Data Communications Company

Data Services Provider

DCC conclusions on the transitional and enduring regulatory changes for DCC Connect

Date: 26 January 2026
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Classification: DCC Public

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1. Introduction and context

1.1. Purpose of this document

1. The purpose of this document is to conclude on the Data Communications Company's (DCC's) recent consultation on the proposed changes needed to Smart Energy Code (SEC) Appendix AU 'Network Evolution Transition and Migration Approach Document' (NETMAD) for the transitional and enduring arrangements for DCC Connect. Based on stakeholder feedback, DCC is proposing a number of amendments to the NETMAD drafting that was consulted upon.

1.2. The DSP Programme

2. The DSP sits at the heart of the smart metering infrastructure, providing data services that connect Energy Suppliers to devices at their consumers' premises. The DSP Data System is a central facility that controls the flow of messages to and from smart metering equipment, with Service User (SU) organisations (e.g. Energy Suppliers, Network Operators, and Other Users) communicating via these central DSP facilities.

3. The contract for the current DSP solution (referred to in this document as 'As-Is DSP') is set to expire in 2028 and encompasses several different capabilities including but not limited to:

   a. Provision of gateway services (i.e. network connectivity) to connect SU and Service Providers (SPs) to the DSP in both production and test environments.

   b. The maintenance of the DCC User Interface Specification (DUIS) which sets out the structure of the messages that can be exchanged with the DSP.

   c. The Core DSP which provides message routing, anomaly detection, registration services, inventory management, DCC Key Infrastructure (DCCKI – which refers to the cryptographic certificates used within the Public Key Infrastructure framework of the DCC), Certification Authority (CA), security checking, logging and reporting, and a Smart Metering Key Infrastructure (SMKI) repository.

   d. A DCC Service Management System (DSMS) which supports DCC's service operation.

   e. A Systems Integrator (SI), which manages key elements such as change and testing to ensure the system functions optimally.

4. DCC completed a Full Business Case (FBC) for a new DSP contract to reprocure a solution for the capabilities within the existing contract in Q1 2025. This excludes the DSMS capability which is in the process of being disaggregated with a replacement service being delivered under DCC's Future Service Management (FSM) Programme. FSM is a separate programme to DSP, and the delivery plan for FSM has been consulted on separately. There is no requirement for FSM to be delivered before DCC Connect.

5. New contracts were signed with partner organisations in April 2025. A disaggregated approach is being adopted with different partner organisations providing different capabilities. The DSP Programme will encompass the implementation of these new capabilities. This includes both the migration of SUs and SPs to the new solution as well as the migration of devices from the current DSP to the new DSP (referred to in this document as the 'Future DSP').

6. On 26 June 2025, DCC was directed to produce an updated delivery plan for the DSP Programme and published its consultation on this on 22 August 2025.[1] This consultation closed at 17:00 on 3 October 2025. DCC has subsequently provided a report to the Department of Energy Security and Net Zero (DESNZ, referred to as 'the Department') containing its consideration of the

[1] DSP consultation on the revised delivery plan | Smart DCC

responses and its conclusions on its proposed updated plan. This can be found on the DCC website here: DSP DCC conclusions on the revised delivery plan | Smart DCC.

1.3. DCC Connect

7. The first stage of the DSP Programme is the provision of the new gateway service to connect SUs and SPs into the DSP. This service is currently provided by Gamma. VodafoneThree was selected as the new provider for gateway connections, and the replacement solution is called 'DCC Connect'.

8. DCC engaged with SUs to understand pain points with current gateway connections and associated processes (e.g. onboarding) and used this engagement to inform the requirements of the DCC Connect solution. DCC Connect has therefore been designed to deliver the benefits that SUs communicated to DCC.

1.4. Consultation responses and next steps

9. The consultation, issued in November 2025, sought views on:

- The proposed variations to the SEC to deliver the enduring DCC Connect arrangements. These changes will initially be implemented via the NETMAD and will form the basis of the enduring changes to the SEC that will subsequently be consulted upon and made by the Department.
- The proposed changes to Section 15 of the NETMAD, covering the transitional arrangements during the delivery and cutover of parties with existing DCC Gateway Connections to the DCC Connect solution.
- The proposed designation date for incorporating these changes into the SEC.

10. A summary of the comments received and DCC's responses to these are set out in Section 2 of this document. Based on stakeholder feedback, DCC have made a number of changes to the NETMAD, which is set out in Section 3 of this document.

11. DCC will submit its conclusions to the Department by the 26 January 2026. Subject to the Department's approval, the changes to the NETMAD are due to be incorporated into the SEC shortly thereafter.

2. Analysis of responses

12. DCC received six written responses to this consultation: one from the SEC Panel, one from a Large Supplier, three from Network Parties and one from an Other SEC Party.

13. DCC has analysed the feedback provided. This section sets out an overview of the responses received to this consultation and DCC's response.

2.1. Question 1

14. DCC sought views on the proposed drafting of the NETMAD to deliver the enduring solution for DCC Connect.

Q1	Do you agree with DCC's proposed amendments in Section of 14 of the NETMAD and Annexes 1 – 5 of the NETMAD to deliver the enduring solution for DCC Connect? Please provide any comments you may have on the proposed changes and your rationale for your views

Respondent views

15. Four respondents agreed with DCC's proposed amendments in Section of 14 of the NETMAD and Annexes 1 – 5 of the NETMAD.

16. Regarding paragraph 24(d), one respondent queried if the twelve-month cutover window would be reduced if any of the preceding milestones were to slip. They sought clarity on whether the 30 March 2027 is a fixed date upon which other activities of the DSP Programme are dependent (i.e. meaning that in the event of DCC Connect slippages, SUs would have a shorter window to cutover from Gamma to DCC Connect).

17. One respondent noted the overall complexity of the NETMAD as additional provisions, transitional arrangements, and interdependencies have been introduced. They added that the volume of cross-references and nested requirements makes the document difficult to navigate. To address this, they recommend the inclusion of a concise introductory section within the NETMAD, providing a high-level overview of the document's structure, purpose, and major component parts, along with a clear explanation of how the various provisions interact. They also suggested the addition of a diagram or similar visual aid to assist SUs in navigating the material and understanding the relationships between sections. They clarified that they had no additional technical or procedural comments at this time, other than the comments on legal drafting which they sent to DCC separately. These comments mostly related to simplifications and corrections to the legal text, with the exception of two comments that have resulted in material changes. These comments related to how SUs will be charged following once an offer has been accepted and cancelled, and on the definition of the Electronic Site Assessment, both of which are covered below. The respondent also agreed with the proposed re-designation date of 26 January 2026, or as soon as reasonably practicable within one month thereafter, for the changes to SEC Appendix AU.

DCC response

18. DCC is currently on track for meeting the DCC Connect Go Live date of 25 March 2026 and therefore does not anticipate any slippage to the cutover window. The backstop date is defined as 30 March 2027 or the date of the 'DCC Connect – Service User Cut-over Window Closes' Milestone in the Joint Industry Plan, whichever is later. This means there is a mechanism for the backstop date to be changed subject to consultation with the Implementation Managers Forum (IMF) and the Smart Metering Delivery Group (SMDG).

19. DCC welcomes the feedback on the structure of the NETMAD and acknowledges the comments made regarding the complexity of the NETMAD following the changes made during this and preceding consultations. DCC agrees that there are steps that could be taken to simplify the document and make it easier for SUs to interpret the legal text in this document. Therefore, DCC has agreed with the Smart Energy Code Administrator and Secretariat (SECAS) to address this issue by adding a contents page into the NETMAD to help with navigability and understanding by those reading it. DCC has also agreed with SECAS to develop a short guidance document that accompanies the NETMAD and explains its purpose and structure in plain English. This will be developed and shared at a later point in the DSP programme.

20. One comment on the NETMAD related to how SUs will be charged in the event of cancelling an order following acceptance. The previous drafting stated that, should a DCC Gateway Party cancel their order once they accept an offer, they would be liable for the full charges set out in the accepted offer. This is being amended to state that a DCC Gateway Party shall be liable for all unavoidable costs that the DCC has incurred or will incur in relation to that offer which cannot otherwise be readily recovered via the provision of other services (which may be the full Charges set out in the accepted offer). This is because DCC believes this is a more reasonable approach to charging for SUs. These changes also apply for the enduring provisions and have therefore also been reflected in the version of Section H in Annex 2 to the NETMAD.

21. Related to the above paragraph, DCC has also made changes to clarify that the amended version of Section K in Annex 5 also applies for charges arising under Clause 15 of the NETMAD.

22. A further comment related to a query around the meaning of the definition of the Electronic Site Review in the NETMAD. The Electronic Site Review will be conducted for both cloud and physical connections and is a remote desk-based assessment that checks prerequisites for new DCC Connect connections. For physical connections this involves checks of suitability of the site in preparation for installation and for cloud connections it involves an eligibility check that checks that the existing cloud capability of the SU is strong enough to support a HV bandwidth cloud connection, should this be chosen by the SU. DCC has therefore relabelled this process to be defined as a Remote Assessment, and included the eligibility check in the definition. DCC has also added in clauses relating to the eligibility check for cloud connections. These clauses outline how the eligibility check will enable cloud orders to progress when the existing cloud bandwidth is strong enough to support new HV cloud connections and, when it doesn't, the steps that SUs will take to choose a suitable connection type and begin the order process anew. DCC does not anticipate that many SUs will not pass the eligibility check as most existing cloud connections will be strong enough to support the DCC Connect cloud options.

2.2. Question 2

23. DCC sought views on the proposed drafting of the NETMAD to deliver the transitional arrangements for DCC Connect.

Q2	Do you agree with DCC's proposed amendments to Section 15 of the NETMAD to deliver the transitional arrangements for DCC Connect? Please provide any comments you may have on the proposed changes and your rationale for your views

Respondent views

24. Four respondents agreed with DCC's proposed amendments to Section 15 of the NETMAD.

25. Two respondents had no comments.

2.3. Question 3

26. DCC sought views on the proposed approach for SUs to cutover to DCC Connect.

Q3	Do you agree with the proposed approach for cutover, including the steps that SUs must take to support cutover? Please provide your rationale for your views

Respondent views

27. Three respondents agreed with the proposed approach for cutover, including the steps that SUs must take to support cutover. One respondent noted success will depend on quality, timely communications between DCC and SUs, with the DCC providing regular reporting on progress throughout the transition period.

28. In reference to paragraph 49(b) of the consultation document, which sets out how SUs will need to communicate with their cloud provider i.e. the organisation that the SU procures their cloud connection from, to request an additional connection as part of the order process for a new DCC Connect cloud connection, one respondent questioned when SUs will receive more specific information on how the DCC Connect solution will interact with their cloud provider.

29. In reference to paragraph 50 of the consultation document, which sets out the cloud order journey for new DCC Connect cloud connections, one respondent sought clarity on whether those SUs who have multiple connections and are moving from a physical connection to cloud connection would have all of their connections cutover in one go, or if they'd be phased across UIT-A, then UIT-B, and then Production environments. They added that it would be prudent to confirm the UIT-A end-to-end is working with DCC Connect before impacting SUs respective live Production environments and services.

30. One respondent questioned if all the services currently accessed through the Gamma Gateway Connection would be accessible in the same way on the new DCC Connect Gateway Connection (i.e. same URLs, same IP addresses, same subnets, same Domain Name System (DNS) server addresses, etc.), or if there would be any reconfiguration(s) required at the SU end.

31. One respondent questioned what the expected timeline was between completion of the installation of new physical connections and the agreed cutover date. The same respondent also questioned whether, once an initial cutover date had been agreed, whether there was provision for either the DCC or SU to change the agreed date if necessary.

DCC response

32. DCC agrees that regular updates will need to be provided to industry throughout the cutover period and will be providing monthly reporting updates on progress and feedback, primarily to the Operations Group (OPSG) and other SEC Sub-Committees at a programme level to describe the overall progress of the cutover process. Furthermore, the Cutover Control Centre (CCC) has been established at DCC to support SUs with the cutover process and will be the single point of contact for SUs on DCC Connect, from initial engagement on the proposed new connection and order form through to the cutover itself. This bilateral '1-2-1' engagement will continue throughout the process to provide SUs with regular updates on progress including order updates and confirmation, and cutover scheduling and implementation.

33. Further detail on how DCC Connect will work from a cloud perspective with each SUs configuration will take place when DCC contacts each SU, via the CCC, on a one-to-one basis to discuss their options and individual technical requirements. This will also be covered as part of the Site-Specific Design (SSD) that takes place once the new connection type has been chosen.

34. DCC will take a collaborative, partnership approach with SUs on the cutover approach, and understands that SUs with multiple connections may require additional support to manage the timing of cutover for all of their connections. DCC's starting principle for these SUs is that each connection will be cutover as their existing Gamma contract nears expiry, to reduce industry costs for dual-running and to phase the cutovers throughout the year. DCC is therefore not planning to phase the cutover of connections on account of whether those connections are for test or production environments but instead on when those existing Gamma connections expire. However, DCC will work with SUs on a case-by-case basis to understand if there are exceptions to this principle that need to be considered. If SUs have connection types that connect to different testing and production environments that expire at the same time, SUs can choose their preferred order for cutover of those connections. DCC also considers the risk of impact on operational service from the cutover process to be low, with the option for rollback to existing Gamma connections during the cutover should there be an issue.

35. DCC can confirm that services currently accessed through the Gamma Gateway Connection will be accessible in the same way on the new DCC Connect Gateway Connection. DCC has adopted a principle of maintaining functional equivalence between the Gamma and DCC Connect Gateway Connection during the design, build and test of the new gateway solution.

36. DCC will propose a date for cutover after the installation is complete. The SU will be asked to confirm their response to this proposed date as soon as reasonably practical. Where the SU does not accept the proposed date, the SU must provide a rationale, and then the DCC and the SU are

required to agree a revised cutover date as soon as reasonably practical. Both the DCC and the SU will then agree the time on the agreed date for the cutover. The cutover date referred to above will also have a back-up date to be used in the event of the primary date being unachievable. This will be agreed at the same point that the primary cutover date is agreed. The period between the primary date and the back-up date will be no less than three weeks and no more than four weeks. If a back-up cutover date is required to be used, this date shall become recognised as the primary date and the DCC and the SU shall take all reasonable steps to meet this date and agree a new back-up date.

37. For physical gateway connections, once the SU has accepted a final offer from DCC, the DCC shall complete installation of the Overlay (SD-WAN) equipment within 120 working days. The expected timeline between completion of the installation of new physical connections and the agreed cutover date will therefore vary depending on the engagement between DCC and the SU described above but DCC will ensure this 120 working day period is met.

2.4. Question 4

38. DCC sought views on the proposed charging arrangements for DCC Connect.

Q4	Do you agree with the proposed charging arrangements for DCC Connect? Please provide your rationale for your views

Respondent views

39. Three respondents agreed with the proposed charging arrangements for DCC Connect. However, one respondent noted their agreement to the proposed charging arrangements for DCC Connect does not extend to the proposed changes to the Charging Methodology proposed by DCC in which core User charges would be re-weighted. DCC has assumed that this comment refers to the Fixed Charges set out in the Consultation on the SEC Charging Methodology under DP218[2].

40. One respondent noted that the charging approach makes sense in principle. However, they queried why the annual charge for the smallest HV Cloud Connection (10Mbps) costs "£800 to £1600" per annum, which is double the quoted cost of the LV Physical connection ("£400 to £850"), which in its current Gamma guise is 20Mbps download/2.5Mbps upload. They added that the same seems to apply when comparing the annual pricing of HV Cloud connection and HV Physical connections. For example:

- the annual charges for a single 400Mbps HV Physical connection are £1500 to £3500;
- the annual charges for a dual 400Mbps HV Physical connection are £4000 to £6900; and
- the annual charges for a 500Mpbs HV Cloud connection are £6000 to £12,400.

41. The respondent noted their expectation that cloud connectivity is supposed to be cheaper than physical connectivity and sought confirmation on this. They added that the costs are a significant barrier-to-entry for small startup market participants, and that cloud connectivity pricing should be as competitive as possible.

42. One respondent questioned what the determining factors were for the range of the quoted prices within the stated amounts of the Charging Statement.

[2] DCC summary of responses to the consultation on the SEC Charging Methodology | Smart DCC

DCC response

43. DCC notes that the agreement of the SU to the costs outlined in the Charging Statement attached to this consultation does not extend to the proposed changes to the Charging Methodology proposed by DCC in which the weighting factors used to apply Fixed Charges for Energy Suppliers and Network Parties would be updated. Comments made against the proposed re-weighting of Fixed Charges are being picked up as part of a separate consultation.

44. DCC and the DCC Connect solution provider, Vodafone, have worked together to ensure the cloud connection charges are comparative to cloud connections across other industries. This began with DCC procuring the DCC Connect capability competitively, at which point the charges were included within the bid. DCC worked with Vodafone throughout the procurement process to ensure that costs for similar services provided to other clients were in line with the costs of connections on DCC Connect.

45. Regarding the higher costs of cloud connections versus the costs of LV physical connections, this is primarily due to the service availability of cloud connections being much higher than those of physical connections (99.X% vs 93%) across all connection types. Cloud connections are inherently resilient and should be compared to dual-HV physical connections in that respect, because there are two underlying connections to every cloud connection. LV connections however do not provide this inherent resilience, nor do they have guaranteed capacity. DCC also notes that costs for cloud connections are reduced as they do not incur one-off connection charges, whereas physical connections do.

46. DCC is committed to reducing barriers to entry for all types of suppliers and has maintained LV options with lower bandwidth connections in order to keep low cost options available. For example, the cheapest cloud option starts at £800 per Anum with no connection charges.

47. The factors that will determine the exact cost of a connection for a SU include the fibre providers for each connection (determined by geographic location, availability etc.), the node access prices (determined by geographic location, availability etc.), and also the amount of access that is purchased for that connection type e.g. if a SU purchases a 100mbps access on a single HV400 connection then this will cost less compared with a SU that purchases the full 400mbps capacity. These factors will be discussed during the engagement process with SUs when they choose their connection and complete their order forms and SSD, followed by the quoting and offer process.

2.5. Other comments

Respondent views

48. One respondent welcomed the constructive engagement that has taken place to date through SEC forums and Sub-Committees. They strongly encouraged DCC to continue this level of engagement throughout the DSP Programme, as it supports robust governance and effective delivery.

DCC response

49. DCC will continue to engage with industry via relevant SEC Sub-Committees, bilateral sessions with SUs and workshops as required to share and discuss key information from the DSP programme, particularly those activities directly impacting SUs.

3. Summary of drafting changes

50. Following comments received from one respondent regarding direct simplifications and corrections to the NETMAD legal text, DCC has made several changes to the NETMAD for readability and clarificatory purposes. None of the proposed amendments impact upon the

process proposed by DCC for the cutover or enduring arrangements. The updated version of the NETMAD can be found in Attachment 1 to this document.

4. Next steps

51. DCC is of the view that it has had appropriate engagement and consultation with industry on the proposed drafting for the NETMAD for DCC Connect. DCC will submit this to the Department for incorporation into the SEC.

52. DCC has, where necessary, addressed the comments that have been received from industry. DCC does not believe that the views expressed result in fundamental amendments to the NETMAD drafting and, as such, further consultation is neither necessary nor appropriate.

53. In summary, DCC considers that the NETMAD, including annexes 1-5, for DCC Connect is fit for purpose.

5. Attachments

- Attachment 1: Proposed changes to SEC Appendix AU for DCC Connect including Annexes 1 – 5.