

Business Handover Plan

Consultation the DCC
Business Handover Plan
(Version 16)

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Contact: consultations@smartdcc.co.uk

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Table of Contents

1. Background and context.....	3
1.1. Background	3
1.2. Business Handover Plan (BHP).....	3
1.3. Purpose of this consultation	4
2. Purpose and scope of the Business Handover Plan	5
2.1. Licence requirements	5
3. Summary of first consultation responses and changes.....	6
3.1. Key commitments and mobilisation	6
3.2. Stakeholder engagement	6
3.3. External Service Provider Contracts	7
3.4. Handover management and governance	8
3.5. Programme and readiness	9
3.6. Support to Licence Appointment Process	10
4. Further review and changes to the BHP	12
4.1. Employee transfer, Capita separation and overall timeline	12
4.2. Other changes	13
4.2.1. Budgets for handover, Ex-Ante submission and Price Control.....	13
4.2.2. Governance.....	14
4.2.3. Dispute Resolution.....	15
4.2.4. Other clarifications	15
5. How to respond	16
6. Next steps	16
7. Attachments	16

1. Background and context

1.1. Background

1. Smart DCC Limited (DCC) is a wholly owned subsidiary of Capita Business Services Limited and was granted the Smart Meter Communication Licence (the Licence) by the Department of Energy and Climate Change (DECC)¹ on 23 September 2013. DCC operates under the conditions of its Licence and is regulated by Ofgem.
2. DCC provides the shared smart metering communications infrastructure that allows energy suppliers, network operators and other authorised users to communicate with smart meters. These activities are collectively defined under the Licence as the “Authorised Business” of DCC.
3. DCC’s initial term as Licensee was due to expire on 22 September 2025, but on 20 September 2024 Ofgem notified its decision to extend the Licence for an additional term of 24 months until 22 September 2027².
4. Ofgem has indicated its intention to undertake a competitive process to appoint a new Licensee (‘the Successor Licensee’). A new Licence will be granted and there will be a period of mobilisation and handover between DCC and the Successor Licensee where the two licences are running in parallel (although only one Licensee will be responsible for the Authorised Business at any one time).
5. The appointment of the Successor Licensee is expected to be confirmed in Q1 2026 and we expect the commencement of the handover period will be no later than the beginning of Quarter 2 2026³. Ofgem has also indicated that the transfer of the Authorised Business to the Successor Licensee will occur in Quarter 4 2026. The latest Business Handover Plan has been drafted on the basis that these three key dates remain constant.

1.2. Business Handover Plan (BHP)

6. Condition 43 of the Licence sets out provisions governing the arrangements for the handover of the Authorised Business. This includes an obligation on DCC to prepare a Business Handover Plan (BHP), seek stakeholder views on it and then submit it to Ofgem for approval.
7. The BHP is the critical foundation for: DCC’s handover programme planning; business readiness preparations; input to the Ofgem Licence tender process; and provision of clarity, confidence and assurance to industry stakeholders. The primary objectives are:
 - To set out the DCC’s methodology for achieving an orderly and successful handover of the Authorised Business on the expiry or revocation of the Licence
 - To provide a viable transition and exit approach that will be the basis of detailed transition and exit planning upon the commencement of a Handover Period
 - To demonstrate to Ofgem and DCC stakeholders that the DCC’s method to transition and exit from the Licence will not impact business operations during business handover.
8. DCC first consulted industry on the BHP (version 12) in December 2023⁴. The consultation closed on Friday 12 January 2024 and a summary of those responses along with DCC’s response is in section 3 of this document.

¹ Predecessor of the Department for Energy Security and Net Zero (DESNZ)

² [Decision on the continuation of the Smart Meter Communication Licence and the rate of Shared Service Charge and Baseline Margin | Ofgem](#)

³ Calendar Year

⁴ [Business Handover Plan | Smart DCC](#)

9. Following the consultation and review of responses, DCC provided an updated version of the BHP (v13) to Ofgem in April 2024 for its approval. DCC has been further working with Ofgem to review and update the BHP. Further information on the subsequent changes following this review and consultation is provided in section 4 of this document.

1.3. Purpose of this consultation

10. We have updated the BHP following the feedback received and further clarifications from Ofgem and we are now seeking views on the updated BHP attached (version 16). This consultation document:
 - Provides information on key feedback, updates and considerations that have informed the changes to the BHP we consulted on last year, including the need to maintain some flexibility in the overall approach and plan as, for example, the detail of any Successor Licensee's legal structure and delivery model will not be known until the Licence competition process is underway or complete
 - Summarises and signposts key elements of the BHP and seeks your views on whether these changes are comprehensive and adequately address the key requirements and risks to ensure there will be an orderly business handover process.
11. This consultation will close at 17:00 on Friday 4 April 2025. Following this, DCC will provide a conclusions report and updated BHP to Ofgem for formal approval. We will publish this conclusions document and updated BHP on the DCC website.

2. Purpose and scope of the Business Handover Plan

2.1. Licence requirements

12. Condition 43 of the Licence imposes duties on DCC that are designed to ensure that the Authorised Business will be transferred without disruption and in an orderly manner to a Successor Licensee in the event of the revocation or expiry of the Licence.
13. The Licence stipulates that the Business Handover Plan must contain commitments, objectives, or other suitable provision for or in connection with the following mandatory matters:
 - Securing the continuity of External Service Provider Contracts
 - Allocation to the Successor Licensee of the whole of the Licensee's interest under the Smart Energy Code (SEC)
 - Payment by the Licensee to the Successor Licensee, or vice versa, to fairly reflect the accrued under-recovery or over-recovery of Allowed Revenue as at the Transfer Date
 - The ability for the Licensee to be represented in any dispute arising as between the Successor Licensee and an External Service Provider, a SEC Party, a REC Party or any other person that might reasonably be expected to affect the determination of the amount of any under-recovery or over-recovery of Allowed Revenue
 - Transfer of relevant intellectual property rights to the Successor Licensee.
14. The Licence states that the BHP may also address the following where appropriate:
 - Commitment to co-operate with the Authority and the Successor Licensee to secure the continuity and orderly handover of control of the Authorised Business, supplies or services in connection with the business and effective operation of any asset in connection with it
 - The handover timetable, process and procedures, critical controls, and contingency and risk management plans
 - The transitional arrangements and assistance services that DCC will provide to facilitate the handover
 - The availability of appropriately skilled, qualified, and experienced members of DCC staff to support handover and knowledge transfer
 - The treatment by DCC of all records, systems, documents, software, databases, information, and data held by it in connection with the Authorised Business
 - The application or other appropriate treatment of any sums that are directed by the Authority to be released to the Licensee from such Financial Security Instrument as is in place under Part B of Condition 26 (Financial stability and financial security)
 - The ability of either or both of the Licensee and Successor Licensee to propose modifications of the Business Handover Plan, and the Licensee's duty to make such (if any) of those modifications as the Authority may require it to make following consideration of the matter.

3. Summary of first consultation responses and changes

15. This section provides a summary of the updates we have made to the BHP as a result of the consultation responses we received in January 2024. We intend to provide a full analysis of the responses received to both consultations in the conclusions document we will submit to Ofgem and publish on the DCC Website following this consultation.
16. DCC is fully committed to ensure a smooth and effective handover to the Successor Licensee and fully recognises the value that industry input provides. Our updated BHP seeks to provide the balance of a regulated document required by the Licence whilst ensuring that there are opportunities to gain input and validation from industry of our approach.

3.1. Key commitments and mobilisation

17. The first consultation set out the overall requirements and context within which the BHP is being developed, and DCC sought views on overall factors that should be taken into consideration in developing the detailed handover approach and plans. We also sought stakeholders' views on the correct point at which to mobilise the handover delivery programme activities.
18. Respondents provided some suggestions to expand and strengthen the overarching commitments. DCC notes the proposed areas identified in the responses are consistent with the overall intent of the BHP and agree that it is appropriate to fully reflect that intent in the overarching commitments. We have therefore provided more detail in the BHP in relation to:
 - Compliance with Legal Obligations
 - Security of DCC1's End-to-End Service
 - Cost efficiency of transition
 - Industry stakeholder engagement
 - Commitment to review and update the BHP
 - Steps to facilitate smooth operation by the Successor
19. Respondents recognised that there is potential benefit in commencing handover early on a carefully targeted basis and maintaining ongoing preparations for the handover to ensure that the BHP is progressed efficiently and effectively throughout the handover period.
20. DCC has added further detail into the BHP to reflect activities that would be progressed in advance of Licence Award (e.g. mobilising and delivering Licence tender process support), together with improving visibility of BHP progress and preparation either through the changes to the Board during the interim period or through early establishment of the Joint Handover Steering Group (JHSG) and provision of regular information to the SEC Panel and other industry forums as appropriate.

3.2. Stakeholder engagement

21. DCC received responses to several consultation questions in relation to stakeholder engagement. Respondents overall recognised the complexities and uncertainties that limit how much detail can be included in the BHP and there was recognition of the necessity to maintain a degree of flexibility and for critical additional detail to be developed at later stages. However, some respondents noted that, as a result, they could not yet be fully confident in the BHP and, whilst it had moved the thinking forward, it could not yet be regarded as complete, with significant work and detail required to develop a "final" plan for handover delivery in practice.
22. Several respondents strongly emphasised the need for ongoing transparency and engagement with stakeholders on more detailed elements and subsidiary documents as they develop. DCC

notes that whilst there are a number of dependencies and decisions required which will inform the development of the subsidiary documents, there are some areas where more detail can be provided more quickly. For example, DCC will prioritise the development of BHP subsidiary documents that focus on establishing the handover governance arrangements; elements required to mobilise and deliver tender support to Ofgem; and further development of the stakeholder communications and engagement approach to ensure ongoing transparency.

23. DCC also specifically sought views on the key stakeholder groups in relation to business handover and the principles of the handover communications and engagement approach. Respondents broadly agreed with the stakeholder groups identified and some respondents suggested that the stakeholder list should be expanded to also include consumer stakeholder representative organisations, Alternative Home Area Network Company (Alt HAN Co) and potential Successor Licensees (until Licence award).
24. DCC fully recognises the value that industry input will provide on the BHP Subsidiary Documents and recognise the desire for transparency. This will also need to be balanced with the fact that some stakeholders may be bidding for the licence so we would need to ensure that a level playing field is maintained. The intention will be to engage stakeholders through relevant forums regarding any content which would impact DCC Users or services delivered to Energy Consumers when creating the BHP Subsidiary Documents. This would include inviting written responses to the documents as appropriate.
25. We have updated the BHP to:
 - include strengthened commitments in relation to stakeholder engagement on the BHP Subsidiary Documents
 - amend the stakeholder list to reflect the additional stakeholders identified by the consultation respondents
 - strengthen the provisions around stakeholder engagement to reflect the requirement for engagement and communication with consumer bodies
 - add further detail relating to the stakeholder engagement strategy and plan to reflect that this will be a priority item to develop at the start of the handover period to ensure early visibility and communication of handover plans
 - incorporated consumer and operational impact into the risk categories.

3.3. External Service Provider Contracts

26. DCC sought views on the proposed approach to External Service Provider contracts during the Handover Period. It was proposed that the DCC shall continue to take decisions and progress all activities during the Handover Period that are critical to the continuity of the Authorised Business and compliance with Licence obligations.
27. Some respondents provided suggestions in relation to enhanced transparency or independent oversight and scrutiny of commercial activity by industry during the period preceding handover. Two respondents also suggested that the Successor Licensee should have a level of involvement in decisions relating to contract procurement or commercial change during the handover period.
28. DCC notes that these suggestions need to be considered in the context of DCC1 continuing to be the Licence holder until the handover date, and the need to ensure DCC1's ability to meet its Licence obligations (including those in relation to protecting commercially sensitive information). As such it is not considered appropriate for the Successor Licensee to have a right of approval over commercial and procurement decisions until it has taken on the Licence responsibilities. The BHP provides for relevant contract/commercial information provision to the Successor Licensee, and we would also expect this to be covered as part of the data room and due diligence during the Licence tender exercise.

29. **We have strengthened the provisions in the BHP to include the following:**

- Information on contract renewals and re-procurements throughout the handover period will be provided to the relevant industry forums and the JHSG to ensure transparency of significant procurement decisions during the transition period
- DCC to review options to mitigate the risk of significant commercial change during the critical handover period
- Make it clear that relevant data with regards to the External Service Provider Contracts would be made available in the data room as part of the procurement. DCC would need to ensure commercially sensitive contractual information is protected. Relevant confidentiality obligations would also be covered as part of the procurement disclosure of information process.

3.4. Handover management and governance

30. **DCC also sought views on the approach for:**

- How in-flight programmes will be handed over including the continuation of progressing all approved change programmes and projects up until the point of handover and a commitment to provide the progress status of such activities and key information to the Successor Licensee
- Risk and issue management throughout all phases of the handover and will be managed using the standard DCC risk governance framework and mitigation progress shall be shared with the DCC Board as appropriate, and oversight provided to the Joint Handover Steering Group (JHSG)
- Handover governance structure comprising representatives from both the outgoing and incoming Licensees to oversee the handover process and ensure that decisions are made collectively and in the best interest of the business and stakeholders.

31. **Respondents provided feedback emphasising the need for transparency on in-flight programmes, risks and progress throughout the procurement and handover period with information provided to the relevant industry forums and the JHSG. Some respondents suggested that the Successor Licensee and the SEC Panel has a right of approval over programmes and consideration of a short “change freeze”.**

32. **Several responses highlighted an appetite to have visibility of the full risk register and sought further engagement and on the detail of the risks, noting that the DCC has not confirmed how updates or significant changes to the risk areas will be shared with industry stakeholders or DCC Users once the programme mobilises. One respondent proposed that the operational risk register should be consulted upon, updated and approved by SEC Panel prior to the selection process commencing.**

33. **DCC understands stakeholder comments on risk and we consider that the operational risk register related to handover is a matter DCC is responsible for approving with stakeholder input. We therefore do not support SEC Panel having an approval role but agree that we should ensure SEC Panel receive regular updates and that we seek views on handover which will include detail on risks.**

34. **We have therefore updated the BHP to make it clearer that the JHSG will have a key role in engagement with stakeholders once established and that SEC Panel will be invited to input into specific items such as readiness criteria as appropriate. DCC will also provide to the SEC Panel information updates on handover which will include details of key risks on a quarterly basis and there will be full transparency on in-flight programmes throughout the handover period with information provided to the relevant industry forums, Successor Licensee and the JHSG.**

35. **The BHP has also been strengthened to reflect the following:**

- Role of the JHSG relating to risk and issue management and communication and engagement of stakeholders should the risk profile of the BHP increase e.g. inviting members of the SEC Panel to participate in relevant agenda items as appropriate
 - Providing appropriate sight of operational risks through the procurement process to ensure that the Successor Licensee can put in place relevant mitigations
 - DCC will provide related knowledge transfer as appropriate to enable a smooth transition of all programmes and projects to the Successor Licensee
 - Strengthening language relating to staff attrition and the approach for mitigation
 - Incorporating principles relating to ensuring protection of energy consumers in approach to mitigating risk
 - Providing improved visibility of the BHP progress and preparation to the SEC panel and to include a commitment to engage with the SEC panel on a quarterly basis.
36. The BHP has also been updated to clarify that JHSG could commission targeted independent reviews as appropriate and be established and provide appropriate oversight during the tender process.

3.5. Programme and readiness

37. DCC sought views on the overall scope and activities of the work packages that will be delivered under the BHP and whether it is appropriate to ensure that there is effective monitoring and assessment of the readiness to complete handover.
38. There was general support for the overall scope and definition of the work packages set out in the BHP with some respondents suggested additions, including:
- **Ethical wall ownership** – addition of responsibilities and activities to establish and enforce ethical walls (given DCC’s key role and access to sensitive information) and make provision for independent scrutiny (e.g. audit assurance)
 - **Dispute management** – addition of tasks of “dispute tracking”, “dispute resolution” or “dispute escalation”. This was viewed as important given the limited timeframe for transition activities to be concluded, and the potential complexities associated with transferring services from DCC1 to DCC2. Efficient management and resolution of disputes between DCC1, DCC2, and other parties will be critical to the delivery of the transition in the available time
 - **User access monitoring** – addition of responsibility for user access monitoring across DCC1 and DCC2 operational teams during the complex transition and change period. The respondent considered that the handover period potentially increases key risks such as third-party malicious attack, disgruntled employee activity, or misconfiguration of components and that this was therefore critical
 - **Security assurance** – it was suggested that the security work package could be strengthened to include tasks relating to engagement with relevant industry bodies (e.g. SEC Security Sub-Committee) or external stakeholders (e.g. NCSC) during the design, mobilisation, and delivery of transition activities. It was also suggested that the work package be updated to include “Preparation and collation of evidence for subsequent DCC Competent Independent Organisation (DCC CIO) assessments required by industry codes (e.g. SEC).”
 - **Staff retention** – one respondent considered that the transition period could conceivably increase existing, or introduce new, DCC staff retention risks and this could impact the delivery of services to DCC Users. It was suggested that the relevant work package should include the development and independent assurance of staff retention measures ahead of their application to critical DCC employees.

39. Overall, there was general support from respondents relating to the readiness monitoring approach. Respondents suggested that there needed to be a clear process to set out how the decision on readiness to move the Authorised Business from one Licensee to another is made and that this could be the role of an independent third party. It was suggested that Go / No-go criteria could be established to assess readiness, and that SEC Parties should be consulted around such criteria including SEC Sub-Committees expertise and assurance on specific areas such as Security and Operations.
40. Some respondents also suggested that the role of an independent third party should be considered to assess readiness and potentially put in place an independent framework with final approval from Ofgem and the SEC Panel.
41. DCC welcomes the additional points raised by the respondents and we have updated the BHP to include more detail. In relation to ethical walls, we've made changes to make it clear that information handling and levels of disclosure of information during the tender process is a priority item to be developed as part of the tender support arrangements. There are several provisions in place which include:
- Appointment of external competition lawyer / legal support providing guidance on this matter
 - Enhanced role for the ICO - assuring processes and systems for managing Capita relationship during licence renewal and then auditing performance against them
 - Capita Directors and Chair recused from Board discussions around licence renewal, with a Sub Committee of the Board established if needed to oversee Licence Renewal and handover activities)
 - Briefing / training refresh on Chapter 3
 - Licence renewal team being a separate team located in a secure area.
42. We also note the suggestion for independent assurance relating to staff retention is covered in section 3.4 of this document where independent assurance relating to the overall programme is addressed. We have strengthened the BHP language to clarify that the JHSG could commission targeted independent reviews/assurance as appropriate, and this could include assurance of readiness activity.
43. With regards to the suggestions from respondents as to readiness criteria, DCC recognised that the suggestion to use the existing operational forums that assess readiness from a BAU perspective would add value to the process by supporting the development of the readiness criteria using their relevant expertise. We have therefore updated the BHP accordingly.

3.6. Support to Licence Appointment Process

44. DCC sought views on whether the proposed support outlined in the BHP that DCC shall provide to the Authority in respect of the competitive Licence application process for a Successor Licensee is appropriate, including the provision of relevant information and data to inform the tender process, and access to DCC people and materials to inform and transfer knowledge to the selected Licence applicant.
45. There was general support from the respondents relating to the proposed tender support approach. Some parties reinforced the fact that full information disclosure would improve bidder responses and suggested that information provided in the data room needed to include the operational risk register and relevant External Service Provider contract information. It was suggested that Ofgem and DCC should work together to ensure that all information required for potential bidders to be able to assess the costs and risks of delivering the licence is made available in the data room.

46. DCC welcomes the feedback on the tender support approach. With regards to the comments regarding full information disclosure, the information required for bidders will be developed as a priority as part of preparation for tender support, including specification of requirements for a virtual data room. We would expect the specific information required and level of disclosure will be informed by the detail of the tender process to be defined by Ofgem, as well as any specific confidentiality requirements relevant to the information. We have updated the language within the BHP to reflect this.

4. Further review and changes to the BHP

47. Following the consultation and review of responses, DCC provided an updated version of the BHP (v13) to Ofgem in April 2024 for its approval. Ofgem provided feedback and recommendations in a BHP assurance report on 1 May 2024 following an assurance review by Moorhouse on behalf of Ofgem. DCC submitted a second revised version of the BHP (v14), including subsidiary documents, to Ofgem on 16 May 2024.
48. Ofgem issued DCC a letter in respect to the BHP on 18 October 2024 and set out its minded to position not to approve the BHP (v14) in its current form requesting some key changes to the overall business handover approach. DCC updated the BHP (v15) and re-submitted to Ofgem in December. Ofgem sent a further letter on 30 January requesting some amendments which DCC has made and all changes are incorporated into BHP (v16). The three key changes reflected in BHP (v16) are:
 - Capita will 'Transfer of Undertakings (Protection of Employment)' (TUPE) staff from Capita Business Services into Smart DCC. This will be concluded prior to Licence Award
 - The Successor Licensee may or may not have the ability to provide corporate services – the DCC should plan on the basis that they do, but develop mitigation plans in case they do not
 - Complete the business transfer by the end of 2026 at the latest. If the successor licensee is unable to provide corporate services and the DCC is only informed of this at the point of licence award, then this date will not be achievable.
49. DCC has updated the BHP to reflect this revised approach. Noting the materiality of these changes, DCC committed to further consult on the updated BHP (v16) with industry. This section seeks views on all the proposed changes which are provided as tracked changes in 'attachment 1' to this document.

4.1. Employee transfer, Capita separation and overall timeline

50. In the previous version of the BHP (v12) shared with industry, DCC set out that any HR transfer will be managed via its own work package and will commence during the Handover Mobilisation Phase¹. The updated version of the BHP (v16) sets out DCC's proposed intention to transfer the employees from Capita Business Services Ltd to Smart DCC Ltd prior to Licence Award. The exact date to be agreed with Ofgem. Subsequently, DCC will ensure in-scope employees transfer to the Successor Licensee at the point of transfer of Authorised Business.
51. We have added further information to Section 9.9 of the BHP in relation to employee transfer, noting that the transfer will be a two staged approach and is subject to the application of TUPE regulations.
52. Capita currently provides DCC with Corporate Service, including HR Systems, IT systems, payroll, Accounts Payable and a bespoke billing system. In the previous version of the BHP (BHP v12) shared with industry, the intention was that the separation activity for these services would commence at Licence Award and the services would be transitioned to the Successor Licensee - the assumption being that the Successor Licensee would be able to provide these services and it would be a straightforward data transfer.
53. However, to mitigate the risk of the Successor Licensee not being able to provide these services, the DCC will need to understand requirements and start the procurement process for replacement services before licence award if it is to meet the business handover date of November 2026. No contracts would be signed until the Successor Licensee is appointed, so there is no risk of committing to services that are not required.

¹ BHP v12 stated that the Handover Mobilisation phase will commence once the Licence is awarded.

54. We recognise that by adopting this approach there is a risk of nugatory spend on requirements gathering and the running of procurement processes if the Successor Licensee has these services in place at the time of business handover. We have therefore incorporated checkpoints to coincide with Ofgem's Successor Licensee appointment process milestones and decisions. For example, we anticipate that the first checkpoint would occur after Ofgem have performed the qualification stage of their procurement appointment process. At this point, Ofgem should have information on whether they have qualified, capable and suitable participants to proceed with their tender, as well as being able to provide DCC with more specific insights on the potential capabilities of the participants to deliver the corporate services. We will work with the Ofgem team on what information would be most helpful to elicit from participants and this first checkpoint will enable the DCC procurement process to be refined as required to deliver value for money in light of new information; subsequent checkpoints would allow further refinement as further information becomes available.
55. Even if the DCC starts requirements gathering in Q1 2025, due to the procurement and transition timelines some of the corporate services will need to be delivered via a Transitional Services Agreement with Capita post November 2026 for a period of time with the longest requirement being for the billing system. We have added further information to Section 9.6 of the BHP to reflect these changes.

Q1	Do you agree with our approach as to how we are proceeding with in relation to mitigating the risk of the Successor Licensee not having the corporate services and still maintaining the timeline of November 2026? Are there any other ways that we could do this? Please provide your rationale.
Q2	In relation to the approach of mitigating the risk of the Successor Licensee not having the corporate services are there any other ways that nugatory spend can be avoided other than the checkpoints that have been proposed? Please provide your rationale.
Q3	Are there other concerns or considerations that you wish to highlight in relation to the anticipated timeline for the potential Capita separation and employee transfer? Please indicate any areas and provide your rationale.

4.2. Other changes

4.2.1. Budgets for handover, Ex-Ante submission and Price Control

56. DCC is currently subject to an ex-post price control framework, however, as part of Ofgem's review of the DCC's regulatory arrangements it has been confirmed that DCC will transition to an ex-ante cost control regime to be implemented under the Successor Licence. This means that DCC's cost allowance shall be agreed beforehand based on a review of a business plan submitted by DCC. Ofgem has recently published its consultation on its proposals on the design of the ex-ante cost control regime¹.
57. Due to the anticipated date of handover to the Successor Licensee (November/December 2026), there will be an 8-month period for DCC1 to complete the final ex-post price control which is a shorter period than previous regulatory years.

¹ https://www.ofgem.gov.uk/sites/default/files/2024-12/DCC_Review_Phase_2_Process_for_determination_of_Allowed_Revenue_consultation.pdf

58. Following the first consultations with industry and Ofgem on the BHP, we have further reviewed the information provided in relation to financial forecasting, price control and ex-ante. We have amended the BHP to clarify:
- How budgetary estimates will be included in DCC annual forecasts and charging statement submissions
 - There will be a finance subsidiary document which will set out DCC's approach to agreeing additional costs and charging arrangements to handover activity
 - DCC will submit an ex-ante business plan in accordance with the timeline set by Ofgem
 - The key considerations for putting together the final ex-post price control plan which will need to be submitted by DCC1 in line with its existing Licence obligations. DCC1 will need access to systems and people (who will have transferred to DCC2) to enable them to submit the final price control. We are presently working on reviewing how this will work with the likely need to incorporate some requirements in the new licence for DCC2's support in this activity.

4.2.2. Governance

59. In the previous version of the BHP (v12) DCC set out the governance approach including the roles of various handover governance bodies. This includes the Joint Handover Steering Group (JHSG) which shall was to be established during the Handover Mobilisation phase and will provide strategic oversight of the Handover Programme.
60. We have included the JHSG Terms of Reference as part of this consultation and welcome any feedback from stakeholders on the Terms of Reference.
61. While supporting the establishment of the JHSG, Ofgem asked DCC to revisit the arrangements for chairing the group. Noting the feedback received from respondents in the initial industry consultations, as set out in section 3 of this document, Ofgem proposed that the JHSG should be independently chaired and that DCC should appoint and incur the cost of an independent assurance expert to carry out this role. Ofgem has also asked that we establish this group as soon as possible rather than waiting for the formal start of the handover period.
62. We fully recognise the importance of stakeholders having confidence in the governance of the Handover Programme including DCC's support for the competitive tender process to be run by Ofgem, and activities related to the separation of corporate services from Capita and the handover of the business to the Successor Licensee.
63. To enhance stakeholder confidence, we agree with Ofgem's proposal that the JHSG be independently chaired. We would like to seek views from stakeholders on whether independent 3rd party assurance as well as an independent Chair is necessary. We have assumed that the costs associated with the JHSG are not at risk of full price control disallowance, recognising that that there will still be an assessment of whether the spend has been incurred economically and efficiently.
64. In addition to the role of providing independent assurance of the handover, we envisage the Chair of the JHSG playing an important role in the management and resolution of disputes involving the DCC and the Successor Licensee, as set out in section 9.11 of the BHP.
65. While the appointment of the Chair of the JHSG will be made by DCC, we recognise the importance of the appointment commanding stakeholder support. We would welcome views from stakeholders on appropriate criteria for the appointment.

Q4

Please let us know of any specific criteria stakeholders feel are relevant to the appointment of the independent Chair?

Q5

With the added provision for the JHSG to have an independent Chair, do you also see a requirement for the JHSG to commission targeted independent reviews/assurance as appropriate, or will the incorporation of the independent Chair satisfy this requirement? If you do also see a need, please do provide your view of the roles and responsibilities between the independent Chair and the targeted independent assurance.

Q6

Do you have any specific feedback on the Terms of Reference of the JHSG?

4.2.3. Dispute Resolution

66. Within the BHP (section 9.11) it describes how any disputes between DCC and the Successor Licensee will be managed throughout the handover period.

- If the dispute is not able to be resolved at the programme level it is escalated to the JHSG.
- If the JHSG cannot resolve the dispute the JHSG Chair involves the relevant Board/Governance Groups of DCC / Successor Licensee to resolve the issue.
- If the two governance Boards are unable to resolve the dispute, the Licence does provide Ofgem the discretion to issue direction in accordance with Licence Condition 43.21 – 43.23
- At the present time, there is no contractual arrangement envisaged between Capita and the Successor Licensee to enable disputes to be resolved between themselves.

Q7

Do you have any alternative suggestions as to how disputes could be managed on the basis there is not contractual arrangement between DCC1 and DCC2?

4.2.4. Other clarifications

67. Further to updates made in response to the industry consultation and as a result of the consultation with Ofgem, we have made several changes to provide further clarification and improve the coherence of the BHP. These clarifications include:

- When Ofgem plans to start the Handover Period and that the mobilisation period will commence no later than the award of the Successor Licence
- Listing all of the BHP Subsidiary Documents, who owns them and when they are expected to be completed, and referencing them in the relevant section of the BHP
- Readiness assessment points will be at 3 months, 2 months and 1 month from the proposed transfer date of the Authorised Business
- We will review the BHP at least once in each Regulatory Year and propose any modifications to the Authority in accordance with our Licence obligations, assuming that following BHP approval, subsequent annual reviews will be on a 'by exception' basis
- It is Capita (not DCC) who would request remuneration for providing post-licence handover support
- Providing clarity in BHP (v16) that there are 2 licence holders for a period of time once the Licence is awarded e.g. from Licence award to business transfer date to deliver the handover and then DCC1 will continue to deliver the final price control whilst the Successor Licensee is responsible for the Authorised Business. Both organisations will be incurring costs that will be charged to customers
- The different revocation events and the associated risks.

Q8

Do you have any other comments or suggestions in relation to the changes that we have made to the BHP since the previous version? Please provide your rationale.

5. How to respond

68. Please provide responses using the attached response form by 17:00 on 4 April 2025 to DCC at consultations@smartdcc.co.uk.
69. Consultation responses may be published on our website (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 of 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.
70. If you have any questions about this consultation, please contact us at consultations@smartdcc.co.uk.

6. Next steps

71. Following the closure of this consultation, DCC will assess respondents' views and provide these to Ofgem. We update the draft Business Handover Plan where necessary and provide this to Ofgem for formal approval.
72. Following formal approval, we will publish the Business Handover Plan along with a conclusions document summarising the responses received and the actions taken.

7. Attachments

This consultation includes four attachments:

Attachment 1: Business Handover Plan (Version 16 Tracked Changes)

Attachment 2: Business Handover Plan (Version 16 Clean)

Attachment 3: Joint Handover Steering Group Terms of Reference Version 0.3

Attachment 4: BHP (v16) consultation response template