCC to achieve quality factors relating to the performance of the ECoS activities	
Project Activity Performance Factor for PA2	$PAPF2 = 1 - \left(\frac{1.70}{3.00}\right) = 0.45$
Current estimate of margin at risk for PA2	£1.100m
Current estimate of margin impact	£1.100m x 0.45 = £0.522m (loss)

Table 11 – ECoS project activity 2 – Summary of performance

5. PKI-E BMPPA

In RY25/26 the Department introduced a BMPPA scheme for the Smart Metering Key Infrastructure (SMKI) programme, also known as the Public Key Infrastructure – Enduring programme. The PKI-E BMPPA scheme comprises two project activities. Project activity 1 was completed on 27 March 2026. The report associated with Project activity 2 is due to be delivered in September 2026.

Currently, £0.154m is at risk against the entire PKI-E BMPPA scheme, split £0.046m for project activity 1 and £0.108m for project activity 2.

This data will be set out in rows 17 and 18 in worksheet 'P6' in the RIGs Annex 2 RIGs Reporting Template. Row 67 in worksheet '2' will show the final PPA2t values for each year.

6. FSM BMPPA

In RY25/26 the Department introduced a BMPPA scheme for the Future Service Management (FSM) programme. The FSM BMPPA scheme comprises two project activities. Project activity 1 was completed on 18 May 2026. The report associated with Project activity 2 is due to be delivered in November 2026.

Currently, £0.856m is at risk against the entire FSM BMPPA scheme, split £0.257m for project activity 1 and £0.599m for project activity 2.

This data will be set out in rows 17 and 18 in worksheet 'P7' in the RIGs Annex 2 RIGs Reporting Template. Row 77 in worksheet '2' will show the final PPA2t values for each year.

7. Upcoming BMPPA schemes

The Department for Energy Security and Net Zero had confirmed a BMPPA scheme will be set up for the Data Service Provider (DSP) programme. However, on 16 July 2026 the Department advised that it will not proceed with the establishment or implementation of a BMPPA Scheme for the DSP programme.

Appendix A: BMPPA supporting files

#	File	Description	File name / location
1	4G CH&N BMPPA PA1 report	Report submitted to the Department for 4G CH&N PA1	5.Perf_BMPPA_CH&N_PA1_Submission_RY2324.pdf
2	4G CH&N BMPPA PA2 report	Report submitted to the Department for 4G CH&N PA2	5.Perf_BMPPA_CH&N_PA2_Submission_RY2425.pdf
3	4G CH&N BMPPA PA3 letter	Letter submitted to the Department for 4G CH&N PA4	5.Perf_BMPPA_CH&N_PA3_Submission_RY2425.pdf
4	4G CH&N BMPPA PA4 report	Report submitted to the Department for 4G CH&N PA4	5.Perf_BMPPA_CH&N_PA4_Submission_RY2526.pdf
5	ECoS BMPPA report PA1 and PA2	Report submitted to the Department for ECoS PA1 and PA2	5.Perf_BMPPA_ECoS_PA1_PA2_Submission_RY2425.pdf

Table 12 – BMPPA supporting files