

DCC Charging Methodology

Charging Group Weighting Factors
and Efficient Usage of the Network

Version: 1.0
Date: 04/09/2026
Close: 02/10/2026
Author: DCC

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1. Executive summary

1. Following industry consultations in April¹ and December 2024², DCC is consulting on two aspects of implementing revised charging arrangements for energy suppliers and distribution network operators. The consultation explains how the arrangements will operate and proposes simplifications to DCC's charging methodology. This will take effect from Financial Year 2027 / 28 – see Appendix A for the methodology used to derive charging weights.
2. This consultation is seeking views on two elements relating to DCC Charging:
 - The appropriate regularity to reopen Charging Weightings, and
 - Whether DCC should play a more active role in ensuring efficient usage of the network.(e.g. DCC direction to ensure we can meet customer needs of the network while also minimising the impact of traffic).
3. DCC's minded to position is an annual review of Charging Weightings, and an increase in our accountability to manage traffic across the network to ensure efficient access and proportionate usage to minimise cost ultimately borne by the end consumer, however we welcome alternative views. Depending on the outcome of this consultation process, some changes to the SEC may be required to give effect to the options for subsequent periods.
4. This consultation closes at 17:00 on 02 October 2026. Please send your response to DCC at consultations@smartdcc.co.uk.

2. Background and context

2.1. Current charging

5. As part of the first Smart Meter Communication Licence (the 'Licence'), the Department of Energy and Climate Change, now the Department of Energy and Net Zero (DESNZ), set out the DCC's Charging Methodology within Section K of the Smart Energy Code (SEC). This is supported by overarching conditions within the Licence, conditions 18 and 19.
6. Generally charges have historically been borne by Energy Suppliers (94%) and Electricity Distributors (6%).

2.2. Stakeholder Engagement

7. In response to industry debate about the application of this Charging Methodology and in line with DCC's obligation to keep our Charges under review, DCC initiated a Charging Review consultation in 2024.
8. DCC concluded that legacy Charging Weights will be revised, with changes due to take effect from Regulatory Year 2027 / 28. The consultations also sought views on potential charges for Other Users. DCC concluded that Other Users would not be exposed to Charges at this stage. Consequently there will be a re-weighting of DCC cost recovery between Energy Suppliers and the DNOs.
9. Since the conclusion of the previous consultations, the DCC and industry have engaged on the topic of Charging Weights, and related wider Network Usage Best Practice, via workshops run in collaboration with the ENA, through the Quarterly Finance Forum and supported by regular bilateral meetings between DCC and our customers.

¹ <https://www.smartdcc.co.uk/consultations/dcc-summary-of-responses-to-the-dp218-review-of-the-sec-charging-methodology-rfi/>

² <https://www.smartdcc.co.uk/consultations/dcc-summary-of-responses-to-the-consultation-on-the-sec-charging-methodology/>

2.3. Case for change

10. The apportionment of current Charging Weights, and therefore DCC Fixed Charges, reflects a DCC network from over a decade ago where demand is predominantly driven by Energy Suppliers. Combined Supplier role (G1, G2 and G3 combined) represented 79% of traffic in January 2023, with DNOs representing 1%. However, Customer activity has materially evolved over the past three years. By June 2026, the Combined Supplier role fell to 71%, with DNOs rising to 18%.
11. As a result, there is a material divergence between current Charging Weights and the relative usage of the network between Energy Suppliers and DNOs. Correcting this divergence is the core rationale for updating Charging Weights.
12. While the rationale has not changed, there has been a minor revision to the way in which the relative usage of the Charging Groups has been calculated. As noted in Appendix A, DCC had originally discussed with customers using Capacity, but following feedback and further analysis, we have concluded that Volume is a simpler proxy for usage. We reserve the right to revisit that methodology based on how usage evolves in future and its impact on the network.

3. Frequency of Charging Weights updates

3.1. Customer feedback

13. The frequency of changes to DCC charges was a key theme raised during DCC's customer engagement on the Charging Review. Some customers have indicated that they value stability in Charging Weights over a longer period as it simplifies forecasting of DCC costs. This needs to be balanced to ensure DCC charging is sufficiently cost reflective to accurately represent usage by different customer groups.
14. Considering this feedback, DCC is seeking Customer responses on two key areas as it relates to the frequency with which Charging Weights are updated:
 - a) The appropriate frequency for implementing updates to Charging Weights as part of the business-as-usual process, and
 - b) The mechanisms by which changes to Charging Weights may be warranted outside of this business-as-usual process.
15. In addition, we note that there is currently a SEC Modification (MP323³) seeking to introduce Charging Arrangement Notice Periods, which could drive further changes in timelines and process associated with updating future Charging Weights and DCC Charges.

3.2. Options for frequency of updates

16. Consistent with the current SEC requirements, DCC will undertake an annual review of Charging Weights. That obligation has been on DCC for some time and we have elected not to make changes as adoption of the Smart Metering Network was not yet mature enough and out-turn usage of the network was broadly in line with the charging weights as they had been initially set.
17. To support this discussion, DCC has set out three illustrative scenarios for the frequency with which changes to Charging Weights could be implemented:
 - Implement updated Charging Weights annually.
 - Implement updated Charging Weights every three years.

³ [Introduction of DCC Charging Arrangement Notice Periods - Smart Energy Code.](#)

- Implement updated Charging Weights every five years.

18. While DCC have identified these three options, we are open to alternative proposals.
19. The options are fundamentally a trade-off between reflectivity and stability in Charging Weights. More regular updates to Charging Weights allows for changed Customer behaviour to more immediately flow through to the Charging Weights and subsequent Charges. On the other hand, a longer period between updates to Charging Weights provides greater stability and predictability in Charging Weights and subsequent Charges, potentially benefitting longer-term planning.
20. DCC's key priority is ensuring that cost reflectivity is maintained going forward as closely as possible. Consequently, our minded to position is to have annual updates to the charging weighting so that users can more rapidly realise the benefits of adopting best practice. However, we welcome feedback from our customers on any unintended consequences of that update frequency on their businesses.

3.3. Review mechanisms

21. For any option that implements changes to Charging Weights less frequently than on an annual basis, DCC deems that there must be some mechanism to act as a trigger to amend Charging Weights outside of the established frequency for change. This is to avoid any material changes in network usage becoming too divergent from charging and not aligning to cost reflectivity as required under the SEC.
22. The trigger mechanism could be based on a percentage point threshold of DCC network use. For example, if the proportion of SRVs driven across the network by DNOs decreased by 10%, that would represent a material change in usage and would trigger a review. There may also be a need to consider whether it ought to include other non-volume related triggers like a major SEC change, or the implementation of major changes like the Smart Meter Energy Data Repository, or significant changes in Smart Meter functionality use cases.
23. However, any mechanism and trigger must be clearly defined. The DCC therefore seeks Customer views on both the appropriateness of such a mechanism, the definition of a threshold for action, and what the triggered action should be. If our customers support a review mechanism, DCC will need to develop proposals and hold further discussions with customers, SEC Panel and its sub-committees before progressing with potential options. DCC will engage further with customers on the specifics of what triggers may need to be implemented depending on the outcome of this consultation. DCC will not create triggers solely on the basis of this consultation but will use the comments to inform our next steps.

3.4. Charging weights questions

24. DCC is seeking feedback on the consultation questions noted in Table as it relates to updates to the Charging Weights.

Table 1 - Consultation Questions - Updates to Charging Weights

Question Number	Question
1	What is the most appropriate frequency with which the DCC should implement changes to Charging Weights as part of a business-as-usual process? Please provide a rationale for your response.
2	If changes to Charging Weights were to be implemented on anything other than an annual basis, do you agree with the need for a review mechanism to manage any material swings in volumes between parties?

Please be specific and provide a rationale within your response.

3

Are there trigger events other than changes in volumes which DCC should consider in determining whether to reopen the Charging Weights?

4. Using best practice to optimise the network

25. In order to maximise value for money for the DCC service, we need to ensure that messages driven onto the network are done so in the most efficient way possible to achieve the desired outcome of the user. This ensures DCC can minimise the capacity required from the service to meet our customers' needs. If suboptimal usage of the network drives unnecessary costs and wider service impacts - which are then socialised across all customers - it is DCC's view that this would represent a suboptimal use of the network.
26. DCC has published a Network Usage Best Practice Guide⁴, available on both the DCC and SEC websites, which provides guidance on how our customers can achieve operational objectives while minimising avoidable network traffic and consequently unnecessary costs. Generally best practice involves using daily scheduled reads rather than on demand or weekly or monthly SRVs as it minimises the failure rate and allows DCC to manage peaks and troughs in the traffic to ensure capacity is appropriately scaled. Additionally avoiding overlaps in read periods, for instance requesting two monthly data reads with overlapping data would be a suboptimal usage of the network as it pulls the same data multiple times.
27. DCC is seeking views on whether additional arrangements may be appropriate to ensure alignment with agreed best practice and that usage of the network is optimised for all participants. Such a process will encourage efficient use of the shared service capacity, support management of temporary capacity constraints and periods of exceptional demand growth and protect service outcomes for all customer while preserving legitimate business and consumer objectives.

4.1. Best practice questions

28. DCC is seeking feedback on the consultation questions noted in Table 2 as it relates to updates to Best Practice.

Table 2 - Consultation Questions – Best Practice

Question Number	Question
4	Do you have any feedback on the Guide, including anything additional that should be included?
5	Should DCC play a more active role in managing efficient and optimised usage of the network?
6	Are there options you think DCC should consider in relation to ensuring efficient usage of the network (eg best practice being added to the SEC)?

29. If our customers support DCC playing a more active role in managing efficient and optimised usage of the network, DCC will need to develop proposals and appropriate safeguards which balance reasonable and legitimate use cases with responsibility for maintaining a value for money network for everyone. DCC will need to have further discussions with customers, SEC Panel and its sub-

⁴ [Network Usage Best Practice Guide](#)

committees before progressing with potential options. This consultation does not propose any enforcement powers but is seeking views on whether additional governance arrangements ought to be explored.

5. Next steps and how to respond

30. Following the closure of this consultation, DCC will assess respondents' views and will publish a document confirming what we propose to do next based on responses to the questions that we have set out. DCC will consider whether raising a modification to the SEC would be required to fully implement our consultation conclusions.
31. If a Modification is required to the Charging Methodology, DCC would not propose to implement prior to RY 2027 / 28, to avoid any uncertainty in relation to this next charging period. Instead, subject to approval through the SEC Modification process, we would seek to conclude in advance of the subsequent charging period.
32. DCC will publish the final RY2027/28 Charging Weights to Customers in October 2026, ahead of their application from April 2027. This reflects the previous engagement undertaken during this review.
33. Please provide responses by 17:00 on 02 October 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 for Energy Security and Net Zero (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

6. Appendix A – Volumetric Charging Weights

6.1. Why Volume

36. In developing revised Charging Weights, the DCC considered both message volume and capacity as potential measures of demand. DCC has decided to adopt a volume-based methodology for calculating Charging Group Weights for Financial Year 2027 / 28. DCC made this decision to maximise transparency and minimise complexity. Customers raised specific concerns around the reliance on message-size estimation and associated sampling approaches, which DCC agreed did not necessarily achieve a more cost reflective outcome, while adding significant levels of complexity.
37. Given the additional assumptions required to estimate capacity and noting that capacity does not always present a more cost-reflective allocator of Fixed Charges than volume, DCC concluded that message volume – not capacity – is a more transparent, observable and proportionate proxy for usage.
38. DCC recognises that neither volume nor capacity provides a perfect representation of the diverse range of costs recovered through Fixed Charges, and that future developments may justify further refinement of the methodology. We therefore reserve the right to revisit that methodology based on how usage evolves in future and its impact on the DCC network.

6.2. Use of DCC Quarterly SRV Demand Forecast

39. DCC produces a Quarterly SRV Demand Forecast as a business-as-usual practice to inform operation of the DCC network. The DCC will be using this established Quarterly SRV Demand Forecast as a basis for SRV volumes used in the calculation of revised Charging Weights.
40. The forecast that will be used to inform the final Charging Weights is the Q3 2026 Quarterly Demand forecast. Assumptions informing this forecast were discussed with customers in May-June 2026, and the resulting forecast SRV volumes communicated to customers in the August 2026 Operations Group (OPSG) meeting.

6.3. Regulatory Years in scope

41. Four Regulatory Years (RYs) are used in calculation of Charging Weights. These are RY 24/25, 25/26, 26/27, and 27/28. RYs 24/25 and 25/26 report actual SRV volumes via the service audit trail provided from the Data Service Provider (DSP) – this is known as the ‘actuals’ period. RYs 26/27 and 27/28 are forecasts of future SRV demand volume – this is known as the ‘forecast’ period.
42. The RYs in scope, both actuals and forecast, will roll forward every year once a new complete RY of actuals data is available. This aligns with the Q2 production of the SRV Demand Forecast each year. This RY rollover is required to remain consistent with Smart Energy Code (SEC) requirements to use the latest two years of actual and forecast data in the calculation of Charging Weights.
43. This is defined in the SEC and does not represent a change in the established process.

6.4. Attributing SRV volume to Charging Groups

44. The current Quarterly SRV Demand Forecast process produces a mid-long term SRV volume forecast. Volumes are split by various dimension flags, such as User code, SRV code, and Mode of Operation code (MoO), and Communications Service Provider code (CSP).
45. The User codes in the Quarterly SRV Demand Forecast include some groups of customers who are not in scope of DCC Fixed Charges, and uses some customer grouping that are in scope of DCC Fixed Charges but do not directly map to established Charging Groups. Table 3 below breaks down what User codes are in scope of DCC Fixed Charges.

Table 3 – User codes in scope of Fixed Charges

User code	Charging Group	In scope of Fixed Charges?
Combined Supplier (CS)	N/A	No
Electricity Import Supplier (EIS)	G1	Yes
Electricity Export Supplier (EES)	G2	Yes
Gas Import Supplier (GIS)	G3	Yes
Electricity Distributors	G4	Yes
<i>No user role (Gas Transporters)</i>	G5	Yes
Other Users (OU)	N/A	No
Data Communications Company (DCC)	N/A	No
Meter Data Retriever (MDR)	N/A	No

46. The volume of Users outside of the scope of DCC Fixed Charges (OU, DCC, MDR) are excluded from the calculations of Charging Weights.

6.5. Treatment of Combined Supplier code

47. Often Users use a Single User ID when acting in one or more User Roles, this is categorised as Combined Supplier (CS) role within DCC's datasets.
48. The Combined Supplier role is not a direct Charging Group yet constitutes most of the volume in the Q3 2026 SRV demand forecast. This volume is therefore distributed amongst Electricity Import Supplier (EIS), Gas Import Supplier (GIS) and Electricity Export Supplier (EES) codes.
49. The attribution of CS volume to the relevant Charging Groups is only possible on the actuals data which has the additional data flags used for this attribution. To attribute forecast CS volumes to the relevant codes, the share of CS forecast volume that should be allocated to each code group is calculated on the actuals data then applied to forecast CS volume data. The share of actuals CS volume by different codes, to be applied to forecast CS volumes, is calculated for each combination of dimension noted above – SRV code, MoO code, and CSP code.

Table 4 – Actuals attribution of CS to other user roles (illustrative)

Actuals					
User role	SRV	MoO	CSP	Volume	Share
CS	4.8.1	16	ARQ	100	100%
<i>Share of CS actuals calculated as per Table X</i>					
EIS (CS share only)	4.8.1	16	ARQ	60	60%
EES (CS share only)	4.8.1	16	ARQ	10	10%
GIS (CS share only)	4.8.1	16	ARQ	30	30%

50. Some messages sent from a CS code cannot be robustly attributed to a responsible Charging Group. For example, if a message is sent from a CS code to a Communications Hub. This unattributable CS volumes constitutes a small proportion of overall volume, ~1% over the four RYs in scope as per the Q3 2026 Quarterly SRV Demand Forecast.

6.6. Averaging of actuals and forecast SRV volumes

51. A percentage share of SRV Demand volume for each code is calculated for actuals period and forecast periods separately. A simple average is then taken of these two values to arrive at the final Charging Weights per code.
52. Under the assumption of continued growth in the DCC network, this approach of an equally weighted average of actuals and forecast volume share by role places a higher weight on actuals data compared to an alternative methodology of a volume weighted share where the share of volume by code is calculated once over the entire four RY period in scope. This is an intentional methodological choice to give greater weight to actuals data given forecasts are inherently uncertain.