

4G CH Exchange Programme

Operational Guidance v2

4G Exchange Workshop

Follow up – Sept 24th 2026



What is updated in Version 2?

Updated overall process map

Updated reporting formats

Removed requirement for attachments to invoice

Further process guidance in Appendix 1

More details on readiness for DCC2

Further guidance on Out of Band process

Industry Feedback & Programme Response

Key concerns raised during the July industry workshop and the resulting process, guidance and governance improvements introduced by DCC.

INDUSTRY FEEDBACK		PROGRAMME RESPONSE		STATUS	
	Reporting transparency	→	 Monthly reporting and assessment process defined	✓	ADDRESSED
	Missing exchanges	→	 CHIM034NU reporting model clarified	✓	ADDRESSED
	Query resolution	→	 Reconciliation and agreement process established	✓	ADDRESSED
	OOB process	→	 OOB review and approval route established	✓	ADDRESSED
	Invoice requirements	→	 Invoice guidance and submission controls defined	✓	ADDRESSED
	Payment process	→	 PO, validation, GRN and payment controls defined	✓	ADDRESSED
	Assessment criteria and inputs	→	 Assessment approach aligned to SEC Appendix F14	✓	ADDRESSED
	VAT treatment	→	 VAT position subject to final confirmation	✓	ADDRESSED

WHAT HAS CHANGED SINCE JULY?							
							
Qualification principles clarified	CHIM034NU reporting clarified	Monthly reconciliation meetings introduced	OOB process formalised	Financial controls defined	Invoice requirements clarified	Assessment approach clarified	Transparency improved

Communications Hub Replacement Reimbursement Process

End-to-end process from site visit to reimbursement



Reimbursement applies only where a legacy 2G/3G Communications Hub is replaced with a 4G Communications Hub and no meter exchange takes place during the same site visit.



Supplier Operational Activity (SRV)

Undertake CH replacement in accordance with CHISM and industry processes

1

Plan & Validate



- Identify eligible CH for replacement
- Confirm 4G eligibility
- Check coverage
- Confirm installer readiness and parts

2

Attend Premises



- Engineer attends site
- Safety checks
- Assess installation environment

3

Remove 2G/3G CH



- Remove and decommission 2G/3G CH (SMETS2+)

4

Install 4G CH



- Install and power 4G CH following CHISM procedures

5

Commission 4G CH



- Verify device initialises and reaches Normal Operating State
- Confirm SM WAN connection (or follow fault handling)

6

Submit Service Request



- Submit appropriate SR (e.g. 8.14.1, 8.14.2, 8.14.3 or 8.14.4)
- Provide relevant information and evidence as required



Key eligibility decision at SRV level

Was the site visit a Communications Hub replacement only?



No – a meter exchange was undertaken
Outside F14 reimbursement scope
No CH Replacement Reimbursement Event.
Not reported. No reimbursement payment.



Yes – no meter exchange was undertaken
Potential CH Replacement Reimbursement Event
Proceed to DCC assessment (F14).



DCC Reimbursement Process

Identify, report and pay eligible events in accordance with Section F14

7

Inventory Updated



- 2G/3G CH decommissioned
- 4G CH commissioned
- Premises (MPAN/MPRN) remains served

8

DCC Identifies Event



- DCC monitors Smart Metering Inventory and other data
- Applies F14 criteria to identify CH Replacement Reimbursement Events

9

Monthly Supplier Report



- DCC provides monthly report of identified events (previous 12 months)
- Includes relevant Device IDs to enable supplier to identify devices

10

Supplier Validation



- Supplier checks events occurred in accordance with Good Industry Practice
- Notifies DCC of any errors

11

Reimbursement Payment



- DCC pays Lead Supplier monthly in arrears
- Payment at same time as monthly invoices
- Any overpayments recovered via invoice adjustment



Included in Reimbursement (F14)

- Legacy 2G/3G CH (SMETS2+) removed
- 4G CH installed and commissioned
- Same premises (MPAN/MPRN) remains served
- Visit is a Communications Hub replacement-only activity (no meter exchange)
- Occurs during a Regulatory Year for which a reimbursement amount is set



Excluded from Reimbursement

- Any meter exchange undertaken during the same site visit
- Visit forms part of a meter exchange activity
- Does not meet the F14 criteria for a CH Replacement Reimbursement Event



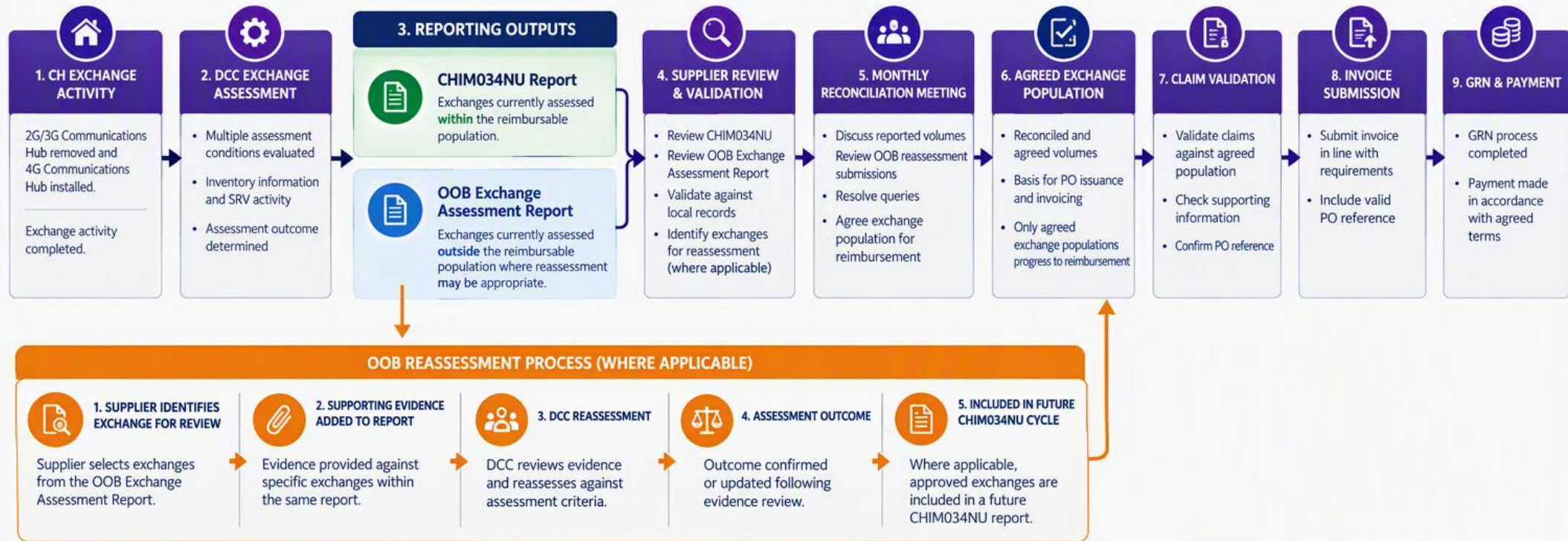
Important notes

- A new meter Device ID can appear as a result of subsequent processes (e.g. SR 8.4) and is not determinative of reimbursement eligibility.
- The regulatory test is whether a meter exchange occurred during the site visit.
- DCC may audit the operation of Section F14. Suppliers must co-operate and provide evidence.

Communications Hub Replacement Reimbursement Process

End-to-End Assessment, Reporting and Reimbursement Journey

A transparent, evidence-based process supporting fair and consistent reimbursement for eligible Communications Hub exchanges.



OUT OF SCOPE

Meter exchanges are excluded from all reporting as ineligible for reimbursement or the OOB process



CH Exchange
+
Meter Exchange

- Not reported in CHIM034NU.
- Not reported in the OOB Exchange Assessment Report.
- Not subject to reassessment through the OOB process.



These exchanges are not eligible for reimbursement under SEC Appendix F14 and therefore do not form part of the reporting or challenge process.



KEY PRINCIPLES



CHIM034NU contains exchanges assessed within the reimbursable population.



The OOB Exchange Assessment Report contains exchanges where reassessment may be appropriate.



Exchanges involving a meter exchange are outside scope and are not reported.



Evidence-based reassessment supports fair and consistent outcomes.



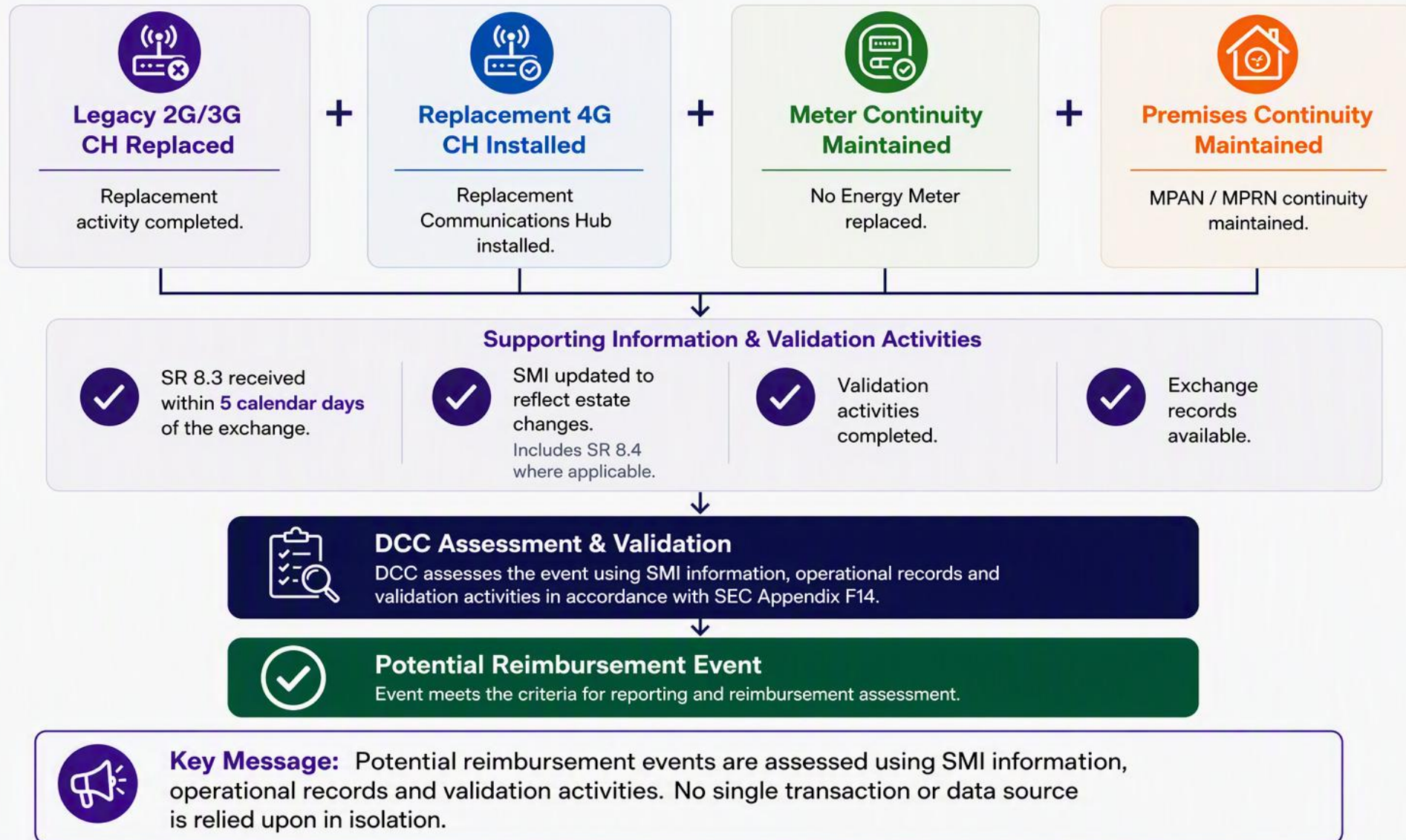
Robust governance ensures transparency and auditability throughout the process.



Only agreed exchange populations progress to reimbursement.

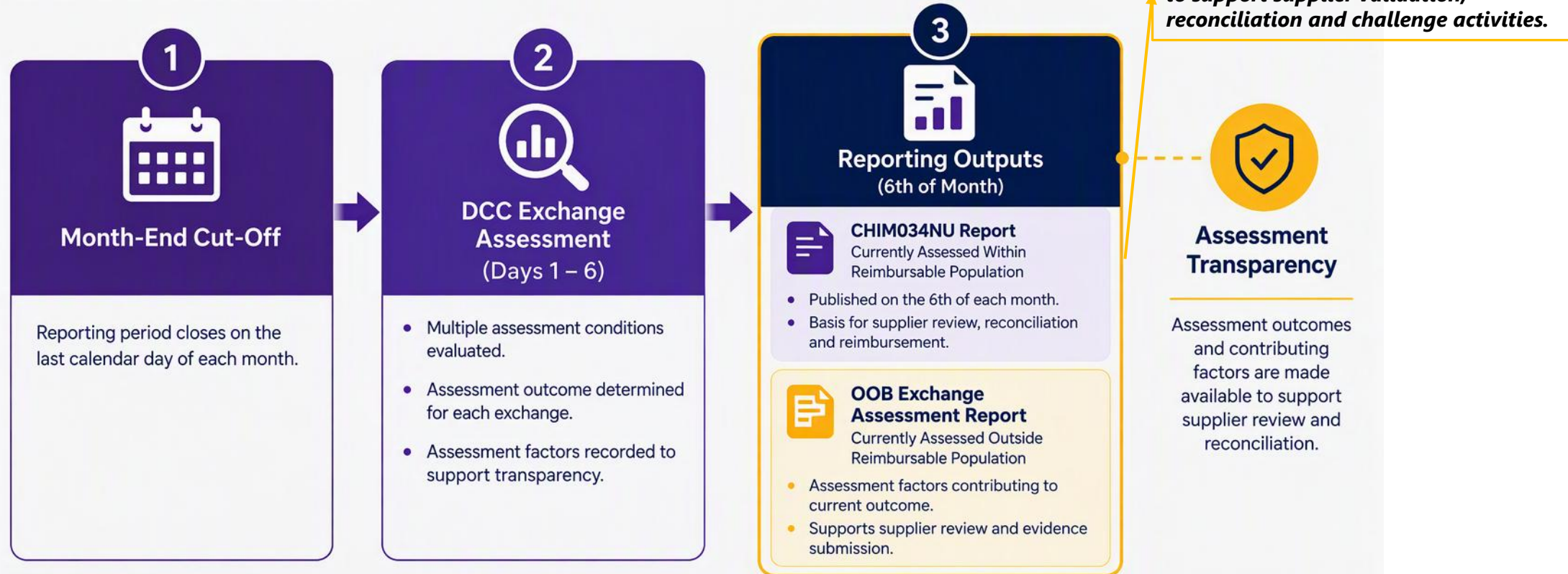
What Constitutes a Potential Reimbursement Event?

Assessment is performed against the eligibility requirements defined in SEC Appendix F14.



Monthly Reporting & Assessment Cycle

DCC assesses qualifying Communications Hub exchanges and publishes the authoritative reimbursement reports each month.

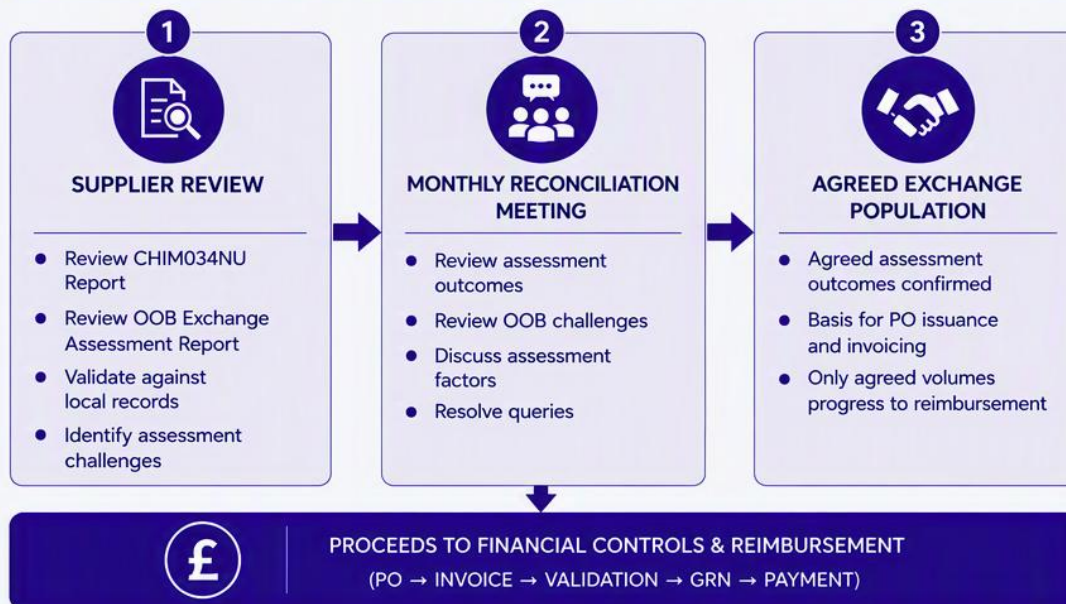


CHIM034NU and the OOB Exchange Assessment Report
provide transparency of both assessment outcomes and contributing assessment factors.

Review, Reconciliation & OOB Resolution

Supplier review and reconciliation ensure reported exchange activity is accurate, agreed and ready for reimbursement. Exceptions are managed through the Out of Band (OOB) process.

STANDARD PATH – AGREEMENT OF EXCHANGE VOLUMES



OOB EXCHANGE ASSESSMENT & CHALLENGE PROCESS



KEY PRINCIPLES



CHIM034NU and OOB Exchange Assessment Report provide transparency of assessment outcomes.



Reconciliation ensures assessment outcomes are understood and agreed.



OOB supports evidence-based challenge and reassessment.



Only agreed exchange populations progress to reimbursement.

DISPUTE HANDLING – OUTSTANDING UNTIL RESOLVED



ESCALATION

If a supplier disagrees with the assessment outcome, they may raise a formal dispute.



REVIEW

DCC will acknowledge and review the dispute using available evidence.



OUTSTANDING UNTIL RESOLVED

If a resolution is not reached, exchanges remain outstanding and are not reimbursed.



IMPORTANT

Only exchanges with an agreed outcome will progress to reimbursement.



Transparent assessment outcomes, clear assessment factors, and evidence-based challenge and dispute processes ensure fair and consistent reimbursements.

Estate Readiness & Successful Communications Hub Exchange



1 Why This Matters



Existing meter communications status



Device relationships and registrations



Meter condition



Firmware readiness where relevant



2 Current Position



Estate readiness supports successful exchange activity



Firmware readiness is one component of preparation activities



DCC and industry are reviewing available evidence



3 What Has Not Been Concluded



Firmware alone causes exchange failure



Firmware alone determines reimbursement eligibility



Firmware alone explains meter replacement activity



Estate Readiness



Successful CH Exchange



Successful Commissioning



Reduced Need For Meter Exchange



Meter Model



Firmware Version



Exchange Outcome



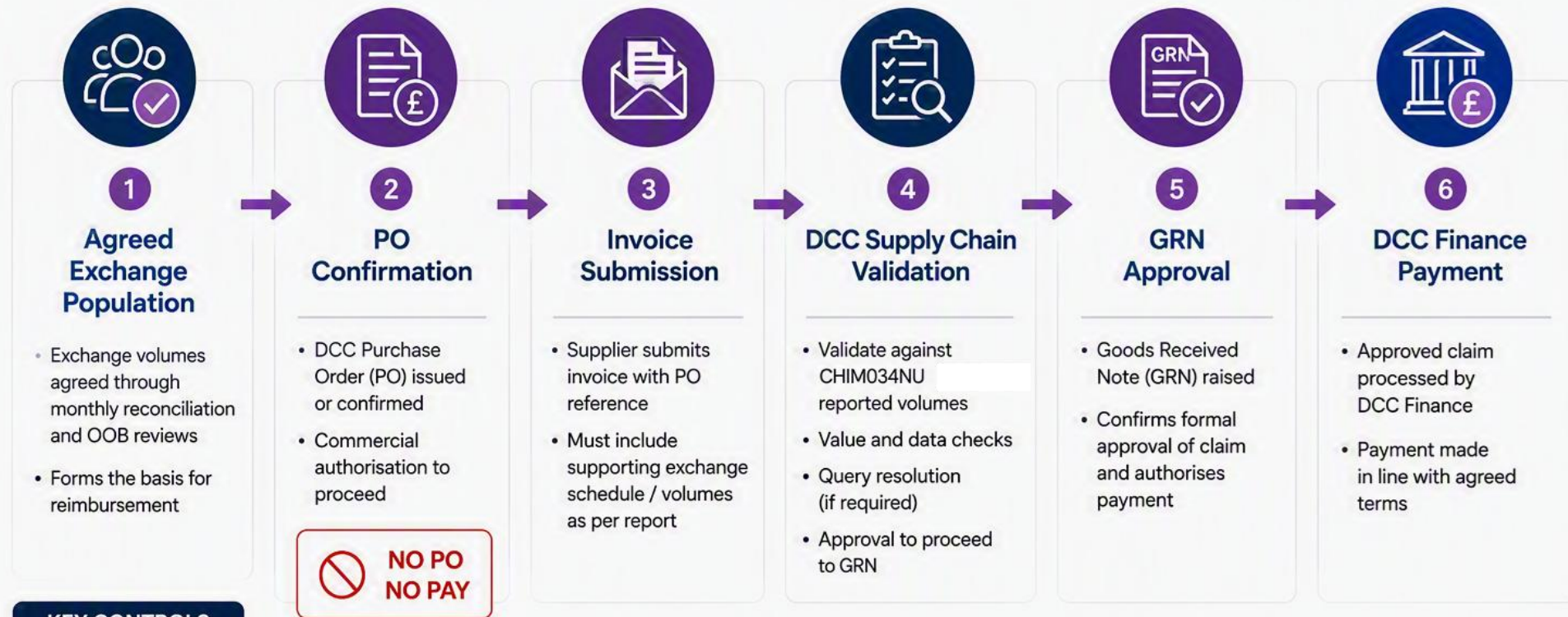
Evidence Review



Successful Communications Hub exchange activity depends on overall estate readiness. Firmware alignment is one example of the preparation activities expected before undertaking a Trust Centre Swap Out.

Financial Controls & Payment Lifecycle

Only agreed exchange volumes progress to reimbursement



KEY CONTROLS



Authoritative Baseline
CHIM034 / CHIM034NU is the authoritative source for reimbursement determination



Reconciliation
Monthly reconciliation meetings ensure volume agreement before invoicing



PO Requirement
A valid DCC PO is mandatory before an invoice can be accepted



Validation
All invoices are validated against agreed volumes and financial controls



GRN Control
GRN approval is required before any payment is authorised

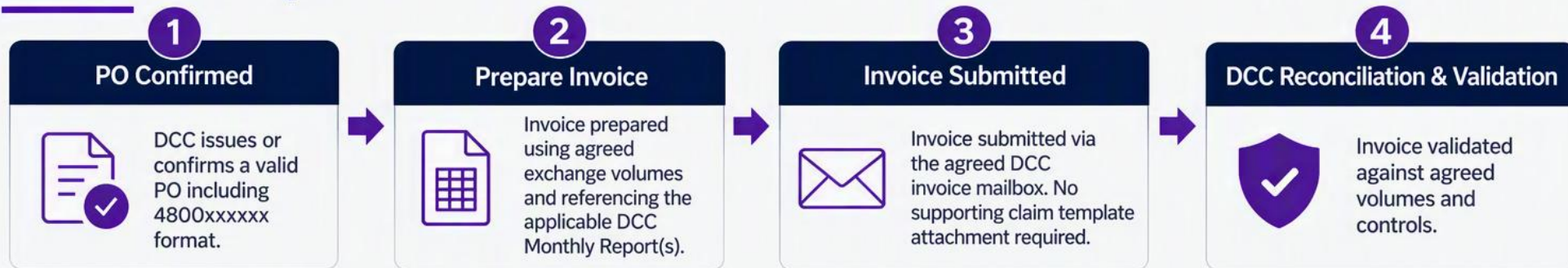


PAYMENT WITHIN 15 DAYS OF RECEIPT OF A VALID INVOICE



Strong controls • Transparent process • Timely payment

Invoice Requirements & Submission Controls



Invoice Must Include

- Valid DCC PO Reference (4800xxxxxx format)
- Supplier Name & Company Registration Number
- Bank Account Details
- Reimbursement Description
- Reference to applicable DCC Monthly Report(s)
- Invoice Addressed To: Smart DCC Ltd
Riverscape, 3rd Floor
10 Queen Street Place
London
EC4R 1BE
- Black & White PDF Format

Submission & Control Rules

- Submit to: SupplierInvoices@smartdcc.co.uk
- Invoice queries
InvoiceQueries@smartdcc.co.uk
- Email subject must contain: **INVOICE**
- One invoice per email
- One PDF per email
- No PO No Pay
- Invoice value must reconcile to the applicable DCC Monthly Report(s)
- Approved invoices proceed to GRN

PO Requests / Confirmation

PO references can be requested or confirmed via:
opsCH@smartdcc.co.uk

NOTE: Invoice description should refer to all reports (month/year) that is being claimed



Invoice Will Be Rejected If



Missing or invalid PO



Supplier details do not match DCC records



Bank details do not match DCC records



Incorrect invoice address



Not PDF format



Multiple invoices per email



Invoice does not reconcile to applicable DCC Monthly Report(s)

VAT & Financial Clarifications



The reimbursement process and financial controls are defined.
The VAT position and energy supplier set up confirmation process (e.g. bank details) are subject to final confirmation.

Topic	Status
 Monthly Report	✓ Defined
 Reconciliation Process	✓ Defined
 PO Process	✓ Defined
 Invoice Process	✓ Defined
 GRN Process	✓ Defined
 Payment Process	✓ Defined
 VAT Treatment	✓ Defined
 Energy Supplier Set Up Confirmation	⋯ TBC / Work in Progress



DCC expectation is that VAT is to be charged on invoices, but this is a matter for suppliers to check with their finance colleagues.

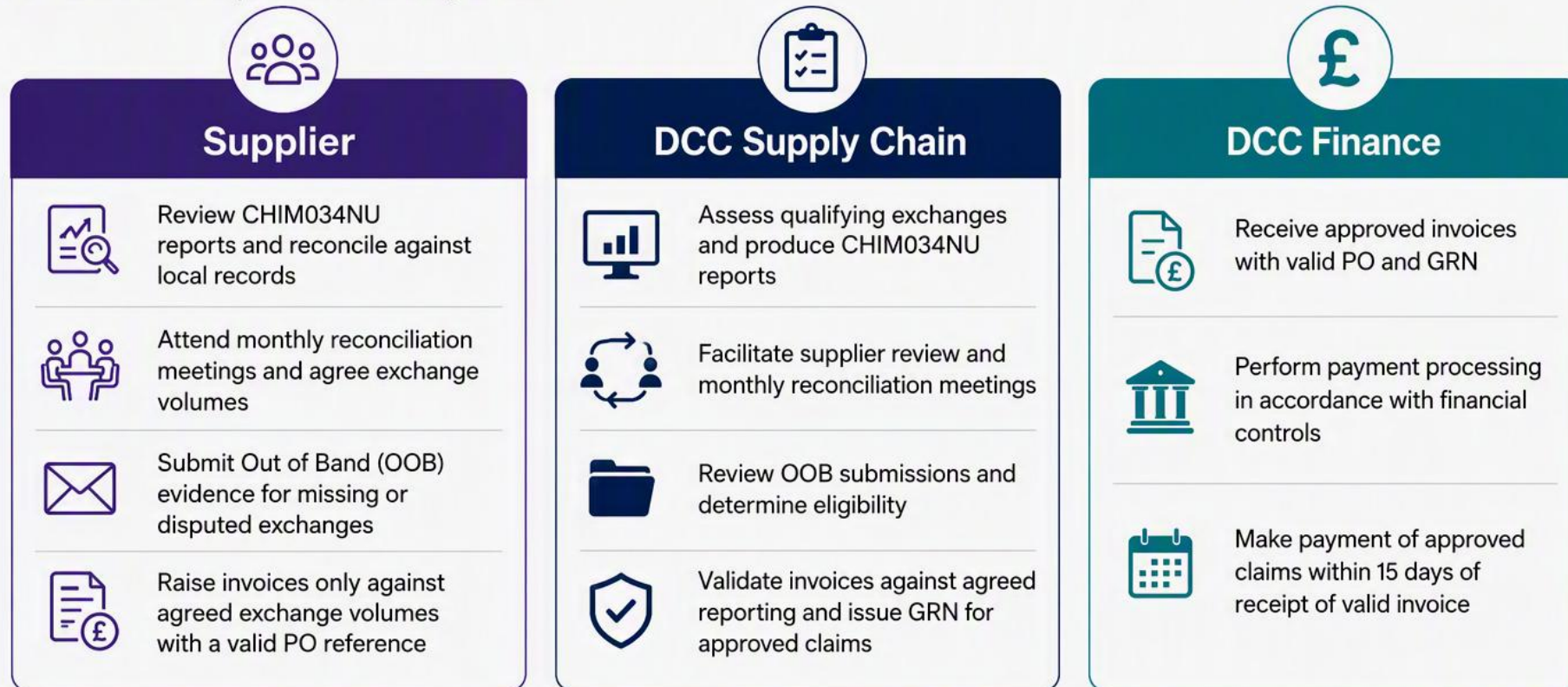
Potential FAQ's and responses (1)

To aid understanding DCC has highlighted the following points for any necessary clarification

Subject	DCC Response
Please clarify when invoices be settled?	• DCC has committed to settling invoices within a maximum of 15 days from receipt; • This is the maximum period between DCC payment runs during each month • DCC will settle the approved invoices for payment on the next available payment run which may be significantly less than 15 days from processing
How will the PO process work with DCC1 move to DCC2?	• DCC is working with contacts at Energy Suppliers to set up a mirror account on DCC's Purchase Ledger these will be set up on DCC2's systems. • DCC2 will raise and send out new PO's at the start of November which will include ○ The year-to-date swap outs up to the end of October 2026; plus ○ a forecast for the balance for the year • These PO's need to be quoted on invoices sent to DCC • DCC will need to work with Energy Suppliers to review and update estimates for the remainder of the year and re-issue additional PO's if needed
What if Swap outs exceed the planned volume & how tracked	• DCC will meet monthly with Energy suppliers and carry out periodic reviews to update the annual forecast of total swap outs versus the forecast at the start of the year • This will be supported by information from RFIs or OFGEM sourced forecasts • DCC has the potential to increase its finance borrowings with the agreed lender for RY26/27 if required
Any actions required from Energy Suppliers?	• DCC has reached out to its contacts to complete the final aspects of the supplier set up • The key element is confirmation of bank details which is needed to make the first payment (either DCC1 in October or DCC2 in November) onwards

Governance & Ownership Model

Clear roles and responsibilities ensure a controlled, transparent and efficient reimbursement process for all parties.



DCC needs to confirm bank details which Energy Suppliers wish us to use



Only Agreed Exchange Volumes Progress to Reimbursement

Appendix



Detailed process explanations

To aid understanding DCC has highlighted the following points for any necessary clarification

Subject	DCC Response
How will payments be managed	DCC has set an expectation that approved invoices will be paid within a maximum period of c.15 days. However, DCC will actually arrange for approved invoices to be settled in DCC2's next payment run which might be sooner than 15 days
Importance of correct descriptions on Invoices to DCC	At the workshop on 24th September Energy Suppliers questioned if an appendix showing DCC's report was needed. DCC has agreed that this can be removed but: • The narrative on the invoice must say the month and year of the DCC report/(s) that they are claiming for; and • The invoice value must agree otherwise the invoice will be queried and potentially rejected
Purchase order importance	These will be provided by DCC and must be referenced on the invoice
Monthly bilateral meetings	These will be held to: • Review monthly reporting queries/out of band progress • Discuss likely volumes in future months which will help DCC confirm if extra financing is needed across the scheme • Raise and discuss any other matters DCC/Supplier has.

Feedback, Comments & Questions

- Do you have any further clarification questions on the materials?
- Any further feedback on the contents as shared through the engagement programme?

consultations@smartdcc.co.uk

The window for this feedback remains open until October 23rd 2026

