Data
Communications
Company

DCC Business & Development Plan (BDP) 2025/26 Consultation

Your chance to shape DCC's five-year BDP

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Author: Business & Development Plan Team
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1. Introduction and Context

The Data Communications Company (DCC) is driven by our purpose, helping to make Britain more connected so we can all lead smarter, greener lives. DCC is licensed by the Government and regulated by the energy regulator Ofgem to connect smart meters in homes and small businesses across Great Britain to a single secure, digital network. DCC supports the roll-out of second-generation (SMETS2) smart meters, as well as the migration of existing first-generation (SMETS1) meters onto our network. At scale, the smart metering system will support secure data communication across 100 million devices in 33 million premises.

1.0. Purpose of the consultation

We are delighted to share a draft version of key sections within the DCC's Business and Development Plan 2024/25 for consultation. Please find enclosed a draft of the following:

- Section 3: Our Operating context

- Section 4: Our Strategy

- Section 5: Our Key Services and Activity

These sections form most of the plan, and we are keen to ascertain and take account of your views as we finalise these elements. Section 1 (CEO forward) and Section 2 (The DCC and the Smart Metering Network) are not included for consultation.

This document remains in its early stages of development and all content should be considered "Draft". DCC will consider all information included in light of feedback from this consultation and further internal reviews prior to formal publication. DCC reserves the right to amend and alter information included within the final document as part of this process.

Feedback from this year's early Business and Development Plan engagement workshop has been crucial in guiding our path forward. Insights from 28 participants across 10 customer cohorts have underscored several key priorities:

- **Flexibility:** A strong demand for quicker, more adaptable change processes

- **Consumer Outcomes:** A focus on delivering increased value for end users

- **Future Readiness:** Expectations for DCC to clarify its approach to ex-ante charging and licence renewal

- **Efficiency:** An emphasis on streamlining operations and driving cost efficiencies throughout the energy system

- **Collaboration:** A collective ambition to improve data quality, access, insight, and self-service capabilities

- **Transparency:** A need for greater clarity in procurement, contract management, and organisational change

Our customer engagement team will remain on hand through the course of the consultation if you need our assistance or would like to discuss elements of the plan in more detail.

At the DCC we continue to seek ways to provide a quality experience for our customers. Central to this is ongoing feedback on our plans. While both the Business and Development Plan and the ex-ante business plan share similarities, the Business and Development Plan provides a five-year strategic outlook. In contrast, the ex-ante business plan focuses on detailed activities and costs from the start of the new licence, aligned to the strategic plan and submitted in accordance with Ofgem's timetable.

Dedicated customer engagement for the development of ex ante business plan is ongoing and will continue in the coming months. DCC is required to submit its draft business plan to Ofgem by 31 August 2025, and the final business plan by 31 December 2025, pending Ofgem's ex ante framework decision expected in May 2025.

For clarity, responses to this consultation should be submitted by 23 May 2025, with final documentation due to be ready by the end of July 2025. We look forward to receiving your comments and feedback.

2. How to Respond

To help guide your feedback and comments we have produced a set of questions below:

Section 3: Our Operating Context
1. Do you believe we have captured the key market trends impacting DCC over the next five years? Are there additional trends or implications for DCC that we should consider?   2. Considering the macro environment and operating context, what factors do you believe DCC should prioritise over the next five years, and why?
Section 4: Our Strategy
1. How well does our strategy align with your current needs and expectations?   2. Are there additional areas of strategic focus you would like to see referenced within this section? If yes, what would those be and why would you like to see them discussed?
Section 5: Our Key Services and Activity
1. Are there specific activities where the information provided is not clear, or where further information would be helpful for your decision making? If yes, please outline what information is required and why it would be helpful.   2. What more could we do to articulate how these activities deliver value for our customers?

Please submit your feedback by Friday 23 May 2025 to customerengagement@smartdcc.co.uk. All responses will be treated in confidence and used to help shape the final version of our document.

If you have any questions about the consultation, please contact customerengagement@smartdcc.co.uk.

3. Draft Business & Development Plan 2025/26

3.1. Section 3: Our operating context

The DCC operates at the intersection of energy, secure technology and telecoms, and Government policy. Across these domains, the speed of change is increasing, albeit to varying degrees, which places an increased importance on the DCC's ability to understand them, identify the implications and plan accordingly. This section assesses some of the key trends that impact our broader operating context.

These challenges are of course not unique to DCC. As a licensed monopoly at the centre of an evolving energy ecosystem, we continue to look for ways to work collaboratively with all our stakeholders to anticipate, respond to, and manage changing requirements.

3.1.1. Energy Transition

The UK is rapidly transitioning to a low-carbon economy, driven by ambitious net zero policies, regulatory mandates, and substantial investment in clean energy. As part of this, the Government's Review of Electricity Market Arrangements (REMA)[1] is exploring fundamental reforms to how electricity is generated, priced, and consumed. Ensuring energy security while reducing carbon emissions is also essential for businesses, consumers, and infrastructure providers.

The Acceleration of the Green Economy and Net Zero Transition

The green economy – encompassing low-carbon, resource-efficient, and socially inclusive industries – is central to the Labour Government's growth agenda. It supports environmental sustainability while driving innovation and long-term economic expansion. The legally binding Sixth Carbon Budget mandates a 78% emissions reduction by 2035[2], requiring fundamental changes in energy production, consumption, and management.

Large-scale deployment of renewable energy, low-carbon fuels, and decarbonisation technologies is critical to this transition. These initiatives reduce emissions, create jobs, strengthen supply chains, and enhance UK competitiveness in rapidly expanding green sectors such as clean technology, low-carbon manufacturing, and sustainable transport. In 2024, the net zero sector grew by 10%, contributing £83.1 billion[3] to the economy and supporting around 951,000 full-time jobs, demonstrating the significant and ongoing expansion of these industries.

Offshore wind capacity is set to reach 50GW by 2030, with projects like Dogger Bank Wind Farm[4] playing a pivotal role. Additional initiatives include phasing out gas boilers in favour of heat pumps, supported by the Boiler Upgrade Scheme, and banning new petrol and diesel cars by 2030, with hybrids allowed until 2035, accelerating EV infrastructure expansion.

Energy Security and the Shift Towards Domestic Renewable Generation

The UK's reliance on imported fossil fuels poses a significant energy security risk, especially in a more volatile geopolitical environment. With 40% of the UK's gas supply imported, the Government is prioritising domestic renewable production, energy storage, and grid modernisation.

Expanding domestic low-carbon and renewable generation, particularly offshore wind and nuclear, is key to stabilising the energy supply and reducing exposure to global price shocks. The UK is investing £20 billion in new nuclear projects, including Sizewell C[5], to provide reliable base load electricity.

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[1] Review of electricity market arrangements (REMA) - GOV.UK
[2] UK enshrines new target in law to slash emissions by 78% by 2035 - GOV.UK
[3] Energy & Climate Intelligence Unit | UK net zero economy grows 10% in...
[4] Offshore Wind Net Zero Investment Roadmap
[5] NIA welcomes Labour promise to back new nuclear projects - Nuclear Industry Association

Battery storage and grid flexibility solutions are becoming essential to manage intermittent renewable generation. Investments in grid-scale batteries, pumped hydro, and decentralised energy solutions will store excess renewable power, enhancing energy resilience. Community energy projects are also gaining traction, improving regional energy independence and reducing pressure on centralised systems.

Smart meters also enable energy system resilience by supporting demand-side response (DSR), where consumers shift energy use in response to price or carbon signals. This will become increasingly important as electrification rises and the grid must flex more intelligently.

The Government and industry are also exploring the development of a secure, centralised register of energy assets to improve visibility of distributed energy resources and inform more efficient system operation. This growing national data infrastructure will rely on accurate, real-time information to support the secure integration of asset data and smart services.

The Role of Circular Economy in Infrastructure and Energy Services

In parallel with decarbonisation efforts, there is growing emphasis on integrating circular economy principles into the energy sector. This involves designing systems to reduce waste and maximise resource use across the lifecycle of infrastructure and devices. In smart energy, this includes reusing and recycling components from smart meters, batteries, and communications hubs.

Skills for the Energy Transition

The UK's energy and technology sectors are experiencing acute skills shortages, particularly in areas such as cybersecurity, data science, systems engineering, and energy infrastructure. These gaps risk delaying progress and delivering the infrastructure and innovation needed for a secure and sustainable future.

What does this mean for DCC?

- **Supporting the smart meter roll out and enabling energy efficiency:** To unlock the system-wide benefits smart metering was designed to deliver, DCC must continue to deliver a reliable and stable system. This means providing a secure, stable platform for data exchange that helps consumers better manage their energy use, enabling demand reduction, behavioural change, and more efficient energy system operation.

- **Data-driven efficiency and network scalability:** Expansion of data services and grid flexibility through real-time analytics will be crucial for consumers to optimise energy consumption, reducing peak demand, and improving system resilience. DCC's infrastructure must remain flexible, scalable, and capable of securely supporting increased data volumes and evolving usage patterns, as electrification and flexibility services continue to grow.

- **Policy and industry collaboration:** Partnering with policymakers, customers, and other interested stakeholders will ensure DCC's infrastructure aligns with net zero objectives and evolving regulatory requirements. Ongoing engagement with Government and regulators will be essential to shaping national initiatives such as flexibility markets, asset registration, and the development of wider smart energy data infrastructure.

- **Strengthening circular economy practices:** DCC is embedding circular economy principles into its operations, supporting improved returns and disposals. This includes the sustainable design and reuse of smart meter system components, enhanced recycling processes, and responsible end-of-life management. These activities help improve sustainability across the smart energy ecosystem and contribute to more efficient and environmentally responsible infrastructure delivery.

- **Building future-ready capability:** We are continuing to assess our workforce requirements as the system evolves, making sure we have access to the right skills to deliver our services in a stable and efficient way.

3.1.2 Data and Digitalisation

Harnessing the rapid advancement of digital technologies is critical to achieving decarbonisation and driving economic growth. The UK's energy transition is underpinned by policies such as the Plan for Change: Make Britain a Clean Energy Superpower[1] and the AI Opportunities Action Plan[2], which recognise the role of data and digitalisation in delivering a secure, sustainable, and efficient energy system.

In line with this policy direction, practical advances in digital technology are already reshaping how the energy sector operates. Advances in digital technologies such as real-time data exchange, AI-driven automation, and enhanced connectivity are transforming the energy sector. By collecting and processing real-time data from smart meters, IoT devices, and grid sensors, these innovations enable smarter energy use, reduce waste, and improve system efficiency. Automated analytics and AI-generated insights support energy optimisation, regulatory compliance, and consumer engagement. Together, they play a vital role in meeting net zero goals and delivering economic benefits, ensuring digitalisation remains central to the UK's energy future.

Connectivity for a digitalised energy infrastructure

The rapid electrification of heating and transport is driving the need for a smarter, more resilient energy system, one that relies heavily on reliable connectivity. Millions of new assets, including EV charging points, low-carbon heating solutions such as heat pumps, and energy storage systems, must be seamlessly integrated into the grid. This requires robust, real-time data exchange and advanced communications networks to manage and optimise energy use effectively.

Without high-quality connectivity and data management solutions, the risk of congestion and reliability challenges will increase, putting additional strain on the UK's energy infrastructure. Digital grid modernisation, supported by secure and scalable communication networks, enables smart grids to respond dynamically to fluctuations in energy supply and demand. Enhanced connectivity also facilitates the use of AI-powered predictive analytics, enabling proactive decision-making while safeguarding consumer privacy. Advanced communication systems are also essential for the efficient operation of battery and energy storage solutions, allowing surplus renewable energy to be stored and deployed when needed, thereby increasing system flexibility and resilience.

These advancements rely on the availability of secure, nationwide connectivity. The Government is prioritising the rollout of gigabit broadband[3] and the expansion of 5G coverage[4] while also continuing to progress 4G deployment – a key dependency for the new generation of smart meter communications. The use of household Wi-Fi through virtual wide area networks (VWAN) is expected to play a growing role in smart meter connectivity, highlighting the importance of reliable in-home connectivity as the system develops. The integration of fixed broadband and mobile connectivity enhances data transfer reliability, making digital energy networks more resilient. Hybrid communication models that incorporate fibre broadband, 4G and 5G will play an important role in enabling seamless energy data management and supporting future grid stability.

At the household level, the way consumers engage with energy is also evolving, empowering consumers with smarter, more responsive solutions. This increased connectivity supports the growing demand for

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[1] Make Britain a Clean Energy Superpower - GOV.UK
[2] AI Opportunities Action Plan - GOV.UK
[3] Gigabit broadband in the UK: Government targets, policy, and funding - House of Commons Library
[4] 5G in the UK - House of Commons Library

real-time data, enabling households to better manage energy consumption and take advantage of emerging technologies like smart meters, EV chargers, and home energy storage systems.

Increasing Adoption of Smart Technologies and Data-Driven Energy Management

The adoption of smart technologies in energy management is accelerating, driven by advancements in IoT, AI, and automation. Over 34 million[1] smart meters have been installed across GB, offering real-time insights into energy consumption patterns.

At the household level, smart home ecosystems, including AI-powered thermostats, connected appliances, and automated energy management systems, are transforming energy usage by optimising consumption, reducing waste, and lowering costs. In the UK, the smart thermostat market is growing rapidly, with a projected market value of £500 million by 2025[2].

Meanwhile, the adoption of connected appliances is on the rise, with 39% of UK households using smart appliances in 2024[3]. This number is expected to grow as demand for energy-efficient, connected solutions increases. AI-driven DSR solutions also allow businesses and households to shift energy usage to off-peak times, maintaining warmth and comfort while reducing grid congestion and unlocking significant cost savings.

The Role of Data

Unlocking the value of smart meter data

Smart metering is at the heart of the energy system's digital transformation, with smart meters alone generating billions of data transactions each month. This granular, near-real-time consumption data provides insights into household energy use, helping to drive operational efficiency, support load forecasting, and improve billing accuracy. Smart meter data enables more responsive and flexible energy usage by providing consumers and industry stakeholders with greater visibility and control.

New data types and technologies

As connectivity improves and more IoT devices and smart appliances are adopted, the energy system is seeing an explosion in new data types. These include data from EV chargers, heat pumps, battery storage systems, and other distributed energy resources. When harnessed effectively, this expanding digital ecosystem can significantly improve system optimisation and flexibility. Advanced techniques such as artificial intelligence and machine learning can enhance data processing and analysis, helping to identify patterns and improve energy management.

Improving data access and sharing

Access to and secure exchange of energy data is becoming a national priority. Initiatives such as the Government's Data Sharing Infrastructure[4] and cross-sector smart data schemes are being developed to improve data transparency, with smart data schemes aiming to give consumers greater control over their data. Smart data-sharing frameworks must also ensure interoperability, data quality, and accessibility across industry participants.

Protecting privacy and security in a data-driven system

As data-sharing frameworks evolve, maintaining robust standards for consumer consent, privacy, and cybersecurity will be essential. The increasing digitisation of energy must be matched with effective safeguards to ensure fairness, protect consumer rights, and build trust.

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[1] Smart meter statistics and network coverage | Smart DCC (as of April 2025)
[2] Smart Thermostats - United Kingdom | Market Forecast
[3] Smart Home Statistics
[4] Governance of the Data Sharing Infrastructure | Ofgem

What does this mean for DCC?

- **Reliable and high-quality smart meter data:** DCC must ensure smart meter messages and commands, including those critical to prepayment services, are delivered accurately and in a timely manner. Reliable data transmission is essential to enabling consumer participation in flexibility markets, protecting vulnerable consumers, and supporting the wider energy transition. High-quality, consistent data is also critical for effective energy system operation and innovation. DCC will work closely with industry partners to identify and address data quality issues across the smart metering ecosystem, supporting better consumer outcomes and enhancing the value of smart data services.

- **Future-proofing connectivity solutions:** As energy services become more data-intensive, DCC will continue evolving its connectivity offerings. This includes work on 4G and the development of hybrid models such as VWAN and the Next Generation Communications Hubs. These enhancements will ensure smart energy services can scale efficiently and remain resilient as transaction volumes grow.

- **Improving smart meter data accessibility:** DCC will continue championing increased access to smart meter data, engaging with third parties and stakeholders to unlock its full potential for innovation and public good. This includes upgrades to the onboarding process in line with the recommendations from the *Data for Good* initiative. DCC will advocate for seamless access to smart meter data, ensuring that it can drive new business models, demand-side response, and energy flexibility solutions, while maintaining data privacy and security.

- **Regulatory engagement and supporting digitalisation for system transition:** DCC will maintain ongoing collaboration with Government, policymakers, and industry stakeholders to help shape a digitalised energy system that meets the needs of consumers and customers. Drawing on its operational insight, DCC will contribute to discussions around data access, interoperability, and governance, supporting frameworks such as the *Energy Data Best Practice Guidance*. Additionally, DCC will continue to drive key digitalisation initiatives critical to the energy system transition, including the *Consumer Consent Solution, Data Sharing Infrastructure, Smart Meter Energy Data Repository, and the Energy Smart Data Scheme*.

3.1.3 Consumer Challenges

Rising energy costs, labour shortages, and economic uncertainty are placing increasing pressure on consumers and businesses. These challenges are creating an urgent need to explore ways to ease the burden.

The Rising Cost of Living

The UK's ongoing cost-of-living crisis – underpinned by sustained inflation, elevated energy prices, and broader economic pressures – continues to place significant strain on household finances. In 2023, the average UK household spent around 7.5%[1] of its total expenditure on energy, up from around 4% pre-2021. For low-income households, this proportion can exceed 10%[2], creating acute affordability challenges and forcing difficult choices between essentials, such as whether to heat their homes or buy food.

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[1] ONS household expenditure data insights into the effects of costs-of-living pressures - Office for National Statistics
[2] Fuel poverty in the UK - House of Commons Library

While Government measures such as the Energy Price Guarantee[1] and the Energy Bills Support Scheme[2] have provided vital short-term relief, they are not a substitute for long-term solutions. The financial vulnerability of households, particularly those on lower incomes, remains high.

Energy Debt

Energy debt in the UK has reached record levels, highlighting the increasing financial vulnerability of many households amid the ongoing cost-of-living crisis. As of Q2 2024, total domestic energy debt reached £3.7 billion, with an average debt of £1,094 per customer[3]. This marked a quarterly increase of £387 million-the highest on record-and indicates growing pressure on household budgets. More concerning is that over 70% of these debts are not being repaid through agreed repayment plans, pointing to systemic affordability issues.

Simultaneously, energy theft is on the rise, costing the sector an estimated £1.5 billion[4] annually – the equivalent of £50 per household per year.

Addressing Fuel Poverty

Fuel poverty remains a critical issue, with approximately 6 million[5] UK households struggling to afford adequate heating and electricity. This is especially concerning for vulnerable groups, including some older people, low-income households, and those with health conditions. Rising energy costs, driven by inflation and global market volatility, continue to place these households under significant financial strain. The wider economic impact is significant, including an estimated £1 billion[6] in additional annual costs to the NHS from cold-related illnesses.

Recent policy developments reflect growing recognition of the need for systemic solutions to fuel poverty. The Department for Energy Security and Net Zero (DESNZ) recently consulted on a Vulnerability Strategy, which seeks to better identify and support consumers in vulnerable circumstances through more tailored energy services and protections. In parallel, Ofgem has initiated a review of suppliers' vulnerability commitments, aiming to strengthen industry obligations around identifying and supporting at-risk customers. Ofgem is also examining the fairness and structure of standing charges, which disproportionately affect lower-usage households, many of whom are already fuel poor.

In addition, there is growing political and regulatory momentum behind the introduction of a mandatory social tariff – a targeted, discounted energy rate designed to ensure essential energy needs are affordable for those on the lowest incomes. It is considering how such a tariff could be delivered effectively, potentially through existing infrastructure and data-sharing mechanisms. These efforts reflect a broader shift toward more proactive, equitable approaches to tackling energy affordability at a national level.

The Government has committed to investing £6.6 billion over the current parliament to upgrade five million homes[7], targeting reductions in energy bills through energy efficiency improvements and the installation of low-carbon technologies. The Warm Homes Plan[8] will offer grants and low-interest loans for insulation, solar panels, batteries, and low-carbon heating, working in partnership with local and devolved Governments. This support complements existing schemes such as the Warm Home Discount[9]

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[1] What is the Energy Price Guarantee
[2] Energy Bills Support Scheme GB: payments made by electricity suppliers to customers - GOV.UK
[3] Domestic Energy Debt Reaches Record £3.7 Billion
[4] More British households struggling with bills will resort to energy theft, campaigners say | Energy bills | The Guardian
[5] Despite energy bills falling, 6 million UK households to remain trapped in fuel poverty come April - National Energy Action (NEA)
[6] Cold homes cost NHS £1.36 billion | News | Age UK
[7] Make Britain a clean energy superpower – The Labour Party
[8] Warm Homes: Local Grant - GOV.UK
[9] Warm Home Discount Scheme: Overview - GOV.UK

and Cold Weather Payment[1], although there remains room to improve the targeting of these initiatives to ensure that support reaches the most vulnerable.

What does this mean for DCC?

- **Operating efficiently:** DCC is committed to operating efficiently and responsibly, delivering value for money to ensure we do not add undue pressure to household energy bills. We are continuing to implement cost control measures across the organisation. In 2023, we set a target to deliver £30 million in cost efficiencies by 2026 and we are making good progress against this.

- **Network stability:** Continued focus on a secure and stable network to ensure all consumers, including prepayment meter users, receive clear, accurate, and timely information about their energy usage, tariffs, and billing. Ensuring prioritisation of these messages is key for prepayment meter users.

- **Combatting fuel poverty:** Fuel poverty is a growing concern, and DCC can contribute by enabling data-driven strategies to support vulnerable households. Further detail will be provided in DCC's forthcoming Fuel Poverty paper, exploring how smart metering infrastructure can help address the challenges of fuel poverty and support better outcomes for affected households.

3.1.4 Technology and Security

Technology, including connectivity, remains critical to developing a smarter and greener energy system. With the growing number of connected devices and the significance of the data they transmit, ensuring cybersecurity is increasingly vital amid rapidly evolving threats.

Mobile Network Evolution

The UK's mobile network operators have confirmed to the Government that they do not intend to offer 2G and 3G mobile networks past 2033 at the latest. The operators are making their own decisions on the timing and process of the switch-offs.

The Shared Rural Network[2] (SRN) programme, jointly funded by the Government and the UK's four mobile network operators (EE, Three, VMO2, and Vodafone), aims to deliver 4G coverage to 95% of the UK by December 2025. This initiative will also improve coverage for an additional 280,000 premises and 16,000 kilometres of roads.

The UK Wireless Infrastructure Strategy[3] sets out an ambition for nationwide coverage of standalone 5G to all populated areas by 2030, enabling everyone to take advantage of new technology.

Broadband Infrastructure

The fibre broadband rollout continues to progress, with Openreach aiming to deliver Full Fibre broadband to 25 million homes and businesses by December 2026. Project Gigabit[4] is crucial to achieving the government's target of full gigabit coverage by 2030, targeting homes and businesses not included in broadband suppliers' plans, particularly in rural and remote communities.

Internet of Things (IoT)

IoT is revolutionising the energy sector by connecting a vast array of devices, from smart meters and home energy systems to electric vehicle chargers and decentralised energy resources. This growing

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[1] Cold Weather Payment: Overview - GOV.UK
[2] Shared Rural Network (SRN) progress update - September 2024 - GOV.UK
[3] UK Wireless Infrastructure Strategy - GOV.UK
[4] About us - Building Digital UK - GOV.UK

network of interconnected devices offers tremendous opportunities for efficiency, automation, and data-driven decision-making. However, it also presents new challenges, particularly in ensuring the security of these devices and the data they transmit.

Artificial Intelligence (AI) in the Energy Sector

In December 2024, Ofgem launched a consultation on the use of Artificial Intelligence (AI) within the energy sector, seeking feedback on draft guidance aimed at ensuring AI is used safely, securely, fairly, and sustainably in Great Britain's energy system. The consultation closed in February 2025, and Ofgem plans to finalise and publish the AI guidance and consultation responses in spring 2025. This initiative builds upon Ofgem's earlier Call for Input and strategic approach to AI, aiming to provide stakeholders with a clear framework for the responsible deployment of AI technologies.

Cybersecurity Threat Landscape

As energy systems become more interconnected, they also become more vulnerable to cyber threats. The UK's National Cyber Security Centre (NCSC) has warned of increasing risks, including ransomware attacks, AI-driven cyber threats, and state-sponsored hacking, which could disrupt power systems, compromise consumer data, and threaten national energy security.

Recent cyberattacks on energy infrastructure worldwide have demonstrated the potential for widespread disruption, underscoring the need for robust cyber resilience measures. In response, the UK Government has introduced stricter cybersecurity regulations, mandating enhanced security protocols for digital energy networks and encouraging investment in AI-powered threat detection and automated response systems. These technologies help identify and neutralise threats in real time, strengthening the overall security of the energy grid.

However, cybersecurity risks are not limited to external attacks. The rise of IoT-enabled energy devices, including smart meters, home energy systems, EV chargers, and decentralised energy generation assets, introduces new vulnerabilities. Unsecured devices could become entry points for cyberattacks, necessitating robust encryption, real-time monitoring, and proactive cybersecurity governance.

Cybersecurity Innovations

To counter growing cyber threats, the energy sector is adopting advanced security measures:

- **AI Threat Detection**: AI-powered analytics enable real-time detection of cyber threats and automated responses, reducing the risk of attacks on smart energy networks.

- **Blockchain Security**: Blockchain technology enhances energy transaction security by creating tamper-proof records, ensuring transparency, and preventing unauthorised data alterations.

- **Zero Trust Architecture (ZTA)**: This security model ensures continuous verification of all users and devices, significantly reducing the risk of unauthorised access.

- **Quantum-Resistant Encryption**: With the arrival of quantum computing, the sector is developing quantum-resistant cybersecurity frameworks to future-proof critical energy data protection.

What does this mean for DCC?

- **Maintaining our security capabilities:** As deemed Critical National Infrastructure, DCC has security obligations embedded in its licence. We maintain a continuous focus on ensuring our cybersecurity capabilities are proportionate to the evolving threat landscape. By working closely with stakeholders and suppliers, we reinforce vigilance across the supply chain.

- **Future-proofing Communications Hub connectivity:** We continue to make progress on the delivery of our Communications Hubs and Networks programme, ensuring long-term connectivity solutions are in place as the UK phases out 2G and 3G networks. This work is essential to maintaining nationwide coverage and supporting the reliability of smart metering systems through and beyond the 2030s.

- **Exploring and testing connectivity options:** DCC is actively exploring and testing a range of future connectivity technologies, including 4G, 5G and beyond, to ensure that the evolving needs of customers are met in an efficient and economical way. Our focus remains on building a resilient network capable of supporting digital innovation across the smart energy sector.

- **Stakeholder engagement and alignment:** In line with the UK Wireless Infrastructure Strategy, DCC continues to engage with Government, Ofgem, Ofcom, customers and suppliers to align smart metering connectivity with national ambitions for full fibre, 5G, and enhanced digital resilience. Our role in delivering secure, reliable communications infrastructure is integral to the digitalisation of the energy sector.

3.1.5 Regulation, Governance and Reforms

The UK energy sector is undergoing wide-ranging reforms to support a more digital, decentralised, and decarbonised system. This includes clarifying governance, reducing regulatory complexity, and modernising market structures to support innovation, competition, and investment.

Reform of Energy Governance

The UK Government has initiated a review of Ofgem, focused on clarifying its role and strengthening its effectiveness as the independent regulator. This review forms part of a broader drive to streamline public bodies and reduce the number of quasi-autonomous non-governmental organisations (quangos), ensuring that regulatory functions are delivered efficiently and are aligned with the needs of a modern, digital energy system. This aligns with Government ambitions to remove unnecessary regulatory barriers, reduce administrative overhead, and improve accountability in energy sector governance.

Energy Code Reform

Reforms to the energy codes are underway to simplify, digitise, and modernise the code system. The aim is to make it more responsive to innovation and more accessible for new entrants, enabling quicker implementation of market changes and facilitating new services such as demand-side flexibility and peer-to-peer trading. A new strategic governance model is being developed to provide clearer oversight and accelerate change.

Modernising the Energy Market

The Digital Markets, Competition and Consumers Act (DMCCA)[1] plays a pivotal role in encouraging decentralisation, enhancing competition, and expanding consumer choice. Key reforms include promoting data transparency, supporting local energy initiatives, and lowering barriers to entry for new providers of flexible, innovative energy services. These reforms are underpinned by evolving regulatory frameworks that aim to empower rather than constrain innovation and competition.

Review of Electricity Market Arrangements (REMA)

REMA represents a significant market reform programme, seeking to redesign the electricity market to better support decarbonisation, system flexibility, and security of supply. Options under consideration include nodal pricing, stronger locational signals, and reforms to capacity and balancing mechanisms.

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[1] Digital Markets, Competition and Consumers Act 2024 - Parliamentary Bills - UK Parliament

These changes will shape how energy is bought, sold, and managed across the system, with direct implications for data flows, settlement processes, and the role of digital infrastructure providers.

Planning Reform for Energy Infrastructure

Recognising the urgent need to accelerate deployment of low-carbon generation and grid capacity, Government has prioritised planning reform for energy infrastructure. Proposed changes include faster consenting processes, streamlined regulation, and updated national policy statements. These measures are designed to reduce delays and unlock investment, particularly in areas such as offshore wind, grid reinforcements, and energy storage.

Future of DCC

The future of DCC is being actively shaped through Ofgem's ongoing review of its regulatory framework, following the conclusion of the current licence period in September 2027. In its Phase 1 Decision, Ofgem outlined a reformed model that seeks to ensure greater transparency, accountability, and long-term value for consumers.

What does this mean for DCC?

- **Collaborate with Ofgem on the future of DCC:** Continue to engage with Ofgem on the ongoing review of DCC's regulatory framework, including its governance, operational structure, and potential changes following the conclusion of the current licence in 2027.

- **Engage on broader sector reforms:** Continue to participate in discussions on governance and regulatory reforms across the energy sector, including energy code and market reforms, ensuring DCC's role remains fit for purpose in a modern, digital energy system. Through enhanced customer engagement, we will be seeking to discuss how evolving nature of the energy system may shape use of the smart metering system.

- **Enable DCC to act as a platform for policy implementation:** Enable the smart metering network as a flexible platform that can support future policy and market changes, driving innovation and enabling more efficient energy use for consumers.

3.2. Section 4: Our Strategy

The DCC, together with its customers, connects homes and businesses to a single, secure, smart metering network.

3.2.1 Purpose and values

Purpose

At DCC, we are driven by our purpose.

We believe in making Britain more connected, so we can all lead smarter, greener lives.

Values

How we achieve these is guided by our three core values. They help us to work consistently and collaboratively, both internally and with our diverse set of external stakeholders.

Our three core values:

3.2.2 Our strategic outcomes

As a regulated monopoly, we are clear on the obligations on and expectations of the smart metering network to Ofgem and the Department for Energy Security and Net Zero.

Today our network is supporting over 34 million smart meters in over 20 million premises, helping over half of British households save money and carbon emissions.

As the scale of the network continues to grow and DCC's role in delivering a smarter, greener energy system evolves, we must drive flexibility, speed, and cost-effectiveness for our customers. Operating the network every day helping to keep consumers' lights on, homes warm and bills down.

We must deliver in an efficient and economical manner, providing value for money for all our customers and ultimately end-consumers.

Given our mandate and the evolving context in which we operate, we have a series of strategic outcomes for our organisation to help align our activities and measure our performance. These have never been more important.

We will be:

Secure and stable	Delivering reliable network performance, nationwide, while maintaining a security posture and resilience expected of an asset deemed 'Critical National Infrastructure'
A responsible and efficient business	Operating efficiently and responsibly in a manner that recognises our obligations to our people, our customers and ultimately consumers
Flexible and fast	Delivering an accessible and flexible platform, enhancing our capabilities to provide a swift and seamless experience for current and future customers
Right first time	Delivering our services to the time, cost and quality expectations of our customers and wider stakeholders

3.2.3   What we operate

We operate and maintain the smart metering network on a 24/7 basis, securely transferring energy data from homes and businesses to our customers. Our customers are energy retailers, DNOs, Managed Service Providers and a growing number of other innovative businesses.

We provide a range of service offerings, supported by common capabilities

Smart Energy

The Smart Energy service family is key to GB's move towards a smarter, more sustainable energy system. It provides a secure, efficient smart metering infrastructure that helps consumers and suppliers optimise energy use, cut costs, and boost efficiency. This service family adapts to the changing energy market, ensuring smart metering services stay secure, reliable, and compatible across all suppliers.

At its core, it's the secure and stable operation of SMETS1 meters and SMETS2, offering consumers enhanced capabilities. This shift is vital for maintaining smart meter compatibility, especially when switching energy suppliers, and provides greater security and reliability.

Additionally, the service allows consumers to switch energy suppliers without disrupting their smart metering services, ensuring accurate data collection and billing.

The Data Services within the Smart Energy family enable secure, efficient access to smart meter data to support innovation, improve customer experiences, and advance decarbonisation. By refining third-party access, expanding visibility of system data, and strengthening our internal data capabilities, we're helping unlock deeper insights, enhance service delivery, and drive the development of smarter, more sustainable energy solutions.

Ultimately, the Smart Energy service family plays an important role in transforming GB's energy infrastructure, helping to create a more connected, efficient, and consumer-centric system. It empowers consumers to manage their energy use while advancing sustainability and innovation in the energy sector.

Enabling and testing services

Enabling and Testing Services are crucial for a secure, efficient, and high-performing smart energy network. They ensure that critical infrastructure operates smoothly, supporting smart metering and energy management. Through robust data management, service oversight, security measures, and rigorous testing, they provide a reliable and future-ready system.

Meter Data Management securely handles smart meter data, enabling accurate billing, energy insights, and operational efficiency.

Privacy and Security protect the ecosystem with advanced threat detection, encryption, and access controls, safeguarding consumer data and critical infrastructure.

Service Management oversees the network's daily performance, resolving issues and ensuring availability for customers.

Testing Services validate system updates, new technologies, and service changes, ensuring they meet high standards for reliability, interoperability, and regulatory compliance before deployment.

Together, these services ensure the resilience, security, and efficiency of the smart energy ecosystem, enabling DCC to deliver a seamless and trusted platform for customers and consumers.

3.2.4 How we deliver

In operating these services, the DCC delivers a unique set of activities from engaging with a varied set of stakeholders, to designing, procuring, and securing new technologies, through to assuring and operating these as part of managing the network.

Any changes to existing services are managed through our Lifecycle Management approach. The following sections outline this integrated approach and our efforts to designing (Technology), procuring (Commercial), and securing (Security) our network.

Lifecycle management approach

We manage any changes to existing services and the implementation of new services provided to our customers through our lifecycle management approach. This provides an ongoing process to ensure that services are managed proactively and efficiently through the course of their lifecycle, with clear accountability at each stage. It seeks to support our shift to increased in-life management of services, and ensures that as deemed CNI, we have the processes, controls and standards in place through the lifecycle of our services.

New sources of change, such as instruction from Government or our customers, funnel through the 'Front Door' that acts as a single point for change initiation. This enables foresight on future activity and ensures delivery impacts and risks can be flagged at the earliest opportunity and cost benefit analysis is undertaken.

At the 'Concept to Contract' stage, for programmes and procurements that cover core service provision or where the contract value is greater than £10m, the DCC follows the HM Treasury Green Book Business Case approach. This enables us to articulate and demonstrate how the change will meet

customers' needs and provide value for money. As we undertake new procurements and design work we are focusing on the adoption of common standards, to drive speed, transparency, and value for money.

As the activity moves from 'Contract to Market' to 'Market to Retire', and transitions into the live environment, our service assurance process ensures a smooth go-live that protects customer operations. We do this by controlling all change through quality gates into the live environment, so that service risks are identified and mitigated, and key quality standards are met. Over 4,300 changes were deployed in FY24/25 with an average success rate of 98.24% change right first time against our target of 95%.

Lifecycle management supports appropriate stakeholder engagement throughout the process. The DCC operates in a complex and changing stakeholder landscape. We want to be recognised as a trusted partner - by our customers, our regulator, our suppliers, and other ecosystem participants. Therefore, engaging and collaborating with our stakeholders is fundamental to the way we operate, with regular engagement from across the business.

We recognise that as a licensed monopoly we have a duty to be an economic, efficient, and responsible operator, delivering value for money for our customers, because this ultimately delivers value for money for end-consumers. We're committed to continuing to seek opportunities to enhance our cost efficiency. We're making good progress against our £30m target, driving efficiency across all areas of the business (see Section 5 for more details).
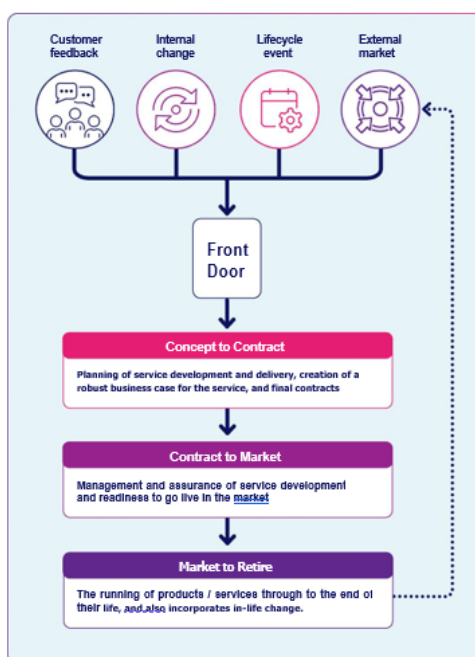
Technology

The technology function brings specialist expertise to ensure the integrity of smart metering solutions. We collaborate closely with our customers, SEC and REC subcommittees, our regulator (OFGEM), and service providers to ensure our technology meets today's needs and is prepared for tomorrow. We define the technology roadmap and forecast necessary changes to ensure every home that wants a smart meter can get one and stay securely connected throughout the asset's life.

We ensure our platforms meet the obligations of the DCC license and our OPRs, continuously improving them to guarantee every message reaches the meter and required responses are received. We are increasingly supporting industry and UK initiatives by providing greater access to data and aligning our data with the UK's sharing initiatives.

We aim to introduce tools and capabilities that leverage Artificial Intelligence (AI) frameworks and tools in a secure and ethical way, driving efficiencies across our systems and empowering our people to deliver better smart metering services.

Technology vision

Our vision is to ensure that the DCC network operates efficiently and securely at scale. We will leverage virtualised, secure, and scalable infrastructure to ensure we meet our service obligations while lowering the cost per message. Our plan is to simplify the design of our infrastructure and where practical push functionality towards the edge of the network.

As we evolve our solutions we will reduce complexity, deliver change faster and drive improved interoperability across end devices to ultimately drive efficiency for our customers and to offer the flexibility to support future policy.

To deliver against our obligations, we follow these technology and design principles:

- Standards-based design: We design end-to-end solutions that utilise proven, common standards-based technologies and services rather than leading edge and proprietary technologies that are unproven

- "Secure by Design" architecture principles: We ensure our service providers' designs meet or exceed the required security standards in their solutions and will always operate to deemed CNI standards

- Our architecture and designs ensure we can operate to the scale and in-life performance as set by our customers and code bodies – SEC and REC

- Provide certainty to our users and regulatory bodies that the smart metering infrastructure is future ready, to ensure that the UK delivers on its decarbonisation journey, and that the UK consumer receives the benefits of a smarter energy system

- Communicate the Technical Roadmap to our customers effectively, ensuring the dialogue is appropriate and considerate of their needs. Deliver the roadmap with a deep understanding and sensitivity to user requirements

We will work towards this vision, balancing ongoing performance and service continuity with network improvement and futureproofing. By leveraging new infrastructure developments, we will harness the benefits of multi-cloud solutions and advancements in connectivity for end devices, lowering the cost of our services and improving system resilience.

We aim to position ourselves as the technology partner of choice and thought leaders, contributing to a smarter DCC and enabling a truly smart energy system.

Commercial

Ensuring secure and stable network performance, resilience, and value for money for customers is paramount, and we rely on our external partners to deliver many of our mandated obligations. Our Commercial team are focused on:

- Continued optimisation of core commercial processes, focusing on refinement and standardisation to ensure our processes are not only robust but also adaptable to changing market dynamics

- Following the implementation of our new Sourcing Platform, significantly enhancing our digital capabilities, we will strengthen end-to-end operational efficiency further by leveraging advanced analytics, AI-driven insights, and automation

- Strategic Supplier Management team are facilitating stronger connections with our external partners working to collaboratively identify opportunities in support of further consumer benefit

- Leverage our enhanced commercial pipeline approach to take a more proactive and strategic approach to ensure optimal outcomes are realised and continuity of service maintained

- Proactively identifying and mitigating third-party risks to safeguard the business against potential threats and disruptions. Enhancing business continuity planning, and building greater resilience to withstand external challenges

- Building out our Responsible Business Framework (RBF) practices in conjunction with our supply chain, to align to our organisational purpose, reduce our carbon footprint and ensure our suppliers are committed to ESG

- Commercial leadership within our major programmes. Coordination and execution of commercial activity across our Comms Hub and Network and DSP Data Systems programmes

- Implementing our new regulator-approved Procurement Strategy which provides greater clarity on the use of frameworks and direct negotiation, aiming to deliver speed and value for money. It is aligned with government and regulated private sector best practices across the DCC business, utilising frameworks where appropriate to significantly reduce the concept-to-contract lifecycle and drive better value for money for customers and consumers

- We are currently implementing frameworks for Consultancy, Professional Services, IT Services, and Public Cloud, all expected to be delivered by the end of Q3 2025. These frameworks will enhance efficiency and deliver significant benefits

- New Master Service Agreement (MSA) which drives improved governance and control across contracts and supply chain, ensuring service continuity, continuous improvement, commercial leverage, and value for money

Security

The DCC continues to adapt and augment its security arrangements to accept the public cloud offerings, Artificial Intelligence (AI) and has commenced activity to investigate the upcoming threats posed by Quantum computing.

This effort also takes into consideration the increasing scale at which the DCC network now operates and parallel need to ensure internal security within the DCC remains strong and in line with what is required to secure the DCC network. Several activities in the 24/25 were carried out to enhance the DCC's governance and ability to ensure security risk within the organisation remains low as part of our continuous improvement objectives in line with ISO27001.

Looking ahead the DCC still has more work to complete the activities kicked off on 2024 and the ramping up of Post Quantum Computing (PQC) mitigation testing in line with advice from National Institute of Standards and Technology (NIST) in the US and NCSC in the UK.

In 2025/26 we will:

1. Continue strengthening our strategic initiative to identify threats and provide strong mitigations using the MITRE ATT&CK threat modelling and cyber defence framework reaching out to industry to share knowledge

2. Build on our latest risk tooling to consolidate risk and compliance reporting and improve overall visibility of both areas

3. We are planning to complete the integration and centralisation our cyber defences, creating a single 'pane of glass' to monitor the security of Britain's smart metering network

4. Investigate and make recommendation on PQC mitigation throughout the DCC network and infrastructure

5. Continue to invest in our people to ensure that we have the skills needed to secure the digital energy system of the future, building on our Security Degree Apprenticeship programme launched in successfully 2024

6. Support and integrate where appropriate and ethical to do so AI into our tooling and controls

Cyber Fusion Centre

Our Security Operations Centre (SOC) successfully retained CREST accreditation in 2024, and we are set for the continued onboarding of security event logs from all parts of the DCC network to provide an essential second set of eyes over the entire DCC ecosystem. 2025/26 will see the culmination of core monitoring across the DCC network and any new additional logs resulting from new programmes and re-procurement of existing services applying tooling to enhance our efficiency.

New technology risk

Three core contemporary technology risk areas being focus on are AI, Cloud and PQC which represent unique challenges in security and for technical areas. These are all being manged in a way that is commensurate with our security obligations but will be support in the spirit of enablement in 2025/6 and afterwards. Our view is to adopt and embrace but is a way that is in line with the levels of security that we are required to operate under and consequently policy and risk management will reflect this as we continue to adopt these as appropriate to drive value and quality in or business.

Summary

Our overall mission remains very much as it has been but is matured and will continue to develop to address upcoming threats. The model we operate under has proven very effective, so we remain committed to protect it and the supporting controls, but we are also acutely aware of the need to evolve controls to reflect a changing technical landscape. This we do through careful risk-based assessment and engagement with industry and recognised security expert resources.

3.2.5 Our capabilities

Since the DCC was established, we have built an organisation capable of delivering complex, technology-enabled change programmes. As we have evolved, and the smart meter roll-out has progressed, we have shifted to become a more stable operating business, capable of ensuring reliable network performance on a 24/7 basis, while maintaining the security and resilience of a vitally important element of national infrastructure.

Our core capabilities as an organisation include:

Security Management

We provide robust end-to-end security operations including 24/7 SOC, threat intelligence, SIEM oversight, cyber incident response, crisis management, business continuity disaster recovery assurance, and secure credentialing to safeguard critical national infrastructure.

Service Design, Management and Transition

We deliver, operate, and evolve services across the full lifecycle, including architecture design and governance, risk and change management, capacity and incident management, problem resolution and analytics, firmware and logistics coordination, testing and transition planning, and programme management for new or enhanced products and services.

Procurement and Commercial Planning and Management

We ensure value for money, commercial control, and alignment with future business needs by developing business cases, defining product/service roadmaps, formulating procurement and customer strategies,

managing contract lifecycles, overseeing supplier performance and financial operations, and enabling commercial governance to align strategic direction with operational delivery.

Regulator and Governance Management

We maintain active and accountable engagement with regulators and Government Departments through identifying, managing, and resolving regulatory compliance risks, and aligning regulatory obligations with operational delivery.

3.2.6 Measuring performance

The DCC's performance and financial incentives are assessed by Ofgem through our annual price control submission and the Operational Performance Regime (OPR).

The three areas of focus for the OPR are:

1. System performance

2. Customer engagement

3. Contract management

3.2.7 Looking ahead to DCC 2

Our focus to get there

We believe it is important to embody our purpose and ensure the decisions we make internally reflect the impact we strive to make and the value we seek to deliver. We were proud to be recognised in the 2024 Inspiring Workplaces Awards Top 50 list, ranking 7th, with special recognition in Inclusion, Employee Voice, and Purpose & Culture.

Building on our achievements, our focus ahead of the new licence period is to ensure the organisation is set up to achieve our strategy and deliver on our customers' needs. We are refining our core business to upgrade and enhance the network by 2027, laying the foundation for a better future. As a trusted partner for stakeholders across the ecosystem, we are playing our part in a broader national mission and helping to accelerate the transition to a smarter, more sustainable energy system, cost-effectively.

We are evolving into a more efficient organisation by setting clear cost reduction targets and challenging ourselves to go further and faster. Our focus is on delivering value for money to our customers and, ultimately, to consumers. We understand that our costs impact consumer bills, which is why we are establishing clear cost efficiency targets and continuously seeking ways to enhance our effectiveness to provide greater value for customers.

As we seek to modernise the network, we are increasing our efforts to embed customer needs, today and future, into all aspects of our organisation, ensuring we listen, deliver and repeat more effectively, across our customer base reflecting changing usage and demands on the network while maintaining strong operational performance.

We are committed to continually improving the employee experience and creating an inclusive workplace where everyone can thrive. By ensuring we have the right capabilities to deliver the services our customers and GB consumers require, we are achieving excellence in our operations and supporting the broader goals of sustainability and innovation in the energy sector.

We are on the journey to become a more operational and service-oriented organisation, characterised by a focus on network performance and ongoing lifecycle management, underpinned by a culture of customer and consumer centricity. Through these efforts, we aim to create a workplace that not only

supports our employees but also drives our mission to deliver exceptional services and contribute to a smarter, more sustainable energy system.

Licence Renewal

Ofgem is continuing its review of the regulatory arrangements for the DCC following the conclusion of the current licence in September 2027. In its Phase 1 Decision (published in August 2023), Ofgem outlined the key features that would form the basis of the new regulatory model. In May 2024, Ofgem launched a further consultation on governance, incentives, and the future of the Switching Service. Key developments since then include:

1. The company Board will be independent with an independent Chair

2. DCC's Core Mandatory Business will operate on a not-for-profit basis

3. Core business will continue to be funded by charges on DCC users

4. DCC will transition to an ex-ante price control regime from November 2026

5. The current licence has been extended by 24 months, with changes to margin and overhead arrangements

6. Mechanisms are needed to enable changes in mandatory business and provisions for re-use

7. DCC will remain a licensed entity with an outsourced contract model

8. DCC will retain responsibility for the Switching Service

Decisions are still pending on whether Ofgem will run a Request for Proposal (RFP) for the Successor Licence or opt for a Direct Award, with legislation for a Direct Award expected by May 2025. Additionally, Ofgem is expected to consult on the scope of DCC's activities, the detailed design of new price control arrangements, and commercial flexibility in April/May 2025.

Governance

A majority independent Board with an independent Chair will minimise potential conflicts of interest. As we do today, ensuring a range of skills and expertise across Board members will be key. This includes expertise in risk management, the energy industry, consumer advocacy, technology, telecoms, and financial management.

Not for-profit

DCC's Core Mandatory Business will operate on a not-for-profit basis under the successor licence.

Ex-ante

DCC will move to an ex-ante price control regime from November 2026. To facilitate this transition, we are refining our cost structure to ensure reporting is transparent and aligned with the services we provide. Given the compressed timescale, prompt confirmation from Ofgem on implementation timelines remains critical.

Role and scope

DCC remains committed to delivering its Core Mandatory Business, ensuring secure, economical, and coordinated communication and data services for smart meters. Given the rapid evolution of the energy system, it is crucial that mechanisms exist to support a controlled and transparent evolution of DCC's role in line with policy objectives. Ofgem's upcoming consultation on DCC's future role presents an opportunity to outline how our obligations might evolve to support the net zero transition and drive better outcomes for customers.

Switching

Since the Central Switching Service (CSS) went live in July 2022, DCC has processed nearly 37 million switches, maintaining a high level of service. Ofgem has confirmed that DCC will retain responsibility for the Switching Service. Keeping switching within DCC ensures operational continuity, maximises economies of scale, and minimises disruption. Continued delivery by DCC leverages operational synergies, reduces disruption, and manages costs in the best interests of consumers.

Business handover

We have developed a Business Handover Plan (BHP) to ensure a smooth transition from one licence holder to another. In March 2025, we consulted customers and industry stakeholders on the BHP and submitted our final version for Ofgem's approval on 28 April 2025. This will be a key step towards gaining final approval and ensuring continuity of core services.

We remain committed to working closely with Ofgem as they finalise the structure of the successor licence, design the procurement for the next shareholder, and outline the detailed measures required to unlock the capability of the smart metering network for the benefit of customers and consumers.

3.3.   Section 5: Our Key Services and Activity

In this section, we set out our Service Families and the key activities and initiatives within each. These reflect the services we deliver for customers and consumers across the energy market. We also set out the internal initiatives underway to strengthen our capability – helping us operate more efficiently, respond to change, and continuously improve. Together, these activities support our strategic outcomes and ensure we can meet the evolving needs of our stakeholders.
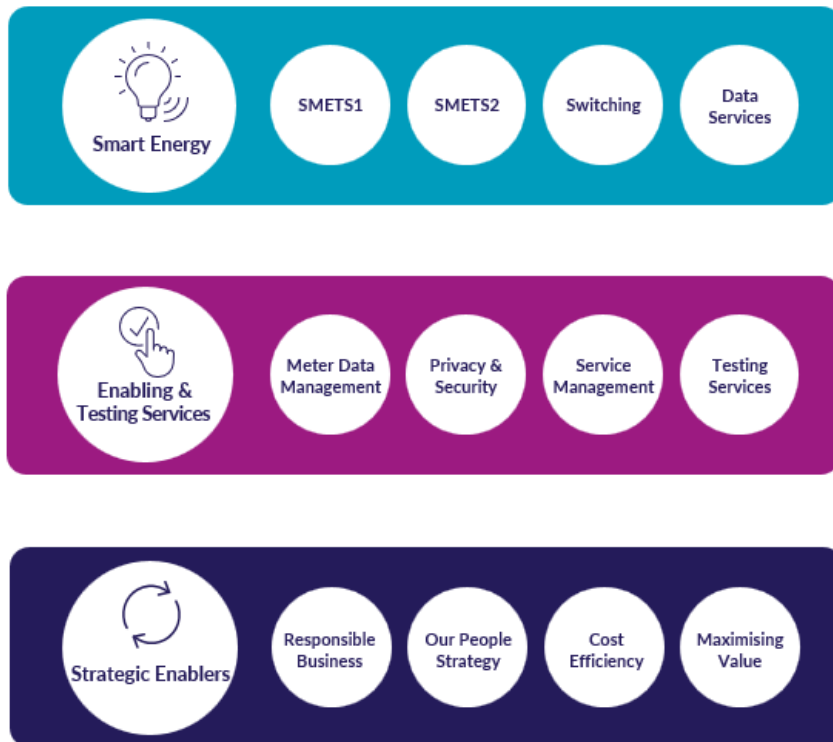
Smart Energy

The Smart Energy service family underpins Great Britain's transition to a smarter, more sustainable energy system by providing secure and efficient smart metering infrastructure. It ensures the continued operation of SMETS1 meters following their migration onto the DCC network and supports the reliable performance and interoperability of SMETS2 meters. Seamless switching services help promote competition and consumer choice by enabling faster, more reliable changes of energy supplier. Meanwhile, data analytics support optimised energy use, cost savings, and more efficient grid management. Ultimately, Smart Energy contributes to a more connected energy system that empowers consumers to better understand and manage their energy use, supporting the transition to a more sustainable future

3.3.1 SMETS1

Approximately 12 million SMETS1 meters are connected to the network, ensuring that consumers can continue to benefit from interoperable smart metering services, such as accurate billing and real-time energy usage insights.

We continue to migrate first-generation (SMETS1) smart meters onto our secure network, enabling seamless interoperability and maintaining smart functionality for both domestic and small business consumers.

Looking ahead, we are committed to delivering a carefully managed end-of-life process for SMETS1 meters. This will involve clear and collaborative approach to transition planning, giving customers and

industry stakeholders the time and support needed to plan effectively. DCC manages 10 core service contracts to maintain and evolve the SMETS1 service, ensuring continued reliability and smooth operations. Our goal is to ensure a smooth migration to SMETS2 meters, minimising disruption for consumers and maintaining the reliability of smart metering across GB.

The following section highlights the key programmes and activities that support the continued delivery and evolution of SMETS1 services.

SMETS 1 Enrolment and Adoption

What is the programme?

The SMETS1 Enrolment and Adoption Programme is enabling the migration of more than 15 million first-generation SMETS1 smart meters onto the DCC network where they will become fully interoperable between energy suppliers.

The programme is complex and technically challenging, involving multiple hardware and software combinations operating in a live environment. The migration and operation of each cohort has required the deployment and integration of a new platform. All cohort migration capabilities went live between August 2019 to February 2021.

Why is it important for customers, and ultimately consumers?

Migration will allow consumers to change energy suppliers without losing smart functionality. The objective is to support competition in the retail market and allow consumers to enjoy the full benefits of products and services which depend on smart metering. Migration also extends the operating life of first-generation metering assets, ensuring value for money and reducing waste.

What's next?

Energy suppliers have a licence enrolment obligation to have taken all reasonable steps to enrol SMETS1 meters onto the DCC network by September 2025 with three months to complete closure activities. We are therefore preparing for the closure of the DCC's Migration Service. The key activities for SMETS1 in 2024 are:

1) Working with our remaining customers to complete migrations of outstanding devices
2) Requesting party closure for Secure Cohort once all migrations completed
3) Certificate Rotation in FOC to allow devices to continue to operate to End of Life

SMETS1 Initial Operating Capability/Final Operating Comms Capability

What is the programme?

The current Communications Service Provider for Initial Operating Capability (IOC) and Final Operating Capability (FOC) is Vodafone, whose contract expires in March 2029. Without a replacement CSP service, these SMETS1 meters would lose communication functionality and revert to 'dumb' mode. This programme is assessing the available options for providing ongoing communications services.

Why is it important for customers, and ultimately consumers?

The IOC and FOC SMETS1 service supports around 7.5 million households across Great Britain, helping them access the benefits of smart metering such as accurate billing, near real-time consumption data, and easier switching. As the service approaches its expected end of life between 2029 and 2033, there is a critical need to manage the transition in a way that safeguards these benefits for consumers.

For customers, this means balancing a range of considerations, including performance, value for money, and the need to maximise the useful life of SMETS1 meters. Extending the service provides the time needed to plan and implement replacement programmes efficiently.

What's next?

DCC is currently developing the Green Book business case, which is expected to be completed in Q2 2025. Once finalised, DCC will work in alignment with Customers and Government to plan for the end of life of this important communications service.

Final Operating Capability (FOC) Application Network Security & Operations (ANSO) Re-procurement

What is the programme?

The FOC ANSO service ensures secure, efficient, and compliant communication for approximately 4.5 million smart meters, ensuring continued access to smart metering services for consumers. The existing FOC ANSO contract expires in July 2025, and as a fundamental service, it will be competitively re-procured to ensure long-term value, performance, and continuity for customers.

Why is it important for customers, and ultimately consumers?

Re-procuring the service is essential to ensure that consumers continue to benefit from smart metering, and that DCC maintains its compliance with licence obligations related to the operation of the SMETS1 service.

The re-procurement process also presents an opportunity to modernise the service, improving scalability, performance monitoring, and overall infrastructure resilience. Additionally, current market conditions offer the potential to secure greater value for money, ensuring that smart metering services remain efficient and sustainable as the sector evolves.

What's next?

The Department for Energy Security and Net Zero (DESNZ) issued a non-objection to the Outline Business Case in late 2024, enabling DCC to begin Stage 1 of the Request for Proposal (RFP) process. The RFP is currently in progress, alongside development of the Final Business Case (FBC). DCC expects to submit the FBC to DESNZ in June 2025, with feedback anticipated in July 2025.

Dual Control Organisation (DCO) Reprocurement

What is the programme?

The SMETS1 DCO is a security application designed to detect potential compromises in SMETS1 Service Providers (S1SP) and prevent mass meter attacks. It achieves this through

anomaly monitoring and cryptography, offering Key Management and a 'Detect and Prevent' mirroring service. This removes the S1SP as a single point of compromise, providing a stable and secure platform for SMETS1 services.

The DCO is a business-critical control system that manages the high-volume flow of instructions and data across the 14 million SMETS1 meters currently installed (as at the end of 2024) on the DCC network.

The DCO re-procurement was initiated to select new service providers through a competitive process to host and operate the existing DCO application on a new platform. This ensures service continuity, stability, and cost-effectiveness throughout the remaining lifecycle of SMETS1 meters.

The re-procured DCO service comprises three core contracts:
1. Hosting – Secure infrastructure for the DCO platform

2. Management Services – Operational oversight, including monitoring and issue resolution
3. Application Support – Maintenance of the bespoke DCO software

Why is it important for customers, and ultimately consumers?

Re-procuring the DCO is critical to ensuring the stability and security of SMETS1 meter operations. As these meters remain in service until their anticipated end-of-life between 2029 and 2033, maintaining secure and reliable communications for both DCC's energy customers and consumers, including pre-pay users, remains operationally essential. The re-procured service will help safeguard secure communications and ensure uninterrupted service delivery, particularly benefiting pre-pay users who rely on continuous access to their meters for credit top-ups and accurate billing.

To drive value for money for customers, DCC conducted a targeted but competitive procurement process. To minimise operational risks and accelerate the in-service date, the competition was restricted to nine suppliers already delivering live services. To ensure fairness and avoid any incumbent advantage, the procurement was structured into three separate lots:

- Lot 1: Application Hosting – Secure, scalable, and cost-effective platform hosting
- Lot 2: Management Services – Operational oversight, including monitoring and resolution of issues
- Lot 3: Application Maintenance – Support and maintenance of the DCO software

A comprehensive evaluation and collaborative approach resulted in £2.7 million savings by refining supplier proposals and enhancing value for money. To benchmark fair-market pricing, DCC used Gartner's pricing comparator tool, which confirmed that the re-procured contracts would deliver an estimated £19.21 million in savings over the initial contract term to 2029, as opposed to previous contracts.

The total investment across the re-procured DCO contracts is projected at £170.5 million.
By securing these contracts, DCC ensures long-term stability and security for SMETS1 meters, while delivering cost efficiencies for its customers.

What's next?

The DCO re-procurement programme will now progress through key milestones, with full deployment targeted by October 2025.

- High Level Design Approved - 06/05/25
- Solution build commenced and test plans in place - 31/07/25
- Design, Build and Test complete, ready for go-live - 22/09/25

3.3.2 SMETS2

The SMETS2 Service Family underpins GB's national, secure, and interoperable smart metering network, ensuring seamless communication between smart meters and DCC's infrastructure. This service enables energy suppliers and network operators to securely access meters remotely, supporting essential functions such as accurate billing, real-time energy monitoring, and firmware updates, while maintaining interoperability across all energy suppliers.

At the core of SMETS2 are the Wide Area Network (WAN), Communications Hubs, and Device Manager, all of which ensure the reliability, security, and scalability of smart metering. Over 21 million SMETS2 meters are currently in operation, playing a crucial role in GB's energy infrastructure. SMETS2 will lead the transformation of existing WAN technologies to 4G, with the rollout of dual band 4G Communications Hubs, enhancing network coverage and performance. This will also drive the evolution towards next-generation connectivity solutions, ensuring the long-term stability and resilience of GB's smart metering network.

Looking further ahead, SMETS2 will continue to shape the future of smart metering by enabling advanced connectivity solutions that drive innovation and support the evolving needs of the energy sector.

Future Connectivity North

What is the programme?

The Future Connectivity North project is focused on ensuring a sustainable smart metering connectivity infrastructure in the North region. This initiative will deliver the connectivity technology that scales the DCC network in the North to support up to 10.5 million premises.

Why is it important for customers, and ultimately consumers?

This project is essential for enhancing smart meter services in the North region. It ensures consumers continue to benefit from smart metering. The programme also enables the continued rollout of smart meters beyond five million premises, extending these benefits to even more households and businesses.

The project also provides the certainty needed for customers to develop their long-term plans, allowing for a structured and well-managed approach to smart meter deployment and future service improvements. The deployment of 4G will bring enhanced network performance, improving service levels and creating a platform for future technological advancements. Additionally, ensuring a competitive and efficient connectivity solution will help drive value for money, delivering benefits not just for customers but for end consumers as well.

What's next?

We are now targeting full go-live of the 4G service in the North by 30 May 2025, marking a key milestone in our connectivity.

Long Range Radio Committed Term

What is the programme?

In the North Region, smart metering connectivity is currently delivered by Arqiva through Long Range Radio (LRR) infrastructure, with the existing contract set to expire in 2028, but with an option to extend to 2033. The LRR Committed Term Programme is focused on evaluating the future of LRR connectivity, assessing all available options, and developing a Business Case that aligns with DCC's long-term strategic objectives and the evolving needs of the energy industry.

Why is it important for customers, and ultimately consumers?

Ensuring long-term service continuity in the North Region is critical for both customers and consumers. This programme will define the future of the LRR network, providing certainty for customers so they can plan their operations, logistics, and future smart metering deployments with confidence, as well as maximise the asset life of LRR-installed meters. A stable and reliable connectivity solution is essential to maintaining the benefits of smart metering, ensuring that consumers continue to receive accurate billing and real-time energy insights without disruption, while minimising the need for unnecessary meter swap-outs.

What's next?

The programme is currently in the startup phase, establishing governance structures and defining key workstreams required to develop a long-term solution. A key milestone in this phase is the delivery of an Outline Business Case (OBC) by August 2025, followed by the Full Business Case (FBC) by December 2025.

Virtual Wide Area Network Solution (VWANS)

What is the programme?

The goal of VWANS is to develop a solution that extends smart metering services to properties that fall outside the coverage area of the current Smart Metering Wide Area Network (SMWAN). This service aims to address the issue of areas without cellular or radio coverage, which currently prevents smart meter installations in certain premises. With consumer consent, the service will use the home internet connection to establish smart meter connectivity, ensuring a full smart metering experience. The next generation 4G Communications Hub launched in December 2024 will play central role in the development and rollout of the VWANS.

Why is it important for customers, and ultimately consumers?

As consumer demand for smart meters grows, the lack of network coverage in certain areas has become a significant barrier. In locations where there is no WAN, residents are unable to benefit from the advantages of a smart meter. This means they miss out on key functionalities such as accurate billing, real-time monitoring, and access to potential schemes offered by energy suppliers, leaving many frustrated with the current options available to them.

The VWANS aims to overcome the challenge of No WAN premises, initially addressing approximately 328,000 premises and with potential for scalability. Energy suppliers have shown strong support for the rapid development and delivery of this solution. The VWS aims to overcome the challenge of No WAN premises, initially addressing approximately 328,000 premises with potential for scalability. Energy suppliers have shown strong support for the rapid development and delivery of this solution. While the programme is focused on resolving No WAN issues in the short term, it also presents a longer-term potential solution for areas with poor WAN coverage, improving access to smart meters for consumers who wish to have one.

What's next?

The programme is in Design, Build, and Testing phase. DCC's target is to deliver a solution for Soft Launch with a select group of customers in Q1 2026.

Device Manager Hosting and Service Provision Reprocurement

What is the programme?

The Device Manager Hosting and Service Provision Reprocurement programme will conduct a full, competitive re-procurement of the 4G Communications Hub and Network (CH&N) Device Manager (DM) service, which is currently provided by Accenture.

Why is it important for customers, and ultimately consumers?

This programme is important for customers, and ultimately consumers, as it ensures long-term confidence in the 4G solution that DCC provides for securely managing the Comms Hubs that connect premises to the platform. The DM oversees the operation, maintenance, security, and compliance of communication devices within the 4G CH&N service.

By running a competitive procurement, DCC seeks to leverage insights from past operational performance to not only ensure compliance but also to drive performance improvements and secure better value for money. This process presents an opportunity to refresh the service, optimise operational efficiency, and enhance long-term stability for customers. The DCC will also ensure continuity of service for customers during this period.

What's next?

DCC will begin by conducting a thorough options analysis, considering the feasibility of rebuilding the application software versus migrating existing services. The business case development will then follow, including stakeholder engagement, the procurement process, securing non-objection from DESNZ, and gaining acceptance from Ofgem on the proposed approach. Once the procurement is complete, DCC will

manage all necessary activities that ensure continuity of service throughout. The entire programme will be delivered ahead of the November 2028 contract breakpoint

Next Gen Comms Hubs

What is the programme?

The Next Gen Comms Hubs programme will design, develop, and establish a supply chain for the next generation of communications hub hardware and firmware. DCC is taking a proactive approach to address the obsolescence risk associated with the current 4G Comms Hubs, which could sunset in the early 2040s, although there are no known dates for this sunset.

To future-proof the network, the programme will introduce new communications technologies agreed through broad stakeholder engagement, ensuring they are as technologically advanced and economically viable as possible. The programme will also diversify the supply chain by contracting with multiple suppliers, reducing the risk of dependency on a single provider. This will enhance resilience and encourage competition.

Why is it important for customers, and ultimately consumers?

This programme is vital for maintaining the long-term continuity and stability of the smart metering network, ensuring customers can confidently plan for the full asset life of the comms hubs. By proactively developing next-generation comms hubs, DCC aims to ensure a smooth transition to future connectivity technologies and maintain continuous service availability.

For customers, this programme offers greater long-term certainty, enabling more confident forward planning and investment. The introduction of a diversified supply chain will reduce the risk of service disruption, while competition will help ensure value for money.

While the programme is focused on maintaining existing services, customers may benefit from potential new functionality, such as enhanced encryption standards (e.g., quantum-resistant algorithms), which will strengthen security.

What's next?

DCC started the discovery exercise in April 2025 to understand and agree on industry and customer requirements, including potential benefits for Distribution Network Operators. This will be followed by an options analysis and the development of a Strategic Outline Case (SOC) in Q3 2025, Outline Business Case (OBC), and Full Business Case (FBC) in line with HMT Green Book standards to follow.

3.3.3 Switching

The delivery of faster, more reliable switching was a significant milestone in the transformation of the retail energy market. It delivered a foundation for increased competition and innovation, leading to improved consumer value, experience, and engagement with the market.

As Ofgem's key delivery partner, we designed and built the Central Switching Service (CSS), which has been in operation since July 2022. DCC managed the consolidation of 28 existing and new systems and the integration of around 200 licensed parties into the CSS. Since then, we have facilitated over 36 million switches, offering consumers the potential for lower bills and improved service quality. With a 100% availability rate in 2024, the CSS continues to ensure reliable, efficient switching services across the market.

Following Ofgem's decision to retain the switching service with DCC, we are now focused on delivering enhancements that maintain the high standards of performance demonstrated since go-live.

The following section outlines the Centralised Registration Services (CRS) Improvements Programme, which drives ongoing enhancements to the Switching service.

Centralised Registration Services (CRS) Improvements

What is the activity?

DCC and RECCo are working together to collaboratively scope, build and deliver a CRS improvement plan that aligns with customer needs and delivers tangible improvements to the service. The plan is focused around five key areas; incident management, change management, engagement & communications, reporting, and address data quality.

Why is it important for customers, and ultimately consumers?

The improvement plan will enhance the service to continue meeting evolving customer needs and support more effective use of the Switching platform. It will build on what already works well, whilst refining elements of the service that have not kept pace with how customers now wish to use it. Ultimately it will ensure DCC continues to deliver an effective and efficient service which provides value for money for its customers.

What's next?

The improvement plan is currently in development. Customers are being engaged around its content and intent to ensure it effectively meets their expectations. DCC and RECCo will share the plan with Ofgem in mid-April, with the aim of delivering improvements through RY 2025/26.

3.3.4 Data Services

DCC plays a vital role in managing and evolving the smart meter data ecosystem across Great Britain. Smart meter data is a unique and valuable asset that can unlock innovation, enable tailored customer experiences, and support key policy goals such as decarbonisation and the transition to a smarter, more sustainable energy system. When accessed responsibly, it can drive new products, services, and business models that deliver better outcomes for consumers.

To unlock these benefits, DCC continuously enhances the breadth and depth of its data services. This means providing streamlined, yet secure access to smart meter data using contemporary methods, while also evolving the infrastructure to support the integration of advanced technologies such as machine learning and AI. These capabilities enable deeper insights, facilitate predictive analytics, and empower organisations to make more informed decisions.

Our data service initiatives focus on three key areas:

1. **Refining access for Other Users:** We are improving the accessibility of smart meter data for authorised third parties, known as 'Other Users'. By enhancing the role and functionality of this access, we are enabling more organisations to leverage data-driven insights to develop innovative solutions that benefit consumers and the wider energy market.

2. **Expanding access to system data:** We are increasing access to smart meter 'system data' – the detailed audit trail of all messages transmitted across the network. This expanded access improves transparency and provides valuable information that can drive service improvements, support regulatory compliance, and enhance customer experience.

3. **Enhancing DCC's data capabilities:** Internally, we are strengthening our own capabilities to manage smart meter data more effectively. This includes advancing how we ingest, transform, curate, and store data, ensuring it is accurate, reliable, and readily available to industry stakeholders. By improving our data processing and delivery, we help organisations unlock richer insights, drive efficiencies, and accelerate the development of new services.

Through these efforts, DCC's data services are helping to create a smarter, more flexible and efficient energy system, one that empowers consumers, supports industry growth and drives progress towards a

low carbon future. The table below outlines the key activities driving these initiatives, highlighting how DCC is enhancing data services to deliver greater value for customers, industry, and consumers.

Key Activities	Description	Benefits	What's next?
Other User improvements	DCC is developing a digitised Customer Onboarding portal to provide a simplified, centralised route through which new users of the DCC network can onboard to access DCC User Roles, starting first with the Other User role.	• Improved customer experience • Reduced onboarding times • Reduced costs for on-boarders and DCC • Improved pipeline reporting • Increased innovation in the energy sector and beyond through increased access to the smart metering network	New onboarding portal live end of 2025 with extensions to all user roles over 2026
Smart Meter Energy Data Repository	DCC is supporting DESNZ in understanding the feasibility of introducing a Smart Meter Energy Data Repository that would act as a cache of certain DCC data sets (e.g. consumption data, export data, voltage data).	• Simpler, faster access to key smart meter data sets, enabling wider data access • Reduced demand on the DCC network. (depending on operating model) • Potential operational cost savings for DCC and therefore consumers	Decision on next steps for SMEDR expected Q2/3 2025
Smart meter system data access (including adoption of the Energy Data Best Practice Guidance – EDBPG)	DCC is seeking to maximise access to smart meter system data to enable public benefit. This includes establishing the breadth of use cases that could be supported, the associated data requirements and an accompanying access regime. In parallel, DCC is preparing to operate under the terms of the EDBPG which will require treating smart meter system data as 'presumed open'.	• Enabling innovation and public benefit through access to underutilised data from the smart meter system • Supporting maximum data access (including open data) and improved data services through adoption of EDBPG principles • Increased efficiency in data access through streamlined data governance through a 'trust framework' approach	EDBPG licence changes expected Q3 2025

Asset Visibility	DCC is continuing to support government as they further develop policy for improved visibility of low carbon technology assets (e.g. heat pumps, solar, batteries). Smart meter data holds potential to identify un-registered assets and improve the accuracy of any future 'central asset register'.	• Streamlined and accurate consolidation of asset data • Opportunities for alignment of key requirements across smart meter and asset registry data (e.g. access regime, charging methodologies) • Re-use of existing capabilities such as cybersecurity	Government Low Carbon Flex roadmap expected mid 2025
Internal Data Platform	DCC is nearing completion of its migration to a cloud-native data platform. This will enhance the resilience of our current services while enabling the Data and Analytics team to generate more impactful insights into the organisation's key opportunities and challenges.	• Cost effective and scalable approach • Quickly integrate new data inventions and technologies • Allow for Proof of Concepts to be conducted rapidly at low cost to realise value • Real time streaming of data from our suppliers to support more effective network and customer journey monitoring	Integration of AI tooling into our platform to support internal Large Language Models and enhance our predictive analytics capabilities
Customer Reporting Portal	As part of a recent SECMOD, DCC will be launching a reporting portal that offers access to visual, interactive reports, moving away from traditional static formats	• The portal will launch during Q1 2025/26 with an initial set of reports. Following user testing and further engagement, we plan to expand the range of reports and insights available, prioritising those that deliver the greatest value to customers	

Enabling and Testing Services

Enabling and Testing Services ensure the security, efficiency, and performance of the smart energy network. They cover meter data management for accurate billing, service management for continuous operation, and privacy and security for threat protection. Rigorous testing validates updates and new technologies, ensuring reliability and compliance. Together, these services underpin a resilient and future-ready smart energy ecosystem.

3.3.5 Meter Data Management

Through seamless integration with energy networks, these services facilitate the continued provision of a stable and secure energy system, promoting greater transparency and enabling more effective demand-side management. MDM ensures the collection, secure transmission, and reliable processing of data, providing stakeholders with the insights they need to make informed choices that improve operational efficiency and customer experience. Furthermore, MDM supports compliance with regulatory standards and provides actionable insights that can drive innovation in energy services.

The following section highlights the key programmes and activities that support the continued delivery and evolution of Meter Data Management services.

Future Data Service Provider (DSP) Data System

What is the programme?

The DSP Data System sits at the heart of the smart metering infrastructure, providing data services that connect energy suppliers to devices at their consumers' premises. It provides a central facility that controls the flow of messages to and from smart meters, enabling critical functions to take place, such as prepayment meter top-up, data collection for energy supplier billing, and support for new industry-wide innovations.

At scale, and with the DSP at its core, the smart metering system is anticipated to support secure data communications across more than 100 million devices in 33 million premises. It is therefore essential that the DCC has a DSP Data System that provides a future-proofed solution while remaining effective and adaptable in the face of evolving technological, regulatory and market changes.

Why is it important for customers, and ultimately consumers?

As a regulated business, the DCC is required to ensure the maintenance and continuity of critical services, while securing value for money for our customers. The DSP programme will ensure this continuity with a reliable service that meets the needs of our customers by improving the pace and cost of delivering industry change. The use of more flexible technology will also lower the cost of operation for our customers and enable future reuse of the network for new services.

Specifically, the programme will provide the following benefits:

- Meet customer needs by delivering improved performance and introducing near-zero downtime to reduce service outages
- Self-serve enabling authorised customers improved data access, diagnostics, and development of elective services
- Contested in-life change to reduce time and cost for testing, modifications, and the new feature development
- Enable increased customer flexibility, reduced cost, and service innovation
- Maintain continuity of service and minimise transition risk

What's next?

The current DSP Data System is provided by a single services provider for which the contract will expire in October 2028. In December 2023, it was determined that such a reliance on a single provider was no longer tenable from a technical, commercial or risk perspective so, in consultation with industry, a competitive procurement process was initiated to engage multiple services providers to disaggregate the DSP.

In March 2025, the DCC signed contracts with three new vendors to provide DSP Core Services, and another to provide DSP Systems Integration, all of which are expected to drive significant efficiencies and deliver value for money, resulting in positive commercial outcomes for stakeholders.

The aim is to complete an initial Blueprint Design by the end of 2025 following which, the design, build, and testing process will take place in stages, with the Future DSP Solution expected to be deployed in early 2028. All devices are planned to be fully migrated by the end of that year.

Market Half Hourly Settlement (MHHS)

What is the programme?

MHHS is an industry-wide programme, of which DCC is delivering a series of capabilities. Electricity settlements and trading works are using half hourly interval data today. However, most domestic, and smaller non-domestic meter points are settled on a non-half hourly basis. MHHS will contribute to a more cost-effective electricity system, with more flexible use of energy and lower consumer bills. This opportunity has been made possible by the roll-out of smart meters which can capture half-hourly data and transmit it back to the supplier.

DCC supports industry in the delivery of MHHS, specifically the delivery of the following capabilities:

- Creation of the Meter Data Retriever role, and associated SEC & REC Changes
- Additional network management for increased network traffic associated with MHHS
- End-to-end System Integration Testing (SIT) Functional Testing, and migration of suppliers to MHHS

Why is it important for customers, and ultimately consumers?

Through MHHS, energy suppliers will be exposed to the exact half-hourly costs of customer consumption patterns. This will encourage electricity suppliers to offer time of use tariffs, which in turn will incentivise consumers to shift their consumption to times when energy is cheap or to support protecting the electricity networks by managing levels of demand.

What's next?

End-to-end SIT Functional Testing commenced in March 2024 and is due to run for 18 months, ensuring that the full industry-wide solution is in place for the start of migration to MHHS in October 2025. Alongside the testing, DCC is working with suppliers on the delivery of the increased capacity required, to be in place ahead of the start of industry migration in October 2025.

3.3.6 Privacy and Security

The Privacy and Security service family encompasses a range of critical functions designed to safeguard the integrity, privacy, and security of the smart metering network. These functions ensure compliance with the Smart Energy Code (SEC), the Licence, and other relevant regulations, safeguarding sensitive data and maintaining service continuity.

This service family also supports the resilience of internal systems, including cloud environments and operational tools. Additionally, it plays a key role in Business Continuity and Disaster Recovery, ensuring uninterrupted service delivery and effective response to security incidents.

The scope of Privacy and Security extends to the entire smart meter ecosystem, from SMETS1 and SMETS2 devices to communication hubs, with a focus on securing end-to-end systems and data flows. Through continuous monitoring and proactive measures, it ensures protection of consumer information as it transits the DCC network, maintaining the privacy and security of all interactions within the system, from device communication to cloud and internal system access control.

The following section highlights the key programmes and activities that support the continued delivery and evolution of Privacy and Security services.

Public Key Infrastructure – Enduring Services (PKI-E)

What is the programme?

The Trusted Service Provider (TSP) PKIs provide cryptographic services to the smart metering infrastructure. This programme is introducing an enduring public key infrastructure platform. The new solution will be delivered with minimal impact to our customers and DCC's live services and programmes. In establishing the programme, the DCC will mitigate the end-of-life risk but will also develop an enduring public key infrastructure platform that will provide the required levels of security, flexibility, and cost

efficiency to support both core services and future enhanced DCC capabilities. The new services will be designed to respond to emerging security needs over the next ten years.

Why is it important for customers, and ultimately consumers?

The TSP provides fundamental smart metering services such as Smart Metering Key Infrastructure and Infrastructure Key Infrastructure, which issue digital certificates for DCC users and smart meters. The platform is designed to meet required levels of security and efficiency, and in this new iteration (Enduring Service), it will be mostly moved to the cloud. This change enhances flexibility and portability for future changes or expansion of the platform. As part of this new engagement, the supplier will also collaborate with DCC to deliver a post-Quantum roadmap, and we plan to enhance the platform as needed, in line with NCSC guidance. This new contract was awarded following a Green Book methodology to guarantee the best possible value for money.

What's next?

The programme moved from the procurement phase at the end of March, directly into detailed design with a goal of delivering the enduring service from the start of Q2 2026.

Enduring Change of Supplier (ECoS)

What is the programme?

The Change of Supplier (CoS) process enables the secure replacement of supplier certificates when a consumer switches energy providers. Initially, a temporary solution was used during the smart meter rollout. Now, the focus is on transitioning to a more resilient and secure ECoS system. ECoS will centralise and validate the change of supplier events, improving the security and efficiency of the process.

Why is it important for customers, and ultimately consumers?

ECoS makes switching energy suppliers smoother, faster, and more secure for consumers. By separating the Change of Supplier (CoS) function from the Data Service Provider, it strengthens security and protects consumer data, aligning with the smart metering trust model. For customers, this means a more reliable and efficient switching process, reducing the risk of errors or delays. The programme was delivered under budget, and by decommissioning the Transitional Change of Supplier solution, ongoing costs are reduced – helping to keep industry expenses lower, which can benefit consumers in the long run.

What's next?

ECOS as a service went live in Summer 2023 and since then the TCOS provider has been decommissioned and the TCOS security keys have been transferred to ECOS. The roadmap of the ECOS solution is now focused managing TCOS credentials out of supply chain and production, as well as ongoing maintenance of the service.

- ECOS post commissioning obligations will be applied - Q2 2025

- Manual rotation of any legacy TCOS certificates in production - Q3 2025

- New manufacturing certificates will be made available to device manufacturers - Q4 2025

- Performance and capacity improvements - Q4 2025

3.3.7 Service Management

Service Management is a critical function ensuring the effective governance, delivery, and continuous improvement of the Smart Utility Service. It provides a structured framework for managing service operations, ensuring reliability, security, and efficiency. By overseeing service providers, supply chain logistics, and operational processes, Service Management ensures that customer outcomes are consistently met in alignment with best practices.

This service family also covers:

Provisioning and Logistics, which allows for the provision of Communication Hubs through customer forecasting and ordering, while supporting the returns of these Communication Hubs for triage and eventual disposal.

Network Management, which provides governance on the Smart Utility Service, ensuring alignment with Information Technology Infrastructure Library (ITIL) v4 best practices. It drives service reliability, security, and efficiency by standardising provider operations and streamlining customer engagement.

Reporting and Analytics, which delivers timely, data-driven insights, enhancing visibility into the smart metering ecosystem and enabling better forecasting, resource management, and customer engagement.

The following section highlights the key programmes and activities that support the continued delivery and evolution of Service Management services.

Future Service Management (FSM)

What is the programme?

The FSM programme will replace the current Data Service Management System (DSMS) used by DCC. The new system will be modern, secure, and easier to maintain, ensuring that it meets the required performance standards under the Smart Energy Code (SEC) while also delivering a better customer experience.

Why is it important for customers, and ultimately consumers?

The current DSMS is essential for managing and resolving issues within the smart meter network. It allows customers to request services, report problems, track service progress, and access important information such as downtime reports. The new FSM solution will provide customers with a more reliable and capable system, ensuring it can efficiently handle the anticipated rise in service requests from the upcoming system changes.

What's next?

DCC awarded the Design, Build, and Test contract to the preferred bidder in September 2024. DCC is now working with both the preferred and existing service providers to build and implement the FSM solution, with completion expected by the end of Q1 2026.

Network Traffic Management (NTM)

What is this?

NTM focuses on efficiently managing network capacity to meet the growing demand for smart metering services. With an increasing number of devices, new use cases, and evolving customer expectations, NTM ensures that the smart metering network remains reliable and scalable. By adopting a holistic approach that combines technical, operational, and commercial efforts we focus on the intelligent use of capacity to optimise performance while minimising investment. NTM works closely with customers and stakeholders to proactively identify opportunities across customer, operational, process, regulatory, and commercial areas.

Why is it important for customers, and ultimately consumers?

DCC needs to ensure it has a robust strategy in place to make the right strategic choices in managing the network. This is vital for ensuring continued and reliable performance, optimising capacity investment, and for the broader public benefit, especially given the growing number of use cases for the network.

Without intervention, the risk to on-time message delivery and network inefficiency will increase. An end-to-end strategic approach is therefore essential to ensure the timely delivery of solutions that offer value for money and avoid costly, isolated changes.

The importance of NTM is evident in its impact on both customers and consumers, particularly in three key areas:

Improving network utilisation:

To keep pace with increasing demand, NTM explores smarter ways to use available capacity. In 2024/25, pilots assessed the impact of using more of the day for scheduled reads, helping to reduce congestion and improve the efficiency of data traffic across the network.

Enhancing message success rates:

A core focus of NTM is reducing the number of retries caused by network inefficiencies. This includes work across both SMETS1 and SMETS2 devices, such as the Non-Comm Devices Retry Optimisation initiative, which delivered a 90% reduction in retries. These efforts improve first-time success rates, reduce delays, and directly enhance the customer experience.

Prioritising and optimising network traffic:

Targeted initiatives help ensure critical services are prioritised and traffic is efficiently managed. This includes deploying a Traffic Management Gateway for the Central and South regions, expanding radio channels in the North to reduce retry volumes, and introducing DSP Southbound Prioritisation to support time-sensitive services like pre-pay. Continued optimisation of SMETS1 devices also ensures a consistent, high-quality experience across all device types.

These initiatives reflect the ongoing efforts to optimise the network for the benefit of both customers and consumers, ensuring that the smart metering infrastructure remains robust, scalable, and efficient.

What's next?

Key focus areas for the upcoming period include:

Activity	Date
DP257 SPS Data Cache & SMEDR Feasibility: We are now looking to the future by exploring a sustainable approach to managing increasing demand. Our focus is on optimising data batch processes to enhance efficiency, aiming to touch each meter only once per batch. This forward-thinking strategy will help streamline operations, reduce resource consumption, and support the scalability needed to meet future demands.	Commenced
Schedule Reads Optimisation: Aiming to optimise 85% of all traffic to increase network utilisation and performance, with a focus on better distribution and understanding demand profiles.	Q2 2025

Erroneous Alerts & Device Optimisation: Targeting further reductions in unnecessary alerts and improving device handling.	Q3 2025
Ongoing First-Time Success & Retry Management: Continuing to improve first-time success rates and manage retries to enhance network performance.	Ongoing
Customer Guidance and Insights: Sharing recommendations and best practices to help customers enhance network efficiency, while aiming to minimise any potential impact on DCC users.	Ongoing

As demand continues to grow, these initiatives will ensure that DCC's network remains resilient, scalable, and cost-effective, with tangible benefits for both customers and consumers.

Enhanced Returns and Disposal Process

What is the programme?

The Enhanced Returns and Disposals programme addresses the upcoming sunset of the 2G network by 2033, requiring the replacement of approximately 11 million devices with the latest 4G technology. This will involve a large-scale physical swap-out across Great Britain, with engineers visiting each consumer's home to complete the process. Currently, the focus is on the recovery and refurbishment of devices to minimise environmental impact and costs, ensuring a sustainable supply of both new and refurbished devices. In future years, as 4G devices replace older ones, the focus will shift towards an optimised and sustainable end-to-end process that maximises recycling yields and reduces the carbon footprint.

Why is it important for customers, and ultimately consumers?

The Enhanced Returns and Disposal process will deliver tangible benefits for customers by making the returns process faster, more efficient, and more sustainable. Improved lead times and increased capacity will mean quicker turnaround on device returns, helping customers manage stock levels more effectively. Automated processes will reduce manual intervention, streamlining operations and lowering the risk of errors.

Crucially, the programme ensures the secure disposal of old devices, with full traceability and certification, giving customers confidence in data security and regulatory compliance. By handling large volumes of returns, the programme can achieve economies of scale, driving cost-efficiency and reducing the carbon footprint across the supply chain. This supports both financial savings and environmental sustainability. Additionally, the plan will cover the returns of faulty and non-faulty comms hubs, as well as unused 2/3G and Long-Range Radio Communication Hub stock, ensuring a comprehensive and consistent approach.

What's next?

The transition from 2G/3G to 4G comms hubs will begin in H2 2025, with a ramp-up in 4G swaps forecast for late 2026. Key milestones include:

- 4G mass manufacturing decision for Live Service Criteria 2 - H1 2025

- Mass installs of 4G comms hubs begin - H2 2025

- 2/3G swap-outs consultation commences - April 2026

- 2G network switch-off - 2033

3.3.8 Testing Services

Ensuring the seamless operation of smart meters and communication hubs across the DCC network relies on a robust and reliable testing framework. DCC's Testing Services provide a suite of testing capabilities that enable participants to validate device compatibility, network connectivity, and system performance. These services are essential for helping customers meet industry regulations, verify security, and ensure reliable communication across the smart metering ecosystem. By offering continuous access to controlled testing environments, DCC supports the smooth integration of new devices and system updates, reducing operational risks and maintaining a high-quality service for consumers.

Below, we outline this service in more detail.

What is the service?

Testing Services is an ongoing, regulated service that helps Smart Energy Code (SEC) Parties, known as Testing Participants, complete the necessary testing to become DCC Users. Through this service, participants carry out Smart Metering Key Infrastructure (SMKI) and Repository Entry Process Testing to verify their ability to securely interact with the SMKI and the DCC Repository. They also undertake User Entry Process Testing to confirm they can send and receive messages through the User Gateway within the User Integration Testing (UIT) environment.

In addition, DCC provides Device and User Testing Services for both SMETS1 and SMETS2 devices. Participants can conduct testing remotely or in the DCC Test Lab, offering flexibility and convenience.

Why is it important for customers, and ultimately consumers?

Testing Services ensures that Testing Participants meet the compliance requirements set out in the SEC, enabling them to become DCC Users. This is essential for interacting with the DCC network and playing a role in the smart metering ecosystem.

The service delivers key benefits:

- **Ensures security and integrity:** Testing verifies that participants' systems can securely handle messages, protecting against data breaches and ensuring the reliability of the messaging system.
- **Supports effective communication:** User Entry Process Testing confirms that participants can send and receive messages reliably, which is vital for seamless operations.
- **Ongoing compliance and reliability:** Continuous access to testing allows participants to validate new firmware or code releases, ensuring their systems remain compliant with evolving standards.
- **Enhances interoperability:** By testing both SMETS1 and SMETS2 devices, the service helps participants maintain compatibility with the latest smart metering technology, ensuring a consistent and reliable experience for consumers.
- **Reduces risk and disruption:** Structured testing helps identify and resolve potential issues early, preventing costly operational disruptions.

What's next?

As an enduring service, Testing Services enables participants to test new firmware or code releases within the UIT environment, ensuring ongoing compliance and performance.
Additionally, the service offers value-added testing services to all SEC Parties, helping them optimise their systems and maintain high standards of security and reliability.

In-life Change spans both the Smart Energy and Enabling and Testing Services service families. Effective coordination between these service families ensures that changes, such as technical refreshes, performance enhancements, and regulatory modifications, are delivered seamlessly, with minimal impact on operations and customers.

In-life Change (ILC)

What is this?

In November 2023, we created a dedicated In-life Change team to manage the enduring delivery of In Life Changes (such as Technical Refreshes, Capacity uplifts, performance enhancements and mandated modifications), under the Market to Retire lifecycle stage.

The primary objective of this team is to maintain the stability, performance and security of our smart metering network, as well as deliver enhancements across our existing products and services, including SEC and REC modifications, in line with our SEC and REC obligations.

We are seeing significant success in delivering change.

For Total Operational Change:

- 524 changes delivered March 2025 with a success rate of 98.09%
- 4857 changes delivered FY24/25 with a success rate of 98.21%

For ILC (a subset of operational change):

- 37 changes delivered March 2025 with a success rate of 94.29%
- 370 changes delivered FY24/25 with a success rate of 94.05%

The total change deployed has increased by 1,083 compared to last year, with a 0.2% improvement in success rate. For the month of March, 86 more changes were deployed in 2025 than in 2024, marking the highest monthly change volume to date (524 changes). The success rate for March has also improved by 0.14%, highlighting the ongoing improvements in efficiency and quality of delivery.

Why is it important?

Each release brings new benefits, and those delivered have laid the groundwork for future improvements for customers, including:

- Maintained stability, security, and performance of the network through scheduled technical architecture upgrades
- Improved performance at peak loads with iterative improvements
- Improved capacity and scalability in CSP North region on journey to 5M Comms Hubs
- New user role (Meter Data Retriever MDR) capability within DSP in support of MHHS programme
- Southbound prioritisation for Service Users - especially pre-pay customers
- Switching interface changes to support the MHHS programme
- Improving the Install & Commission process by making it easier for smart meters to be swapped out
- Improving the security model for smart meters that are not known to DCC and therefore should not be installed

What's next?

Below, we have set out the pipeline throughout 2025 and are continuously reviewing this schedule.

Service Family		Type of Change	Description
Smart Energy	SMETS1	Maintenance	Completion of DCO Service platform upgrades, ensuring stable and secure communication channels, maintaining service continuity and reducing operational risks for customers
		Certificate Rotation	Rotation of security certificates before expiry in October 2025, maintaining the security of smart meter communications
		Maintenance	Ongoing performance and capacity enhancements, maintaining service reliability
		Maximising Migrations	Completing migrations for the middle operating cohort by December 2025, ensuring a smooth transition to SMETS2 meters
	SMETS2	SEC Modification	New service management features for non-communicating devices and device returns in June and November 2025, improving system reliability and making it easier for customers to manage their devices
		Firmware Upgrades	Increasing capacity in the North to enable scaling to 5 million Communications Hubs by March 2026, enhancing system scalability and ensuring continued service reliability
		Certificate Rotation	Rotation of security certificates before expiry in April 2026
	Connectivity	Firmware Upgrades	Completion of the GBCS4.2 roll-out across 2025-2026
	Switching	REC Modifications	Improvements to the CSS for failed-to-deliver messages in June and November 2025, enhancing the switching process and reducing potential disruptions for consumers during switching events

Alongside delivering all the technical product improvements to our network and maintaining its performance and stability, we completed a series of incremental process improvements to ensure we improve the way we deliver change consistently for our customers.

These improvements removed inefficiency and rework through a more streamlined operating model, deliver value for money through better planning and forecasting, and enabled a delivery model that is scalable and more flexible for new changes that will be delivered in 2025, such as follow on activity after the 4G communications hubs have been delivered.

Strategic enablers and organisational initiatives

While our Service Families represent the core delivery structures for DCC's services, we are also progressing several important organisation-wide initiatives that underpin our strategic goals and support delivery across the business. These activities reflect our broader responsibilities as a purpose-led organisation – from strengthening our people and culture, to embedding responsible business practices, driving cost efficiency, and enabling policy delivery. The following updates provide an overview of these initiatives and their role in supporting our mission and delivering value for customers and consumers.

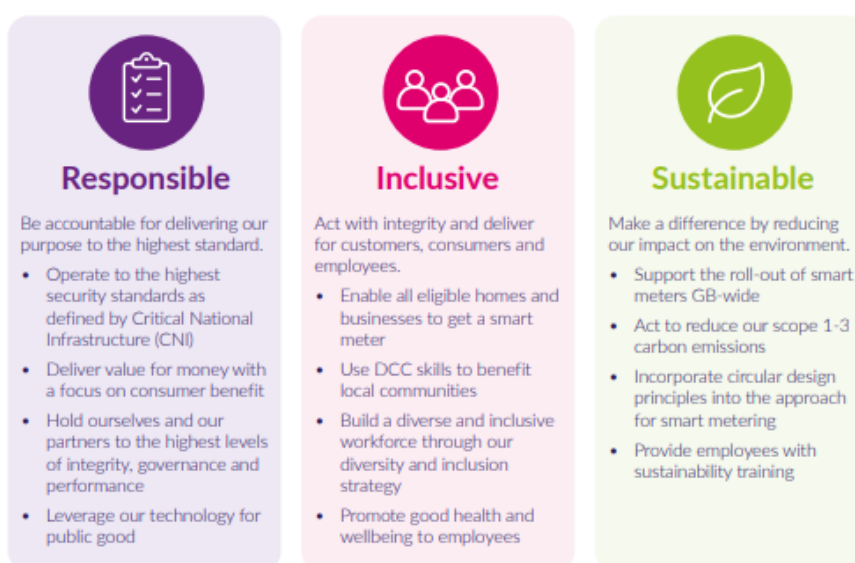### 3.3.9 Responsible Business Framework

The DCC is a purpose-led, responsible business that is focused on serving its customer community and held to high standards of performance and value for money.

Throughout 2024, DCC focussed on implementing initiatives in alignment with its Responsible Business Framework, which draws together an array of environmental and social aspects of how we work, based on the principles of 'Environmental, Social and Governance', into a coherent whole.

Looking ahead, we will continue to focus on delivering positive impact through responsible, inclusive, and sustainable practices. We will build on the successes of 2024 and the robust foundations established to further embed responsible business into DCC's processes and culture. We will also continue collaborating with our value chain partners to strengthen our collective efforts.

We will:

- Decarbonise our operations while expanding DCC's carbon baseline to include scope 3 emissions, allowing us to identity and act the address the areas of greatest impact to help deliver Britain's net zero targets

- Collaborate with our supply chain to reduce the environmental impact of Communication Hubs

- Foster an inclusive environment that attracts and retains the best talent to support our company goals

- Harness that talent and desire to help at DCC to give back to local communities

- Deliver responsible business initiatives in the most efficient manner possible, with a continued focus on delivering value for money for our customers

Responsible

Be accountable for delivering our purpose to the highest standard.

- Operate to the highest security standards as defined by Critical National Infrastructure (CNI)
- Deliver value for money with a focus on consumer benefit
- Hold ourselves and our partners to the highest levels of integrity, governance and performance
- Leverage our technology for public good

Inclusive

Act with integrity and deliver for customers, consumers and employees.

- Enable all eligible homes and businesses to get a smart meter
- Use DCC skills to benefit local communities
- Build a diverse and inclusive workforce through our diversity and inclusion strategy
- Promote good health and wellbeing to employees

Sustainable

Make a difference by reducing our impact on the environment.

- Support the roll-out of smart meters GB-wide
- Act to reduce our scope 1-3 carbon emissions
- Incorporate circular design principles into the approach for smart metering
- Provide employees with sustainability training

3.3.10 Our People Strategy

Our refreshed People Strategy is built to support the organisation through a period of change and opportunity. As we prepare for the next chapter of DCC's evolution, our People function is focused on three critical priorities:

- Supporting the delivery of critical business change

- Delivering our core people processes seamlessly

- Maintaining workforce engagement and stability

These priorities set the direction for how we shape and support our people and enable the organisation to deliver its mission.

Our strategy continues to be structured around three core pillars – Workforce & Capability, Culture Transformation, and Employee Value Proposition (EVP) – with each pillar now more sharply aligned to the functional outcomes we need to deliver. Together, they reflect our ambition to build a skilled, stable and engaged workforce, supported by inclusive leadership, smart processes and brilliant experiences.

1. Workforce and Capability

As we move through the Successor Licence process, retaining and engaging our colleagues is a workforce priority. Our ability to deliver for customers – now and in the future – depends on holding onto critical skills, providing clarity and opportunity, and supporting people through change.

This year, we are taking a more deliberate and joined-up approach to workforce planning, capability development, and talent retention. Central to this is the creation of a new skills database - a single, dynamic view of the skills we have and the ones we need. This will allow us to make smarter resourcing decisions, reduce external spend, and create clearer, fairer pathways for internal progression.

The database will also help us align business need with individual aspiration, enabling colleagues to better understand their development options and shape their careers at DCC. By showing people how they can grow and contribute, we support retention not just through reassurance, but through opportunity and purpose.

We are continuing to invest in early careers, reviewing our learning and development offer to improve impact and cost-efficiency, and removing barriers to internal mobility.

Crucially, we are listening to what matters most to colleagues using engagement insight to shape our offer, target our interventions, and respond to emerging needs quickly. Sustaining colleague engagement during this period of change is critical to retaining talent, maintaining performance, and delivering with confidence.

2. Culture Transformation

We are refreshing our cultural ambition to make customer and cost an integral part of what it means to work at DCC, while continuing to support collaboration, inclusion and engagement. This is not a wholesale shift, but a focused refresh aligned with our business strategy and what the organisation now needs to deliver.

The culture work is being shaped in close collaboration with teams across the business. It reflects a shared understanding that how we work is just as important as what we deliver - and that our culture must support clarity, pace and accountability, especially during a period of change and challenge.

A key element of this work is the introduction of a new behavioural framework which will provide a common language for the behaviours we expect and value. The framework will be embedded across

recruitment, performance, learning and leadership, creating alignment and consistency across the colleague experience.

We are also investing in our Leaders, recognising the vital role they play in shaping culture, supporting their teams, and delivering results. Over the past year, we've built a clearer picture of leadership capability across DCC. The focus now is on acting on that insight – ensuring every leader has the tools, development and support they need to lead confidently, engage their teams, and deliver in a more focused, efficient environment.

This next stage of our culture journey is practical, shared and business critical. It enables us to stay connected to our values while evolving how we lead, deliver and work together.

3. Employee Value Proposition (EVP)

We've launched a refreshed EVP to provide clarity on who we are, how we work, and what people can expect at DCC. This EVP is now being actively embedded across our recruitment, induction, internal communications and external employer brand. It gives us a clearer story to tell during a period of uncertainty, helping us to retain great people and attract the right talent as we evolve our operating model.

The EVP is also informing improvements to our core offer – from onboarding and recognition to flexibility and development. It ensures that the people experience is joined-up, human-centred and consistent.

As we stabilise through the Successor Licence transition, the EVP becomes even more important—reinforcing trust, clarity and connection for colleagues navigating change.

3.3.11 Cost efficiency

DCC continues to mature from a business primarily focused on delivering programmes with incremental, transactional value-for-money decisions into a more stable operating model with a longer-term view of its cost base. We remain committed to driving cost efficiency through measures such as automation, effective contract management, and resource optimisation—balancing short-term opportunities with enduring, mid-to-long-term savings. In 2023, we set a target to deliver £30 million in cost efficiencies by 2026 and we are making good progress against this. We have a structured and robust process for capturing, validating, and tracking cost efficiency initiatives that align with our strategic and corporate goals. This underpins our commitment to delivering value for money and operating as a responsible and efficient business.

Charging review

What is the programme?

DCC is reviewing its charging policy in line with SEC Modification DP218. Frontier Economics has been appointed to support analysis around charging options and distributional impacts.

Why is it important to customers, and ultimately consumers?

DCC's current charging methodology has not substantively changed since it was first established ten years ago. As the roll-out progressed, it was always envisaged that DCC would review its charging model. DCC is now witnessing a shift in how its network is being used and the customer groups driving demand. The review of DCC charging will look at how a sustainable charging framework can be delivered that better reflects evolving usage patterns – helping to ensure fairness, transparency, and value for money for all customers.

What's next?

DCC has consulted industry and all other interested parties over the course of 2024 and 2025 on the main options for reforming charging. A Request for Information was published in April 2024 which was

followed by a second stage consultation which closed in February 2025. DCC received high levels of customer engagement across both consultations and is now working to finalise proposals for change, which will be socialised with stakeholders over Spring 2025, with a view to implementing any agreed change in RY26/27.

3.3.12 Maximising value from smart metering

While the DCC is fully committed to continuing to support and enable the roll out smart meters to all energy consumers in Great Britain, the network we have built already has the potential to deliver even more value for both our customers and energy consumers.

We have a unique combination of network and system capabilities, run by an expert organisation providing programme delivery and in-life operation that can be used as a platform for policy interventions and market innovation in support of the energy system transition. For our customers, we are focused on ensuring the smart metering network provides them with what they need to develop innovative new products and services.

Platform for policy implementation and market innovation

Working with our customers and partners, the DCC has delivered a complex and secure digital infrastructure. This infrastructure is operational and has already been paid for by consumers. The Government's initial vision of a secure, nationwide smart metering network included the potential for its wider use. Given the sums invested, it is prudent to seek to use its core capabilities for wider public benefit.

Therefore, we are supporting our customers and wider stakeholders to explore how the end to-end system and its features might be used to facilitate the delivery of Government policy objectives. Since publication of our 2024 Business and Development Plan, activity in several policy areas has progressed. This has been driven by the introduction of key Government files including the 2030 Clean Power Action Plan and impending strategies on energy sector digitalisation, on tackling fuel poverty and on ensuring Britain's homes are Net Zero ready.

In support of this activity, we have continued our engagement in development of the Government's proposals for 'Common Systems' for cyber security to ensure secure uptake of DSR services and enable wider benefits, including advanced interoperability and greater system visibility. We have also responded to several policy consultations on flexibility and digitalisation. These include on Ofgem's proposal for a Flexibility Markets Asset Register, DESNZ's Energy Smart Data Scheme and in feeding into the National Electricity System Operator's Flexibility Markets and Routes to Market strategies.

We also continued to participate in several Government-funded innovation projects, particularly under the Flexibility Innovation Programme. These projects explored how the smart metering network and its data, as well as DCC's operational capabilities could be leveraged to deliver even more value to stakeholders including the energy industry, local government and end-consumers.

In parallel, we have continued to progress DCC's own data access initiative, 'Data for Good', which seeks to increase access to smart metering data, particularly for public good.

Following on from the papers recommendation, DCC has been working with industry and Ofgem to enable controlled access to a sub-set of anonymised smart meter data to certain organisations. These organisations, including local authorities and academia, have been and will use the data, provided by the four participating energy suppliers, to develop further methods to identify and support households at risk of fuel poverty. Further detail will be provided in DCC's forthcoming response to DESNZ's consultation on the Fuel Poverty Strategy Review.

The participation and collaboration from the four energy suppliers and permitted ten organisations has been highly beneficial, but much more could be done through a more streamlined approach to data exchange beyond the sector - combining insights from health, finance, and housing data for example.

DCC will continue to work with Ofgem to expand regulatory consent, enabling data to be shared with the ever- growing list of organisations who are showing interesting in this activity. The more participants, the greater the collaboration, the better the data insights generated which ultimately leads to more effective and impactful support for fuel poor homes.

We continue to support opportunities to help our stakeholders and industry understand the potential of the system in contributing to key policy priorities and the viability of doing so, while remaining cognisant of the absolute priority of focusing on our mandated obligations. A summary of the key policy areas we are supporting includes:

Area	Work Plan	Timescales
Vulnerable customers in particular fuel poverty	Ofgem's permitted purpose is set to expire in August 2025, and, in alignment with customers, DCC is working on extending and expanding this permitted purpose to unlock greater impact through collaborative data exchange. DCC is continuing to engage with energy suppliers to increase participation and with organisations who are interested in receiving the data. DCC is working on how to ensure the organisations receiving the data can suitably use the data to support a developed project, as well as considering how we can measure the impacts of the projects. As the demand increases and benefits from this initiative materialise, DCC is working with Ofgem to ensure that the permitted purpose is extended and expanded.	• Ofgem permitted purpose set to expire August 2025 • DCC workstream underway to extend this permitted purpose so data sharing can continue and consider how the permitted purpose can be expanded to reach more targeted organisations who have shown interest in receiving the data. DCC is a project partner in the Strategic Innovation Fund (SIF) project VERIFY – • Vulnerability Evaluation for Resilience Investment and Flexibility (formally VIVID), which utilises anonymised smart meter system data to inform fuel poverty modelling. The bid was resubmitted in February 2025, and we are expecting a decision by end May 2025
Flexibility	We will continue to support DESNZ with proposals on the potential use of 'Common Systems' for cyber security to ensure secure uptake of DSR services and enable wider system benefits. Following conclusion of the Government-funded Interoperable Demand Side Response innovation programme and the Automatic Asset Registration/Central Asset Register programme, we will also continue to share learnings and support industry, as requested, to unlock the value of these initiatives in aligned flexibility workstreams. Finally, we will continue to engage Government on how DCC and the smart metering network could support key data and digitalisation programmes which will reinforce consumer centricity in the upcoming Low Carbon Flexibility Roadmap.	• Working groups expected throughout 2025 to discuss the need for common systems. If decided, implementation is expected in 2027/2028, at the earliest. • Government's Low Carbon Flexibility Roadmap and a consultation on consumer engagement with the energy system, including opportunities to amplify messaging on consumer-led flexibility, will be published in Summer 2025.

Energy Efficiency	We continue to explore opportunities to maximise the impact of smart meter data and capabilities to enhance and accelerate the delivery of domestic energy efficiency retrofit programmes across Great Britain. We will continue to establish data-driven opportunities at every stage of the retrofit lifecycle – enabling better targeted planning, more accurate specification and streamlined monitoring and reporting. This includes advocating for SMETER technologies to be included into the energy performance assessment framework for buildings and other key policy driven applications to support the reform of energy efficiency methodologies. The ability to retrieve temperature and humidity data at scale, securely through the system represents a major opportunity to improve the targeting, delivery and monitoring of fuel efficiency programmes, building on the DESNZ-funded Smart Internet Of Things programme. Combined, these activities hold significant potential to deliver improvements for industry and help Government realise key policy objectives including the Warm Homes Plan and reform of the Energy Performance Certificate framework.	• SMIOT concludes Spring 25 • Initial EPC framework consultation response late May/early June 25 • Government publication of Warm Homes Plan • Reformed Clean Heat Market Mechanism (April) • Warm Homes Local Grant (Opens April 25)
Data Policy and Services	Secure, controlled data access and exchange is critical to deliver better consumer outcomes, achieve net zero and enable broader economic growth. Multiple digitalisation initiatives seek to realise these objectives and we will continue to support this trajectory. Key activities include supporting Ofgem's Consumer Consent Solution with DCC contributing to two working groups focused on technical design, security, and implementation, contributing to the formation of Smart Data schemes within the sector and beyond and continuing to champion for broadening of the Data Sharing Infrastructure. Specific to smart metering, we are continuing preparation in readiness for expansion of the Energy Data Best Practice Guidance and exploring	• Consumer consent MVP 2025 – 2027 • Smart Data Schemes, government decision making expected late 2025 • Expansion of Energy Data Best Practice Guidance – consultation expected Q3 2025

opportunities for further access to smart meter 'system data' to support a broad range of additional use cases including accelerating the smart meter roll out and deployment of low carbon technology.

Clean Power 2030

The Clean Power 2030 (CP30) Action Plan[1] sets out the pathway to delivering a clean power system over the next 5 years. Though the primary focus is on building GB renewable energy capacity, the plan acknowledges the crucial role of retail energy markets in enabling the consumer-led flexibility that will ensure clean power is delivered at lowest cost to the energy system and to the public.

The smart meter rollout is noted as critical to unlocking innovative approaches to managing consumer demand and enabling successful delivery of Market Wide Half-Hourly Settlement (MHHS). We are already seeing the crucial role of smart metering in enabling the National Electricity System Operator's Demand Flexibility Service, which procured a record 3.8GWh in winter 2024-25. Likewise, improved price signals that align retail market incentives with a decarbonised energy system will underscore the value of further consumer-led flexibility.

Government has set an ambitious target of achieving 90% smart meter penetration by 2030[2]. Therefore, DCC will continue to collaborate with Government, our customers and broader industry in supporting the rollout, enabling access to smart meter data and leveraging existing capabilities for faster deployment of new services required to reach CP30.

Low Carbon Flexibility Roadmap

The Action Plan suggests that a further 7.5-9.5GW of consumer-led flexibility capacity is required to reach the clean power capacity range. To facilitate delivery, Government have committed to publishing a Low Carbon Flexibility Roadmap in 2025. This will outline existing and further actions needed in this area, as well as how requirements will be monitored.

DCC will continue to engage with Government and key stakeholders on the value of smart metering and smart meter data in ensuring consumers are central to this roadmap and its actions. We are also eager to share our expertise from involvement in key data and digitalisation programmes, including on interoperability, asset registration and data repositories, that will underpin the digital infrastructure needed to deliver required levels of consumer flexibility.

Automatic Asset Registration (AAR) Programme

The uptake of low carbon technologies (LCT) is rapidly accelerating, but at present, there is a distinct lack of visibility of these energy assets. The DESNZ-funded AAR programme, which ended in March 2025, sought to address this challenge via development of an automated process for registering small-scale LCTs at the point of installation, to inform a Central Asset Register of these assets,

As the operator of existing complex and cybersecure digital energy infrastructure, the DCC has a range of existing capabilities that were used to support project partners the Australian technology provider GreenSync, and the Energy Systems Catapult (ESC) in this work.

As part of the third and final phase of the project, the DCC consulted stakeholders across industry to determine their use cases and requirements for a central asset register of LCTs. We are now working with

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[1] Clean Power 2030: Action Plan: A new era of clean electricity
[2] Clean Power 2030 Annex 1: Electricity demand and supply chain analysis (NESO)

project partners and industry stakeholders to establish how best to utilise these learnings to a enable an asset registration service that facilitates the transition to a smarter, greener, and more connected Britain.