Data Communications Company



Charging Statement

Regulatory Year ending 31 March 2027

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1 Introduction

1. This update reflects the transfer to DCC2 during RY2026/27. The revisions in this publication are limited to the text and do not alter the charges published in March.

2. This document is the Charging Statement for Service Charges for Smart DCC (DCC) for the Regulatory Year ending 31 March 2027 (RY2026/27). It has been prepared in accordance with Section J4.3 of the Smart Energy Code (SEC) and is based on the best information and assumptions available at the time of producing this document. DCC has commenced the first Ex Ante regulatory period (Ex Ante 1) in November 2026, which will run until March 2028.

3. Following the transfer to DCC2 on 2 November 2026, Service Charges are governed by Condition 27 of the Smart Meter Communication Licence 2 (the DCC Licence) and calculated in accordance with the SEC Charging Methodology. Historic DCC1 amounts relevant to the charges for RY2026/27 such as baseline costs, margin, gain share and reconciliation amounts are identified separately from DCC2-period amounts.

4. The algebraic approach to the calculation of Service Charges is set out in Section K of the SEC. Further details on the supporting commercial arrangements are set out in Section J of the SEC.

5. The current total DCC cost estimate[1] for RY2026/27 can be found in table 6 row 10.

1.1 Business Handover costs - DCC2

6. Ofgem has directed DCC that up to £5.804 million may be incurred by DCC2 in RY26/27 prior to Business Handover for purposes associated with the compliant and efficient execution of the Business Handover. This amount represents the Authority's assessment of DCC2's eligible costs to be recovered via Allowed Revenue as an element of Pass-Through Costs.

1.2 Smart Metering Implementation Programme (SMIP)

7. The DCC network is fully functional and operational. The number of meters operating on the smart, secure network now stands at over 30 million meters across over 18 million properties.

1.3 Enduring Change of Supplier (ECOS)

8. The Change of Supplier credentials (CoS) process allows the supplier certificates associated with a losing energy supplier to be replaced with those of a gaining energy supplier whenever a consumer changes supplier.

9. The delivery plan approved by BEIS (now called DESNZ) in March 2020 saw the Enduring Change of Supplier (ECoS) service go-live in June 2023, with the migration from the Transitional Change of Supplier (TCoS) service running until April 2024.

1.4 Enrolment of SMETS1 meters

10. There are currently over 11 million SMETS1 meters successfully enrolled onto the DCC system in two migration cohorts. The final operating cohort is live and will continue through this year.

11. Interoperability has been proven through migrated customers seamlessly switching energy providers.

1.5 Supporting Ofgem's Switching Programme

12. The Central Switching Service (CSS) is now live. From April 2023, we have recovered these costs directly from RECCo and so we exclude these costs from all future Charging Statements.

1.6 Network Evolution

13. The Network Evolution Programme focuses on the future of DCC operations in the smart metering environment. It explores how new process, systems and technologies can improve the live service, reduce the operating costs of the DCC system, and, above all, secure the continuity of a critical part of the UK's national infrastructure.

14. The programme is a portfolio of distinct projects: DSP design and procurement; Communication Hubs & Networks; Trusted Service Provider (TSP) re-procurement; and Test Automation.

1.7 Other information

15. The forecasts cover the Regulatory Years identified in this document and reflect the applicable DCC2 price-control and charging framework, together with any separately identified historical DCC1 adjustments.

[1] This is the Estimated Fixed Revenue less Communications Hub Device Revenue and correction factor (but includes disallowed cost)

16. If you have any questions relating to this document or if you would like to provide feedback on how it might be improved, please email finance@smartdcc.co.uk. This document is available on the DCC website (www.smartdcc.co.uk).

17. If you are a SEC Party and would like to attend our quarterly Finance & Programme Briefings for customers, please contact us at customerengagement@smartdcc.co.uk.

18. Please note that:

- some of the numbers in this document may not sum to total due to rounding; and
- a table entry of '0.0' in the tables in this document indicates a value that is below £50,000.

SECTION A – SUMMARY OF CHARGES FOR RY2026/27

2 Fixed Charges Summary

19. The monthly Fixed Charges are set out in Table 1.

20. Further detail on Fixed Charges is set out in Section C.

Charging Group	Monthly Fixed Charge (£/MSMS)	Monthly Fixed Charge (£/MSMS)
	Domestic	Non-Domestic
g1 - Import Suppliers	£1.006	£1.006
g2 - Export Suppliers	£0.164	£0.164
g3 - Gas Suppliers	£0.760	£0.760
g4 - Electricity Distributors	£0.122	£0.122
g5 - Gas Transporters	£0.000	£0.000

Table 1 – Monthly Fixed Charges by Charging Group for RY2026/27 (excluding VAT)

3 Alt HAN Fixed Charges summary

21. The monthly Alt HAN (Alternative Home Area Network) Fixed Charges are set out in Table 2.

22. Further detail on Alt HAN Fixed Charges is set out in Section C.

Charging Group	Monthly Alt HAN Fixed charge (£/MSMS)	Monthly Alt HAN Fixed charge (£/MSMS)
	Domestic	Non-Domestic
g1 - Import Suppliers	£0.033	£0.033
g3 - Gas Suppliers	£0.033	£0.033

Table 2 – Monthly Alt HAN Fixed Charges by Charging Group for RY2026/27 (excluding VAT)

4 CH Fixed Charges summary

23. The monthly CH Fixed Charges are set out in Table 3.

24. Further detail on CH Fixed Charges is set out in Section C.

Charging Group	Monthly CH Fixed charge (£/ESMS)
	Unitary Charge
g1 - Import Suppliers	£0.578
g2 - Export Suppliers	£0.100
g3 - Gas Suppliers	£0.433

Table 3 – Monthly CH Fixed Charges by Charging Group for RY2026/27 (excluding VAT)

5 Explicit Charges summary

25. The Explicit Charges are set out in Tables 4 and 5.

26. Further detail on Explicit Charges is set out in Section D.

SEC reference	Product/service	Explicit Charge	Unit
K7.5 (j)	Communications identified in the DCC User Interface Services Schedule 'Service Requests'	£0.00	Per service request
K7.5 (l)	CH stock level charge	£0.85	Per Communications Hub per month
K7.5 (n)	CH auxiliary equipment: Low gain cellular aerial (T1)	£5.72	Per additional aerial
K7.5 (n)	CH auxiliary equipment: High gain cellular aerial (T2)	£8.57	Per additional aerial
K7.5 (o)	CH returned and redeployed (SBCH)	£10.34	Per Communications Hub
K7.5 (o)	CH returned and redeployed (DBCH)	£14.37	Per Communications Hub
K7.5 (p)	CH returned not redeployed (SBCH)	£13.22	Per Communications Hub
K7.5 (p)	CH returned not redeployed (DBCH)	£55.53	Per Communications Hub
K7.5 (r)	Single Band Test Communications Hubs (SB TCH)	£201.95	Per unit (subject to minimum volumes)
K7.5 (r)	Dual Band Test Communications Hubs (DB TCH)	£232.06	Per unit (subject to minimum volumes)
K7.5 (r)	Single Band Instrumented Test Communications Hubs (SB ITCH)	£221.12	Per unit (subject to minimum volumes)
K7.5 (r)	Dual Band Instrumented Test Communications Hubs (DB ITCH)	£399.60	Per unit (subject to minimum volumes)
K7.5 (r)	Wired DB ITCH for meter manufacturers	£408.01	Per unit (subject to minimum volumes)
K7.5 (u)	Point-to-point Alt HAN Equipment	£0.47	Per MPxN per month
K7.5 (v)	Stock level point-to-point Alt HAN Equipment	£0.41	Per Device per month
K7.5 (x)	DCC Boxed (Standard Kit)	£5,500.00	Per standard kit (NUC, USB Block, Zigbee Sniffer)
K7.5 (x)	DCC Boxed (HAN Device Emulator)	£250.00	Per emulator
K7.5 (y)	SECMP0181 (Meter Asset Providers)	£2,500 - £9,899	Per user per year (subject to number of subscribers) - subject to in-year fluctuations as subscriptions change

Table 4 – 'Set' Explicit Charges for RY2026/27 (excluding VAT)

SEC Reference	Service	Indicative Explicit Charge	Unit
K7.5 (a)	User Security Assessments	Contact SECAS at secas@gemserv.com	
K7.5 (a)	Follow-up Security Assessments		
K7.5 (a)	User Security Assessment Reports		
K7.5 (b)	Full Privacy Assessments		
K7.5 (b)	Privacy Assessment Reports		
K7.5 (c)	DCC Gateway LV Connection – connection charge	£3,000 - £5,000	Per connection
K7.5 (c)	DCC Gateway LV Connection – annual charge	£1000 - £15,000	Per annum for a 3-year contract (a 1-year option is also available)
K7.5 (d)	DCC Gateway HV Connection – connection charge	£2,500 - £8,500	Per connection
K7.5 (d)	DCC Gateway HV Connection – annual charge	£1,000 - £17,000	Per annum for a 3-year contract (a 1-year option is also available)
K7.5 (e)	Gateway equipment relocation	£800 - 900	Per connection
K7.5 (f)	Additional service evaluations	£750 - £1,500	Per consultant, per day
K7.5 (g)	Parse and Correlate support	£400 – £1,400	Per consultant, per day
K7.5 (h)	SM WAN for testing - connection charge	£10,000 - £11,000	Per each simulated SM WAN connection provided for testing in CSP North
K7.5 (h)	SM WAN for testing - connection charge	£2,000 - £3,000	Per each simulated SM WAN connection provided for testing in CSP South and Central
K7.5 (h)	SM WAN for testing – monthly charge	£2,500 - £2,800	Per each simulated SM WAN connection for testing in CSP North per month (subject to a minimum of 6 months)
K7.5 (h)	SM WAN for testing – monthly charge	£1,000 - £1,500	Per each simulated SM WAN connection for testing in CSP South and Central per month (subject to a minimum of 6 months)
K7.5 (i)	Additional testing support	£700 - £1,350	Per consultant, per day
K7.5 (k)	CH non-standard delivery	£100 - £500	Per delivery
K7.5 (m)	GFI Testing	£200 - £300	Per device
K7.5 (ma)	Out-of-Region CH	£0 – [£500]	Variable Per Communications Hub (CH) per month based on total GB wide volume of Out of Region CHs with a maximum charge of [£500] per CH.
K7.5 (q)	CH wrong returns location	£1.00 – £2.50	Per Communications Hub (subject to minimum volumes)
K7.5 (s)	Additional CH Order Management System Accounts	£300 - £400	Annual licence fee per additional user account per region
K7.5 (w)	RF Noise Testing	£600 - £700	Per day

Table 5 – Indicative Explicit Charges applicable in RY2026/27 (excluding VAT)

27. Table 5a below shows the indicative Explicit Charges for DCC Connect Gateway Connections which shall apply in the modified form of SEC Section K7.5 set out in Annex 5 of SEC Appendix AU (Network Evolution Transition and Migration Approach Document (NETMAD)).

NETMAD Annex 5 Reference	Service	Explicit Charge	Unit
K7.5 (c)	DCC Gateway LV Connection – connection charge	£600 to £760	Per connection
K7.5 (c)	DCC Gateway LV Connection – annual charge	£400 to £850	Per annum for a 3-year contract (a 1-year option is also available)
K7.5 (c)	DCC Gateway HV Physical Connection – connection charge	• Single 400Mbps £900 to £6,500 • Single 1000Mbps £4,950 to £6,500 • Dual 400Mbps £3,420 to £7,700 • Dual 1000Mbps £9,000 to £14,000	Per connection
K7.5 (c)	DCC Gateway HV Physical Connection – annual charge	• Single 400Mbps £1,500 to £3,500 • Single 1000Mbps £2,900 to £4,000 • Dual 400Mbps £4,000 to £6,900 • Dual 1000Mbps £4,400 to £9,500	Per annum for a 3-year contract (a 1-year option is also available)
K7.5 (c)	DCC Gateway HV Cloud Connection – annual charge	• 10 Mbps £800 to £1,600 • 50Mbps £2,600 to £5,200 • 200Mbps £3,900 to 7,900 • 500Mbps £6,000 to £12,400 • 1000Mbps £8,200 to £16,600 • 2000Mbps £12,100 to 24,300	Per annum for a 3-year contract (a 1-year option is also available)
K7.5 (d)	DCC Gateway site visit	£750	Per site visit
K7.5 (da)	Change in gateway bandwidth	£200 per change	Per connection
K7.5 (e)	DCC Gateway equipment change	Up to £6,000	Per connection
K7.5 (ea)	DCC Gateway configuration change	Up to £2,000	Per connection
K7.5 (eb)	DCC Gateway Site-Specific Risk Assessment	Up to £1,500	Per site

Table 5a – Indicative Explicit Charges for DCC Connect Gateway Connections applicable in RY2026/27

SECTION B - ESTIMATED REVENUE

6 Estimated Recovered Revenue

28. Table 6, below, sets out DCC's Estimated Recovered Revenue for RY2026/27 in total and split by its key components.

29. Recovered Revenue is the total Service Charges levied for a Regulatory Year. In accordance with SEC Section K2.1, DCC estimates its Recovered Revenue for the relevant Regulatory Year (Estimated Recovered Revenue, ERRt).

30. Under Section K2.6, Estimated Fixed Revenue is ERRt less Estimated Additional Service Revenue (EASRt) and Estimated Explicit Charges Revenue (EECRt).

31. The sum of National and Regional Fixed Revenue and Communications Hub Fixed Revenue is used to calculate the Fixed Charges in Table 1.

Acronym	Name	RY2026/27 (£m)
$NFR_t + \Sigma RFR_{rt}$	Estimated National and Regional Fixed Revenue	618.8
$\Sigma RCHFR_{rt}$	Total Communications Hub Fixed Revenue	5.0
$AHFR_t$	Estimated Alt HAN Fixed Revenue	21.6
$\Sigma RCHDR_{hrt}$	Total Communications Hub Device Revenue	175.2
EFR_t	**Estimated Fixed Revenue**	**820.6**
$EECR_t$	Estimated Explicit Charges Revenue	6.3
EASRt	Estimated Additional Service Revenue	-
ERRt	Estimated Recovered Revenue	**827.0**
Sub-total used to calculate Fixed Charges for RY2026/27		623.8
Total DCC cost estimate for RY2026/27[2]		645.4

Table 6- Estimated Recovered Revenue for RY2026/27 (excluding VAT)

[2] Excluding Communications Hub Device Revenue and correction factor (but including disallowed cost)

7 Estimated Fixed Revenue

32. Table 7 sets out the Estimated Fixed Revenue in total and split by its key components in accordance with section K3.8 of the SEC.

Acronym	Name	RY2026/27 (£m)
NFR_t	National Fixed Revenue	436.3
RFR_{rt}	Regional Fixed Revenue (North)	38.9
RFR_{rt}	Regional Fixed Revenue (Central)	71.8
RFR_{rt}	Regional Fixed Revenue (South)	71.8
$NFR_t + \Sigma RFR_{rt}$	**Total National and Regional Fixed Revenue**	**618.8**
$RCHFR_{rt}$	Regional Communications Hub Fixed Revenue (North)	4.8
$RCHFR_{rt}$	Regional Communications Hub Fixed Revenue (Central)	0.1
$RCHFR_{rt}$	Regional Communications Hub Fixed Revenue (South)	0.1
$RCHFR_{rt}$	**Total Communications Hub Fixed Revenue**	**5.0**
$AHFR_t$	**Alt HAN Fixed Revenue**	**21.6**
$RCHDR_{hrt}$ (CH)	Regional Communications Hub Device Revenue (North)	34.2
$RCHDR_{hrt}$ (CH)	Regional Communications Hub Device Revenue (Central)	58.6
$RCHDR_{hrt}$ (CH)	Regional Communications Hub Device Revenue (South)	54.0
CH_CF	CH correction factor	-
RCHDRhrt (4G)	4G Communications Hub Device Revenue	28.5
$\Sigma RCHDR_{hrt}$	**Total Communications Hub Device Revenue**	**175.2**
EFR_t	**Estimated Fixed Revenue**	**820.6**
Sub-total used to calculate Fixed Charges for RY2026/27		623.8
Total DCC cost estimate for RY2026/27[3]		645.4

Table 7- Estimated Fixed Revenue for RY2026/27 (excluding VAT)

33. The sum of National and Regional Fixed Revenue and Communications Hub Fixed Revenue is used to calculate the Fixed Charges in Table 1.

34. Alt HAN Fixed Revenue is used to calculate the Alt HAN Fixed Charges in Table 2.

35. The total Communications Hub Device Revenue is used to calculate the CH Fixed charges in Table 3.

36. Table 8 breaks down the Estimated Fixed Revenue for RY2026/27.

[3] Excluding Communications Hub Device Revenue and correction factor (but including disallowed cost)

Estimated Fixed Revenue by category		SMIP (£m)	CH&N (£m)	Total (£m)
Internal Costs (7.1)	Baseline	-	-	-
	Variance to baseline	152.3	-	152.3
External Costs (7.2)	Baseline	-	-	-
	Variance to baseline	436.8	-	436.8
Pass-Through Costs (7.3)	Authority	-	-	-
	SECCo Ltd	17.5	-	17.5
Legacy DCC1 margin adjustment (7.4)		18.5	-	18.5
Legacy DCC1 gain share adjustment (7.5)		4.9	-	4.9
Prudent estimate (7.6)		-	-	-
Correction factor (7.7)	Main correction factor – RY2024/25	-	-	-
	Legacy DCC1 Disallowed Cost – RY2024/25	(11.2)	-	(11.2)
Total National and Regional Fixed Revenue		**618.8**	**-**	**618.8**
Total Communications Hub Fixed Revenue (7.8)		**5.0**	**-**	**5.0**
Alt HAN (7.9)	Alt HAN Co	21.6	-	21.6
	Alt HAN correction factor – RY2024/25	-	-	-
Total Alt HAN Fixed Revenue		**21.6**	**-**	**21.6**
Communications Hub Devices (7.10)	CH Fixed Charge baseline	-	-	-
	CH Fixed Charge variance to baseline	146.7	-	146.7
	CH Fixed Charge correction factor – RY2024/25	-	-	-
	4G Communications Hub Device Revenue	-	28.5	28.5
Total Communications Hub Device Revenue		**146.7**	**28.5**	**175.2**
Estimated Fixed Revenue (EFR_t)		**792.1**	**28.5**	**820.6**
Sub-total used to calculate Fixed Charges for RY2026/27		595.3	28.5	623.8
Total DCC cost estimate for RY2026/27[4]		616.9	28.5	645.4

Table 8-Estimated Fixed Revenue by category for RY2026/27 (excluding VAT)

[4] Excluding Communications Hub Device Revenue and correction factor (but including disallowed cost)

7.1 Internal Costs

37. Baseline Internal Costs refer to the historical DCC1 Internal Cost forecast in the Licence Application Business Plan (LABP)[5] submitted by Capita plc to government and approved in September 2013. No separate baseline amount is shown in Table 8; the forecast figures retain the existing "Variance to baseline" presentation, as this baseline's period ended in 2024.

38. Internal Costs represent all costs that do not relate to our key service providers (referred to in this document as "FSPs"). They are categorised as either resource or non-resource costs. These are described below.

7.1.1 Resource costs

39. Internal Costs include resource costs that relate to:

- managing the delivery of the Smart Metering Implementation Programme (SMIP)
- managing the Network Evolution portfolio of projects to ensure technological resilience of critical national infrastructure
- preparing to support the delivery of Ofgem's Market-wide Half Hourly Settlement Programme
- managing CH Services
- managing all External Service Provider contracts (including changes) e.g. CSPs, DSP, SMKI provider, Parse and Correlate, SMSOs, Central Switching Service provider, Systems Integrator, Core Systems Assurance provider etc
- managing DCC Internal Systems e.g. billing, business intelligence and management information systems
- undertaking test assurance
- managing change and release management
- applying design governance
- implementing service design
- setting DCC budgets and charges
- preparing the price control submission
- stakeholder engagement
- managing new initiatives
- regulation, HR, finance and audit
- staff recruitment.

7.1.2 Non-resource costs

40. Internal Costs also include non-resource costs that relate to:

- Contract costs associated with External Service Providers that provide Relevant Service Capability i.e. not Fundamental Service Capability
- services procured through Capita plc e.g. Group Finance, Tax and Treasury and Group HR
- overhead
- office accommodation
- legal fees
- consulting fees.

7.2 External Costs (including Communications Hub Fixed Revenue)

41. Baseline External Costs refer to the historical DCC1 External Cost forecast in the Licence Application Business Plan (LABP), submitted by Capita plc to government and approved in September 2013. No separate baseline amount is shown in Table 8; the forecast figures retain the existing "Variance to baseline" presentation, as this baseline's period ended in 2024.

42. The External Costs and Communications Hub Fixed Revenue (see Section 7.8) for RY2026/27 in Table 8 are broken down further in Table 9 below:

[5] DCC Licence Application Business Plan (April 2014)

Estimated External Costs by Category	Baseline (£m)	Variance to Baseline (£m)
Set-up costs (7.2.1)	-	**166.3**
Fixed operational costs (7.2.2)	-	**268.7**
Performance incentives (7.2.3)	-	**0.3**
Impact assessments/projects (7.2.4)	-	-
Catalogue services (7.2.5)	-	-
Transaction Messages (7.2.6)	-	**1.5**
Total	-	**436.8**

Table 9- Estimated External Costs by category for RY2026/27 (excluding VAT)

7.2.1 Set-up costs

43. Set-up costs relate to the development activity undertaken by FSPs and are usually payable upon achievement of certain milestones. These costs may be financed over a period of time. The redacted versions of the Communication Services Provider (CSP) and Data Services Provider (DSP) contracts are available on the DCC website[6].

7.2.2 Fixed operational costs

44. Fixed operational costs relate to the FSPs' provision of live services, including transaction message costs, and are payable monthly from the commencement of those live services operations to the end of those FSP contracts.

7.2.3 Performance incentives

45. DCC may make payments to the FSPs where they meet their respective performance milestones.

7.2.4 Impact assessments/ projects

46. Where changes are required, the FSPs will assess the impact of those changes. Similarly, we may request smaller standalone pieces of work to be undertaken by the FSPs which are referred to as projects.

7.2.5 Catalogue Services

47. DCC may procure items from the catalogue services set out in the CSP and DSP contracts. A number of these items will be recovered from customers via Explicit Charges (see Section D). The cost relating to items in the catalogue services that are not recovered via an Explicit Charge are set out in Table 9.

7.2.6 Transaction Messages

48. DCC may recover the costs of communications services (service requests) via an Explicit Charge. However, we have decided to recover this cost via the Fixed Charge as we consider that this would be more economic and efficient. We consulted on this proposal in May 2014. The rationale is:

- total cost of Service Requests is approximately 0.2% of total External Costs;
- it would be less costly and complex for the billing system to recover this cost through Fixed Charges;
- invoices would be simpler with less reconciliation activity for DCC's customers; and
- there would be greater cost certainty in advance of each Regulatory Year.

49. For each transaction message or service request, DCC incurs costs with its FSPs in line with contractual prices. The estimated annual cost forecast is informed by customer volume forecasts, which are submitted to DCC by industry. These costs were previously reflected under 'Fixed Operating Costs' in Table 9.

7.3 Pass-Through Costs

50. Pass-Through Costs include:

- fees payable to the Authority, the current assumption is that this will be nil for the foreseeable future
- costs associated with SECCo Ltd,consistent with its latest budget. Further details can be

[6] https://www.smartdcc.co.uk/about/service-providers/

found on the SEC website: www.smartenergycodecompany.co.uk

- Alt HAN Co costs (see Section 7.9).

51. DCC passes through these costs to DCC's customers via the Fixed Charge and Alt HAN Fixed Charge.

52. The SECCo value in Table 8 is based on the SEC Panel Budget for 2025-2028.

7.4 Legacy margin adjustment

53. This amount relates to the DCC1 charging framework and is presented separately from DCC2-period charges.

54. The legacy margin adjustment includes Baseline Margin (BM) and additional margin awarded by Ofgem for DCC1 periods. It is presented separately from DCC2-period charges.

7.5 Legacy gain share adjustment

55. This amount relates to the DCC1 charging framework and is presented separately from DCC2-period charges.

56. The legacy External Contract Gain Share amount relates to the DCC1 charging framework and is presented separately from DCC2-period charges.

57. The existing legacy gain-share amount is retained in the table.

7.6 Prudent estimate

58. DCC ensures that all costs represent good value for money and are economic and efficient. However, as with most complex programmes, the development of the DCC service involves a level of emergent change which gives rise to elements of uncertainty and risk. Consequently, actual costs may vary from those anticipated in the Charging Statement.

59. Whilst DCC's approach to setting charges provides certainty to DCC's customers it might not provide DCC with sufficient operating liquidity to ensure that it can meet its financial commitments in months when cash outflows exceed cash inflows, for this reason we have historically recovered an extra amount referred to as the prudent estimate.

60. The purpose of the prudent estimate is to ensure that DCC remains cash positive and meets its financial commitments throughout the year, whilst minimising the need for changes to Service Charges during the Regulatory Year. Historically, under the DCC1 framework the prudent estimate represented approximately three weeks' operating liquidity in relation to Internal and External Costs, capped at £20m.

Any prudent estimate included in forecasts is assessed and reflected in accordance with the DCC2 framework.

7.7 Correction Factor

61. Historic DCC1 reconciliation amounts are shown separately by year. Allowed Revenue and Regulated Revenue retain their historic DCC1 meanings in this section.

62. The correction-factor categories relate to different charges and customer groups:

- Main correction factor – this is applied to the National and Regional Fixed Revenue
  - Historic disallowance and penalty-interest adjustments are presented as DCC1 reconciliation items, subject to the transition arrangements described in the introduction.
- SBCH correction factor – applied to the SBCH Device Revenue
- DBCH correction factor – applied to the DBCH Device Revenue
- Alt HAN correction factor – applied to the Alt HAN Fixed Revenue.

7.8 Communications Hub Fixed Revenue

63. Communications Hub Fixed Revenue reflects the costs and expenses incurred to provide CH Services and Test CH Services that are incremental to the CH device costs (see Section 7.10). Communications Hub Fixed Revenue is recovered from Charging Groups 1, 2 and 3 only.

64. These costs are included within each of the External Cost categories listed in Table 9.

7.9 Alt HAN

65. Costs relating to Alt HAN Co Ltd are categorised as Pass-Through Costs, and the Alt HAN Co value in Table 8 is based on the final Alt HAN budget for RY2026/27, provided in its annual submission to DCC in December 2024, in accordance with SEC Section Z4.14.

66. The Alt HAN Fixed Revenue will be adjusted according to an Alt HAN specific correction factor which will reflect any under/over-recovery in previous years. This is calculated separately as this cost is recovered from Charging Groups 1 and 3 only.

7.10 Communications Hub Device Revenue

67. Communications Hub Device Revenue consists of:

- asset charges payable to the CSPs following each successful delivery of either a SBCH or DBCH
- maintenance charges payable to the CSPs following each successful commissioning of either a SBCH or DBCH
- a correction factor adjustment to reflect any under/over-recovery in previous years of costs relating to either SBCH or DBCH. This is calculated separately as this cost is recovered from Charging Groups 1, 2 and 3 only.

7.11 Indexation

68. Internal Cost indexation follows the assumptions and treatment in the applicable DCC2 determination and forecast. External Cost indexation remains subject to the relevant contracts. Any indexation of a legacy DCC1 margin adjustment must be supported by the applicable determination. (http://www.ons.gov.uk/)

69. External Costs include an allowance for indexation, in accordance with the terms of the External Service Provider contracts, which is based on historical Consumer Price Index (CPI) data published by the Office of National Statistics (www.ons.gov.uk).

70. Pass-Through Costs include an allowance for indexation at the rate provided by SECCo Ltd and Alt HAN Co Ltd.

8 Estimated Explicit Charges Revenue

71. Explicit Charges are payable in respect of products/services, generally driven by volume, that are to be charged for separately from Fixed Charges. The cost of those services would only arise where it is specifically ordered or required by a customer (or a non-SEC party where a bilateral agreement is in place) and would be recovered from that party.

72. The Estimated Explicit Charges Revenue ($EECR_t$) is shown in Table 6. Actual revenue recovered will be determined by the volume of services procured by customers.

73. Further detail on Explicit Charges is set out in Section D.

9 Estimated Additional Service Revenue

74. Additional Charges are payable in respect of Additional User Services. Requests, evaluations and offers are handled in accordance with the applicable SEC Section H7 and Condition 9 of the Licence.

75. Where a more detailed evaluation is requested, Evaluation Expenses are recovered in accordance with Condition 9.23 and the Charging Methodology. Additional User Services are provided under a Bilateral Agreement, with charges determined under SEC Section K8. The revenue forecast reflects the applicable agreements and expected demand.

76. The EASRt (Estimated Additional Service Revenue) is set out in Table 6.

SECTION C - FIXED CHARGES

77. There are three key types of fixed charges, explained in more detail in this section. These are:

1. Fixed Charge
2. CH Fixed Charge
3. Alt HAN Fixed Charge

10 Fixed Charge

78. Table 10 sets out the latest estimate of total Domestic Smart ($RESMS_{grt}$) & Non-Domestic ($RENSMS_{grt}$) Metering Systems for April 2026.

79. We overlay some assumptions in relation to the number of persons within each Charging Group in respect of that SMS (see Section 10.1 below). These assumptions are used together with the National and Regional Fixed Revenue and Communications Hub Fixed Revenue in Tables 6, 7 and 8 to determine the monthly Fixed Charges.

Name	Total Domestic SMS ($REDSMS_{grt}$)	Total Non-Domestic SMS ($RENSMS_{grt}$)
g1 - Import Suppliers	27,851,124	1,459,081
g2 - Export Suppliers	-	-
g3 - Gas Suppliers	24,616,382	259,651
g4 - Electricity Distributors	27,867,027	1,599,832
g5 - Gas Transporters	24,617,102	761,479

Table 10- Total Domestic and Non-Domestic Smart Metering Systems forecast for start of RY2026/27

10.1 Volume assumptions for Fixed Charges

80. In respect of MSMS in Domestic Premises, we have assumed the following:

- Import Suppliers (g1) – meters that have a domestic profile class 1 and 2 associated with the MPAN and an identifiable chargeable Import Supplier
- Export Suppliers (g2) – these meters are currently included in Import Suppliers in accordance with Section X2.5 (a) of the SEC
- Gas Suppliers (g3) – meters that have a domestic market sector code associated with the MPRN and an identifiable chargeable Gas Supplier
- Electricity Distributors (g4) – meters that have a domestic profile class 1 and 2 associated with the MPAN
- Gas Transporters (g5) – meters that have a domestic market sector code associated with the MPRN

81. In respect of MSMS in Non-Domestic Premises, we have assumed the following:

- Import Suppliers (g1) – meters that have a non-domestic profile class of 3 or 4, associated with the MPAN and an identifiable chargeable Import Supplier
- Export Suppliers (g2) – these meters are currently included in Import Suppliers in accordance with Section X2.5 (a) of the SEC
- Gas Suppliers (g3) – meters that have a non-domestic market sector code associated with the MPRN and an identifiable chargeable Gas Supplier
- Electricity Distributors (g4) – meters that have a non-domestic profile class of 3 or 4, associated with the MPAN
- Gas Transporters (g5) – meters that have a non-domestic market sector code associated with the MPRN

82. There are more meters in g4 than g1 as Electricity Distributors (g4) include all meters regardless of whether the respective Import

Suppliers (g1) have acceded to the SEC. Similarly, there are more meters in g5 than g3 as Gas Transporters (g5) include all meters regardless of whether the respective Gas Suppliers (g3) have acceded to the SEC.

83. The forecasted total Smart Metering Systems for April 2026 were determined using the historic monthly rate of change of MSMS up to and including February 2026.

11 CH Fixed Charge

84. Charges in relation to CH devices are payable by customers from the point a CH order has been delivered and accepted by that customer for both SBCH and DBCH. This will be recovered from customers through either the CH stock level charge or the CH Fixed Charge.

85. Following the installation of a CH the CH Fixed Charge will be payable by Charging Groups 1-3. These charges are set out in Table 3.

86. The CH Fixed Charges are set out in Table 3 and CH stock level charges are set out in Table 4.

87. The estimated CH Device Revenue in this document is based on the volume forecast submitted by relevant customers to DCC overlaid with some DCC assumptions. That estimated volume is set out in Table 11. The actual volume of CH delivered and accepted and ESMS installed during a Regulatory Year will determine the total recoverable revenue.

Category	Forecast volume FY26/27	Forecast volume FY27/28	Forecast volume FY28/29
SBCH installed	(1,228,322)	(1,394,700)	(1,394,700)
DBCH installed	3,519,444	3,794,700	3,794,700
ESMS connected to SBCH	(2,039,015)	(2,315,202)	(2,315,202)
ESMS connected to DBCH	5,842,277	6,299,202	6,299,202

Table 11- Forecast CH and ESMS volume in RY2026/27 to RY28/29

88. Should a customer wish to return a CH, they may be liable to pay an Explicit Charge – see Section D on Explicit Charges.

89. The CH Charging Group Weighting Factors are set out in Table 12.

12 Alt HAN Fixed Charge

90. Alt HAN Fixed Charges recover the costs incurred by Alt HAN Co. This is a Pass-Through Cost and the charge is calculated similar to the main Fixed Charge and is based on the MSMS volume set out in Table 10.

91. The Alt HAN Charging Group Weighting Factors are set out in Table 12.

13 Other fixed charges information

13.1 Setting fixed charges before, during and after the UITMR and COMR periods

92. The methodology for calculating fixed charges differs depending on the period in question, relative to the UITMR (user integration testing and mass rollout) and the COMR (completion of mass rollout) periods. The UITMR period ended on 31 March 2021 and the COMR period commenced on 1 April 2021.

93. During the COMR period, the following will apply:

- Fixed Charges (for MSMS for Domestic Premises, and for Non-Domestic Premises except those where an Advanced Meter is installed)
- CH Fixed Charges (for ESMS only)
- Alt HAN Fixed Charge (for MSMS for Domestic Premises and Non-Domestic Premises).

94. After the COMR period, the following will apply:

- Fixed Charges (for ESMS only)
- CH Fixed Charges (for ESMS only)
- Alt HAN Fixed Charge (for ESMS only).

13.2 Charging Group Weighting Factors

95. Table 12 sets out the Charging Group weighting Factors for the 3 types of fixed charges.

96. Fixed Charges are payable by customers in Charging Groups 1-5. CH Fixed Charges are payable by customers in Charging Groups 1-3. Alt HAN Fixed Charges are payable by customers in Charging Groups 1 and 3 only.

97. Charging Group Weighting Factors specify the ratio of costs to be incurred in respect of each Charging Group. These weighting factors were derived using demand and rollout profiles provided by energy suppliers and network operators.

Name	Charging Group Weighting Factor	CH Charging Group Weighting Factor	Alt HAN Charging Group Weighting Factor
	(Fixed Charge α_{gt})	(CH Fixed Charge β_{gt})	(Alt HAN Fixed Charge γ_{gt})
g1 - Import Suppliers	0.49	0.52	0.50
g2 - Export Suppliers	0.08	0.09	-
g3 - Gas Suppliers	0.37	0.39	0.50
g4 - Electricity Distributors	0.06	-	-
g5 - Gas Transporters	0.00	-	-

Table 12- Charging Group Weighting Factors

SECTION D - EXPLICIT CHARGES

98. Explicit Charges largely fall into one of three categories. They are:

- 'Set' Explicit Charges
- 'Indicative' Explicit Charges
- Explicit Charges yet to be determined.

99. These are explained in more detail below.

14 'Set' Explicit Charges

100. 'Set' Explicit Charges are set out in Table 4 and will be levied as and when those products/services are used. This section explains each charge in more detail.

14.1 Communications services 'Service Requests'

101. DCC may recover the costs of communications services (service requests) via an Explicit Charge. However, we have decided to recover this cost via the Fixed Charge as we consider that this would be more economic and efficient. The rationale for this decision is set out in Section 7.2.6.

102. We will keep this under review.

14.2 CH stock level charge

103. Where DCC has delivered a Communications Hub to a Party but it is not installed at the end of the Charging Period, a monthly CH stock level charge for each HAN Variant will apply. DCC will recover the cost of this service via an Explicit Charge in accordance with Section K7.5(l) of the SEC.

14.3 CH auxiliary equipment

104. Parties may order additional CH Auxiliary Equipment, which includes additional low gain (T1) or high gain (T2) cellular aerials (for example for use during testing). This equipment is described in section 6.1.3 of the Communications Hub Supporting Information (CHSI).[7] This is offered in addition to the aerials that will form part of a CH order for premises that requires it as part of a standard installation. DCC will recover the cost of these additional aerials via an Explicit Charge in accordance with Section K7.5(n) of the SEC.

14.4 CH returned and redeployed

105. Where a CH User returns a CH that can be refurbished for redeployment, DCC will recover the cost of this service via an Explicit Charge for each HAN Variant in accordance with Section K7.5(o) of the SEC.

14.5 CH returned not redeployed

106. Where a CH User returns (or notifies as lost or destroyed) a CH that cannot be redeployed, DCC will recover the cost of this service via an Explicit Charge for each HAN Variant in accordance with Section K7.5(p) of the SEC. This excludes the scenario where a 2G/3G Communications Hub is replaced with a 4G Communications Hub, as provided in Section K7.5(p).

107. Note: Where a CH is found to have a fault, the responsibility of that fault would be attributed to either a customer or DCC. This will be determined in accordance with Section F9.6 of the SEC. Any compensation due to Parties in relation to DCC faults, would be paid in accordance with F9 of the SEC.

14.6 Test Communications Hubs (TCH)

108. Customers may order Communications Hubs for testing purposes. This includes Wired Dual Band Instrumented Test Communications Hubs (DB ITCH), which are available to order for Meter Manufacturers' testing purposes. DCC will recover the cost of these assets via an Explicit Charge in accordance with Section K7.5(r) of the SEC.

109. Factors that will influence the level of the charge are:

- the HAN Variant of the TCH
- whether it is a standard TCH, an ITCH; or a Wired DB ITCH for meter manufacturers.

14.7 Point-to-Point Alt HAN Equipment

110. The rollout of Point-to-Point Alt HAN Equipment commenced during Regulatory Year 2024/25, as part of the wider network deployment strategy. The average annual cost per meter will be recovered through this explicit charge.

[7] Communications Hub Supporting Information (CHSI)

14.8 Stock Level Point-to-Point Alt HAN Equipment

111. To recover the costs of Point-to-Point Solution Alt HAN Equipment held in stock by customers, this stock level charge will be levied at the point of use.

14.9 DCC Boxed

112. Customers can now order DCC Boxed standard kits under Section H14 (Testing Services) and Clause 18 of the Enduring Test Approach Document. DCC Boxed is a full end-to-end representative environment of the core DCC system that is portable, flexible and an alternative to testing in the DCC test environments. DCC will recover the cost of these devices via an Explicit Charge in accordance with Section K7.5(x).

14.10 SECMP0181 – Meter Asset Providers

113. Meter Asset Providers (MAPs) and Manufacturers may access firmware data, DCC device status information and similar which will allow them to work with Responsible Suppliers to help identify, triage and fix operational issues with devices they are responsible for. This reduces the risk that Devices provide a diminished smart service to end consumers. The cost of development plus subsequent requested change has now been recovered following the completion of the original three-year recovery period. Ongoing charges now relate solely to the annual cost of producing the MAP report (including any new changes) and associated BAU activities.

15 'Indicative' Explicit Charges

114. The Explicit Charges in relation to certain products/services will depend on a number of variables which are only known at the point of ordering. To help customers, we have set out the indicative level of those charges in Table 5. The likely cost drivers for these services are explained below.

15.1 Security and Privacy Assessments

115. Parties are to pay Explicit Charges in respect of User Security Assessments, Follow-up Security Assessments, User Security Assessment Reports, Full Privacy Assessments and/or Privacy Assessment Reports. The SEC Panel will procure these services and DCC will recover the incurred expenditure on behalf of the Panel via an Explicit Charge in accordance with K7.5 (a) and (b) of the SEC.

116. These charges are designed to pass through the expenditure from SECCo Ltd to DCC which then recovers it from Parties. These costs are treated as Recoverable Costs in accordance with Section C8.2 of the SEC. For more information in relation to these Explicit Charges please contact SECAS at secas@gemserv.com .

15.2 DCC Gateway Connections DCC Gateway Connections

117. There are two types of applicable charges in relation to DCC Gateway Connections; the connection Charge and the annual charge. The cost drivers for each are set out below.

118. The connection charge recovers the cost of installing the DCC Gateway Connection and will be payable to DCC following installation. The charge will be dependent on the individual connection request (made pursuant to Section H15 and Appendix G: DCC Gateway Connection Code of Connection, of the SEC). The variables that will influence the level of this charge include:

- physical distance from the premises of the DCC Gateway Connection to the local exchange;
- configuration of the premises of the DCC Systems i.e. whether there are existing connections that can be used, or whether new lines will be required;
- type of connection determined e.g. Ethernet, FTTC (Fibre to the Cabinet), ADSL (Asymmetric Digital Subscriber Line) and/or copper;
- the amount of further work required, as determined by a physical site inspection; and
- the bandwidth requested by the party.

119. The annual charge recovers the annual rental cost associated with the connection and will be payable to DCC at the start of each contractual year. The charge will be dependent on the individual connection request (made pursuant to Section H15 and Appendix G: DCC Gateway Connection Code of Connection, of the SEC). The variables that will influence the level of this charge will be:

- the length of the contract i.e. 1-year or 3-year;
- type of connection determined e.g. Ethernet, FTTC, ADSL and/or copper; and
- the bandwidth requested by the party.

120. The indicative Explicit Charges for DCC Gateway Connections are set out in Table 5 for Gamma connection and Table 5a for DCC Connect

connections in this Charging Statement. These indicative prices are based on a sample 'spread' of locations. The exact cost of a selected option will be made available on application, (pursuant to the following clauses:

121. For Gamma connections, SEC Sections H15.7(c), Sections H15.8(c) and H15.9(b) of the SEC). For the migration of Gamma connections to DCC Connect connections, SEC Appendix AU clauses 15.10 (c), 15.11(c) 15.12(b) and 15.13(b).

122. For DCC Connect connections that are not replacing a Gamma connection, and from period following a DCC Connect connection having successfully replaced a Gamma connections (Post cut-over), clauses H15 7(c), H15.8A (C) and H15.9(b) of Annex 2 (Section H) of SEC Appendix AU.

123. DCC considers that the majority of DCC Gateway Connections ordered would fall within the indicative price bands set out in Table 5.

124. The DCC Connection Guidance and associated forms are available on the DCC website, which set out the process for ordering DCC Gateway Connections.[8]

15.3 Gateway equipment relocation

125. A customer may request to alter the location of its DCC Gateway Equipment within its premises. Following a formal request from the customer to DCC to relocate equipment, DCC shall confirm the Explicit Charge payable in accordance with K7.5(e) of the SEC. The variables that will influence the level of this charge will be:

- the level of expertise required to carry out the relocation; and
- the number of days of effort required to carry out relocation.

15.4 Additional User Service evaluations

126. Customers may request an evaluation of potential Additional User Services in accordance with the applicable SEC Section H7. Evaluation Expenses are recovered under Condition 9.23 of the Licence and the Charging Methodology, including the applicable Explicit Charging Metric in SEC Section K7.5(f).

15.5 P&C support

127. Parties may request further assistance in relation to its use of Parse and Correlate Software. DCC will recover the cost of this via an Explicit Charge in accordance with Section K7.5(g) of the SEC.

The value of that charge will be confirmed after all relevant information has been provided to DCC in relation to the request. The variables that will influence the level of this charge will be:

- the level of expertise required to provide the requested software support; and
- the number of days of effort required to provide the requested software support.

15.6 SM WAN for testing (also known as remote test labs)

128. A test lab is available to all Testing Participants at no additional cost, at the point of use, to carry out testing (see Section H14 of the SEC). Alternatively, Testing Participants may carry out this testing in a location of their choice. In this scenario, DCC would provide an 'SM WAN for testing', or remote test lab, subject to an Explicit Charge (see Section H14.31 and K7.5(h) of the SEC).

129. There are two types of applicable charges in relation to the provision of the SM WAN for testing; the connection charge and the monthly charge. The value of these charges will be confirmed after all relevant information has been provided to DCC in relation to the request (made pursuant to the Enduring Testing Approach Document and the guide for Testing Participants, both of which are available on the DCC website).

130. The connection charge recovers the costs of a site survey, installation of equipment required to establish a WAN, installation of five Communications Hubs for testing and the eventual removal of equipment required to establish a WAN. The variables that will influence the level of the connection charge are:

- which CSP is providing the SM WAN for testing as they will use different technology to set up the SM WAN for testing (e.g. the cost of connecting into an existing network will be lower than that for installing a nano base station)
- for SM WAN solutions using an existing network, the signal quality at the location chosen by the Testing Participant (e.g. if signal quality is poor, booster equipment may be required which may attract additional cost).

131. The monthly charge recovers the costs of remote assistance to diagnose faults with equipment supplied, rectifying faults, ongoing configuration management of the equipment supplied, and management and implementation of firmware

[8] DCC Service Centre, inc. Gateway Connection Guidance - https://www.smartdcc.co.uk/customer-hub/dcc-service-centre/

and hardware upgrades associated with the equipment supplied. The variables that will influence the level of the monthly charge are:

- which CSP is providing the SM WAN for testing as they will provide support specific to the technology used
- the length of time that the Testing Participant will require the SM WAN for testing.

132. In some very limited cases a customised solution may be required where, following a site visit, it becomes apparent that the standard solutions for signal boosting technology may not be effective. DCC does not, however, anticipate this being required.

15.7 Additional Testing Support

133. Testing Participants may request, pursuant to Section H14.33 of the SEC, reasonable additional support to that Testing Participant associated with;

- the DCC Total System and the results of such Testing Participant's Device and User System Tests
- the Systems of the Testing Participant that are (or are intended to be) User Systems; and
- communications between the DCC and any Device or between Devices which comprise (or which the Testing Participant intends will comprise) a Smart Metering System.

15.8 CH non-standard delivery

134. Parties may specify non-standard instructions for the delivery of CH Orders. DCC will recover the cost of this service via an Explicit Charge in accordance with Section K7.5(k) of the SEC. The value of that charge will be confirmed after all relevant information has been provided to DCC in relation to the request. The variables that will influence the level of this charge will be:

- the value of additional logistics
- the cost of storage and transport.

15.9 GFI Testing

135. Customers may order enhanced GBCS Integration Testing (GIT) tools under Section H14 (Testing Services) and Section 15 of Appendix J (Enduring Testing Approach Document). DCC will recover the cost of these devices via an Explicit Charge in accordance with Section K7.5(m).

15.10 Out of Region Communications Hubs[9]

136. Charge per CH to maintain connection of Out-of-Region CHs to the SM WAN. DCC will recover the cost of this via an Explicit Charge in accordance with Section K7.5(ma) of the SEC. The variables that will influence the level of this charge will be:

- The total volume of Out of Region Communication Hubs within GB with a maximum charge of [£500] per CH. For example, if there were a total of 20,000 Out of Region CH's in a month within GB, the Explicit Charge would be £12.50 per CH.
- The volume and Explicit Charge is determined at the end of the Charging Period.
- The Responsible Energy Supplier is measured at the end of the previous Charging Period.

15.11 CH wrong returns location

137. If customers return a CH to the wrong location (for example, to the wrong External Service Provider), DCC will recover the cost of this via an Explicit Charge in accordance with Section K7.5(q) of the SEC. The value of that charge will be confirmed after all relevant information has been provided to DCC in relation to the request. The variables that will influence the level of this charge will be:

- quantity of CHs to be redelivered
- location to which order must be redelivered.

15.12 Additional CH Order Management System Accounts

138. Customers may order additional accounts to access the CH Order Management System, above the base allowance of four accounts. The cost of the additional user accounts will be recovered via an Explicit Charge.

15.13 RF Noise Testing

139. Customers may request RF Noise Testing services pursuant to Section H14.37 (Radio Frequency Noise Testing). The cost of the service will be quoted to the customer the accepted quote will be recovered via an Explicit

[9] "For reference only, the estimated explicit charges revenue without the impact of MP308 is £5.8m in RY2627 (Apr–May)."

Charge, in accordance with Section K7.5(w) of the SEC.

16 Explicit Charges yet to be determined

140. As of this publication there are no additional Explicit Charges yet to be determined.

SECTION E – INVOICING, CREDIT COVER AND OTHER COSTS

17 Invoicing

141. This Charging Statement covers 12 Charging Periods, consistent with the indicative invoicing timetable available on the DCC website.

142. A Charging Period for the purpose of invoicing is based on a view of volume taken on the 15th day of the calendar month and it will apply across all the different types of charges set out in this Charging Statement.

143. All charges outlined in this Charging Statement are shown excluding VAT.

144. Payment is due to DCC on the later of five working days following receipt of the invoice and eight working days following the end of the month to which the invoice relates, in accordance with Section J1.5 of the SEC.

145. Consistent with these timescales, DCC issues invoices to customers via email on, or around, the third working day of each month following the charging month. Should there be an unforeseen delay; DCC will advise customers of the revised invoicing date via email.

146. Parties that accede to the SEC during a Regulatory Year will receive their first invoice on or about the third working day of the following month, based on registration data as at the 15th day of the calendar month.

147. Explicit Charges for services which were fulfilled, and any confirmed charges or credits associated with CH faults during a Charging Period will be included in the next invoice issued after the end of that Charging Period.

148. DCC will issue a principal invoice accompanied by a secondary invoice which sets out the subset of the CH Charges which relate to CH Finance Costs. This invoice amount will be paid directly to the CSP. This is not a double or an incremental charge.

149. Currently, we estimate that the Minimum Monthly Charge applicable in RY2026/27 will be £28.04. DCC is not obliged to invoice customers if charges incurred are less than this amount. In that instance, the charge may be carried forward to the subsequent invoicing period, in accordance with Section J1.3 of the SEC.

18 Credit cover

150. In accordance with Section J3 of the SEC, each customer is required to provide credit cover. Currently, we estimate that the Credit Cover Threshold applicable in RY2026/27 will be £2,469.41. DCC calculates the Credit Cover Requirement to be the customer's Value at Risk less their Unsecured Credit Limit. The Unsecured Credit Limit is calculated by multiplying the customer's Maximum Credit Value, determined in the Credit Assessment, by their Unsecured Credit Factor. Where the Credit Cover Requirement is equal to or less than the Credit Cover Threshold, the Credit Cover Requirement is deemed to be zero, in accordance with Section J3.2 of the SEC.

151. For the purpose of calculating the Credit Cover Requirement, DCC considers the Charges inclusive of VAT as outlined in Section J3.3 of the SEC.

19 Other costs recoverable from customers

152. Customers may also be liable to pay for any costs incurred by DCC which arise for activities not directly mentioned in Section K of the SEC. These may include any costs incurred as a result of the cancellation of an order for any of the services listed in Section A of this Charging Statement. DCC shall notify the Party of any costs incurred and any compensation due from

the customer to DCC pursuant to the relevant section of the SEC.

SECTION F – MACRO-ECONOMIC ASSUMPTIONS

20 Fixed Charge

153. A GDP deflator Index is sourced from the Office for Budget Responsibility (OBR)[10] set out in Table 13 below is and used as the central assumption that is applied to DCC programme and operational costs.

RY	GDP Inflator
2025-26	2.2%
2026-27	2.0%
2027-28	1.9%
2028-29	1.8%

Table 13- Fixed Charge Costs Inflator

21 Alt Han Fixed Charge

154. The Alt HAN Fixed Charge is based on cost projections supplied by the Alt Han Company.

22 CH Fixed Charge and Explicit Charge

155. CH costs are determined by DCC's CH service provider contracts. In RY Q3 (Oct – Dec) DCC updates the inflation index applied to CH costs using CPI from the Office for National Statistics (ONS) applied from October each year. For subsequent years CPI is sourced from the Office for Budgetary Responsibility (OBR), The effective CPI inflation rate for the Charging Year is an average of the previous and current year (Oct – Sept) as shown in Table 14. This inflation assumption is also applied to a range of explicit charges with some exceptions. See 23 Other Explicit Charges.

Oct - Sept	CPI Inflator	RY	Inflator
2025-26[11]	2.6%		
2026-27[12]	2.2%	2026-27	2.4%
2027-28	2.0%	2027-28	2.1%
2028-29	2.1%	2028-29	2.3%
2029-30	2.0%	2029-30	2.1%

Table 14- CH Fixed Charge & Explicit Charges Costs Inflator

156. A sterling dollar exchange rate assumption is also applied in the calculation of CH costs. A forecast is evaluated in RY Q3 based on the average over the past three years. DCC is currently assuming a £:$ rate 1.25.

157. DCC incurs a range of financing rates for the financing of CHs determined by more than one financing arrangements. DCC employs the OBR forecast[13] of the Bank Base rate to determine forward changes to contract financing rate.

RY	Change in Base Rate
2026-27	-0.18%
2027-28	+0.08%
2027-28	+0.11%
2028-29	+0.14%

Table 15 CH Fixed Charge & Explicit Charges Costs Inflator

23 Other Explicit Charges

158. DCC explicit charges covering SECAS and Alt Han related explicit costs are characterized as pass through, with the cost forecast provided by SECAS and Alt Han Company.

[10] Source: Office for Budget Responsibility, October 2024 Economic and Fiscal Outlook, Table 1.7 Inflation
[11] Office for National Statistics, Consumer price inflation (MM23)
[12] Office for Budget Responsibility, October 2024 Economic and Fiscal Outlook, Table 1.7 Inflation
[13] Source: Office for Budget Responsibility, October 2024 Economic and Fiscal Outlook, Table 1.9 Market-Derived Assumptions

24 Appendix A - Publications timetable

159. In accordance with J4 of the SEC, within the first five working days of April, July, October and January in each year, we must create and publish:

- an indicative Charging Statement for the first Regulatory Year due to start thereafter;
- a budget for the second and third Regulatory years due to start thereafter;
- and a working model allowing our customers to estimate their indicative charges.

160. Under Conditions 27.14 to 27.17 of the DCC2 Licence, DCC reviews the Charging Statement at least once each Regulatory Year and updates it where needed to keep the information accurate and reliable. The Charging Statement is published on DCC's website. Changes to Service Charges are made in line with licence requirements and, where required, approved by the Authority. Quarterly indicative forecasts are provided for information only and do not change the charges in force.

161. The publication timetable is summarised below. All publications are available on the DCC website (www.smartdcc.co.uk).

Publication date	Charging Statement	Indicative Charging Statement	Indicative Budget	
December 2024	RY2025/26 – Issue 0.1 (draft)			
January 2025 (Q4)		RY2025/26	RY2026/27	RY2027/28
March 2025	RY2025/26 v0.2 (draft)			
March 2025	RY2025/26 v1.0 (final)			
April 2025 (Q1)		RY2026/27	RY2027/28	RY2028/29
July 2025 (Q2)		RY2026/27	RY2027/28	RY2028/29
October 2025 (Q3)		RY2026/27	RY2027/28	RY2028/29
December 2025	RY2026/27 – Issue 0.1 (draft)			
January 2026 (Q4)		RY2026/27	RY2027/28	RY2028/29
March 2026	RY2026/27 v0.2 (draft)			
March 2026	RY2026/27 v1.0 (final)			
April 2026 (Q1)		RY2027/28	RY2028/29	RY2029/30
July 2026 (Q2)		RY2027/28	RY2028/29	RY2029/30
October 2026 (Q3)		RY2027/28	RY2028/29	RY2029/30
November 2026	DCC2 RY2026/27 v2.0 (final)	DCC2 RY2027/28	DCC2 RY2028/29	DCC2 RY2029/30
December 2026	RY2027/28 – Issue 0.1 (draft)			
January 2027 (Q4)		RY2027/28	RY2028/29	RY2029/30
March 2027	RY2027/28 v0.2 (draft)			
March 2027	RY2027/28 v1.0 (final)			
April 2027 (Q1)		RY2028/29	RY2029/30	RY2030/31

Table 16- Timetable for Charging Statements and indicative budgets

25 Appendix B - Acronyms

Acronym	Definition
Alt HAN	Alternative Home Area Network
BEIS	Department for Business, Energy and Industrial Strategy (formerly known as DECC – Department for Energy and Climate Change)
CH	Communications Hub
COMR	Completion of Mass Rollout
CPI	Consumer Price Index
CSP	Communications Services Provider
DBCH	Dual Band Communications Hub
DB ITCH	Dual Band Instrumented Test Communications Hub
DB TCH	Dual Band Test Communications Hub
DCC	Smart DCC
DECC	Department of Energy and Climate Change (now known as BEIS)
DESNZ	Department for Energy Security and Net Zero (formerly known as BEIS – Department for Business, Energy and Industrial Strategy, and prior to that, DECC – Department for Energy and Climate Change)
DSP	Data Services Provider
ESMS	Enrolled Smart Metering System
FSP	Fundamental service provider
GBCS	Great Britain Companion Specification
GFI	GIT for Industry
GIT	GBCS Integration Testing
g1	Import Suppliers (Charging Group g1)
g2	Export Suppliers (Charging Group g2)
g3	Gas Suppliers (Charging Group g3)
g4	Electricity Distributors (Charging Group g4)
g5	Gas Transporters (Charging Group g5)
HAN	Home Area Network
HV	High-Volume

ITCH	Instrumented Test Communications Hub
LC	Licence Condition
LV	Low-Volume
MPAN	Metering Point Administration Number
MPRN	Meter Point Reference Number
MSMS	Mandated Smart Metering System
RDP	Registration Data Provider
RF	Radio Frequency
RPI	Retail Prices Index
RY	Regulatory Year
SBCH	Single Band Communications Hub
SB ITCH	Single Band Instrumented Test Communications Hub
SB TCH	Single Band Test Communications Hub
SEC	Smart Energy Code
SMETS1	Smart Metering Equipment Technical Specification v1
SMETS2	Smart Metering Equipment Technical Specification v2
SMKI	Smart Metering Key Infrastructure
SM WAN	Smart Metering Wide Area Network
TCH	Test Communications Hub
UITMR	User Integration Testing and Mass Rollout

Table 17-Acronyms

26 Appendix C – Glossary

Defined Terms	References	Definition
Additional Charges	SEC K11.1 and K8	The Charges payable in respect of Additional User Services.
Additional User Service	LC 6.8; SEC A1.1 and H7	A service requested by a SEC Party pursuant to the SEC other than a Core Communication Service, Enabling Service or Prescribed Business Service. See the DCC2 Licence definition and the applicable SEC Additional User Services provisions.
Advanced Meter	SEC K3.2	Defined in relation to "Mandated Non-Domestic Smart Metering System" (Section K3.2): (a) an Electricity Meter, has the meaning given to that expression in standard condition 39 of the Electricity Supply Licence; and (b) a Gas Meter, has the meaning given to that expression in standard condition 33 of the Gas Supply Licence.
Allowed Revenue	Previous Licence (DCC1) LC 36.8	A historic DCC1 revenue concept under the Previous Licence. Allowed Revenue is the total amount of revenue determined on an accruals basis in relation to each Regulatory Year, in accordance with the Principal Formula outlined in the Licence.
Alt HAN Charges	SEC A1.1	Means the Alt HAN Fixed Charges calculated in accordance with Section K5A or K6B (as applicable) taken together with the Explicit Charges in respect of the Explicit Charging Metrics at Section K7.5(t) and (u).
Alt HAN Co	SEC Z6.1	Has the meaning given to that expression in Section Z2.1 (Establishment of Alt HAN Co).
Alt HAN Costs	SEC Z6.1	Has the meaning given to that expression in Section Z4.2 (Alt HAN Costs and Expenses).
Alt HAN Fixed Revenue	SEC K3.7	Revenue relating to the reimbursement of Alt HAN Costs
Alt HAN Services	SEC Z6.1	Has the meaning given to that expression in Standard Condition 55.7 of the Electricity Supply Licence and Standard Condition 49.7 of the Gas Supply Licence.
Authority	SEC A1.1	Means the Gas and Electricity Markets Authority as established under Section 1 of the Utilities Act 2000.
Bilateral Agreement	SEC A1.1 and H7	An agreement entered into pursuant to SEC Section H7 for Additional User Services between DCC and the relevant Party, subject to the applicable SEC requirements
CH Charging Group	SEC K11.1	Has the meaning given to that expression in Section K3.9.
CH Charging Group Weighting Factors	SEC K3.14	Has the meaning given in Section K3.14 of the SEC.
CH Fixed Charge	SEC K	As set out in Section K3 of the SEC.

Defined Terms	References	Definition
CH Order Management System	SEC A1.1	Means that part of the CH Ordering System described as the 'Order Management System' in the CH Handover Support Materials.
CH User Responsibility	SEC A1.1	Has the meaning given to that expression in Section F9.6 of the SEC (Categories of Responsibility).
Change Request	DSP/CSP Contracts	Means a written request for a Contract Change which shall be substantially in the form of Appendix 1 to Schedule 8.2 of the DSP/CSP contract.
Charging Group Weighting Factors	SEC K3.12 and K3.13	Weighting factors designed and determined in accordance with Sections K3.12 and K3.13 of the SEC for the relevant Charging Groups.
Charging Groups	SEC K11.1	Has the meaning given to that expression in Section K3.10 of the SEC.
Charging Methodology	SEC K	Charging Statements are prepared in accordance with the Charging Methodology, which provides the mechanism for determining Fixed Charges (before, during and after UITMR), Explicit Charges and Additional Charges.
Charging Period	SEC K11.1	Means, in respect of each month (the 'current month'), the period from the start of the 16th day of the previous month to the end of the 15th day of the current month.
Charging Statement	LC 27.3 and 27.4	The statement prepared under Condition 27 of the applicable DCC2 Licence setting out the basis on which Service Charges are payable for the Authorised Business, in the form in force at the relevant time.
COMR Period	SEC K5	Refers to the period, during which "mass rollout" of Smart Metering Systems is to be completed.
Communications Hub Finance Charges	SEC A1.1	Means, in respect of each Communications Hub Finance Facility, the DCC's charge to recover the applicable Communications Hub Finance Costs (being a subset of the Communications Hub Charges), in an amount each month determined by the DCC at the time it produces an Invoice for that month.
Communications Hub Service	LC 6.2(b)(iii) and 6.8; SEC A1.1	An Enabling Service comprising the Communications Hub Services as defined in the SEC and referred to in Condition 6 of the DCC2 Licence.
Communications Hubs	SEC A1.1	Means a Communications Hub Function together with a Gas Proxy Function.
Core Communication Services	LC 6.2(a) and 6.8; SEC A1.1	Core Communication Services as defined in the SEC and referred to in Condition 6 of the DCC2 Licence.

Defined Terms	References	Definition
DCC Boxed	SEC H14	Means a testing tool provided by the DCC that replicates the end-to-end DCC Systems, which can be used by Testing Participants outside of the DCC's physical test laboratories
DCC Gateway	SEC H3	The DCC User Gateway is the interface designed to allow communications to be sent between SEC Parties and DCC.
DCC Gateway Connection	N/A	For each Party other than the DCC, the physical infrastructure by which a connection is (or is to be) made between the premises of that Party and the DCC Systems for the purposes of the DCC Services.
DCC Internal Systems	SEC A1.1	Means those aspects of the DCC Total System for which the specification or design is not set out in this Code.
DCC Total System	SEC A1.1	Means the Systems used by the DCC and/or the DCC Service Providers in relation to the Services and/or this Code, including the DCC User Interface, SM WAN and Communications Hubs except for those Communications Hubs which are: • neither installed nor in the possession of the dcc; or • installed but are not Commissioned.
DCC User Gateway Catalogue	DSP/CSP Contracts	Has the meaning given in Schedule 6.3 (Development Process) of the DSP/CSP contracts.
DCC User Interface Services Schedule	SEC A1.1	Means the SEC Subsidiary Document identified as the 'DCC User Gateway Interface Specification' under the applicable SEC provisions.
DCC1		In this document, DCC1 refers to DCC under the Previous Licence, before Business Handover on 2 November 2026. Historic DCC1 costs, margin and reconciliation amounts may remain relevant after Business Handover.
DCC2		In this document, DCC2 refers to DCC under the Smart Meter Communication Licence applying from Business Handover on 2 November 2026, referred to in this document as the DCC2 Licence.
Detailed Evaluation	LC 9.22 and 9.23; SEC H7	A further evaluation of an Additional User Services request, carried out in accordance with the applicable SEC Section H7 and the Licence, with Evaluation Expenses recovered as provided by the Licence and Charging Methodology.
Device	SEC A1.1	Means one of the following individual devices: (a) an Electricity Smart Meter; (b) a Gas Smart Meter; (c) a Communications Hub Function; (d) a Gas Proxy Function; (e) a Pre-Payment Meter Interface Device; (f) a HAN Connected Auxiliary Load Control Switch; and (g) any Type 2 Device.

Defined Terms	References	Definition
Domestic Premises	SEC A1.1	Means premises at which a Supply of Energy is or will be taken wholly or mainly for domestic purposes, which is to be interpreted in accordance with Condition 6 of the relevant Energy Supply Licence.
Electricity Distributors	SEC A1.1	Means, for a Smart Metering System or a Device, the holder of the Electricity Distribution Licence for the network to which the relevant premises are connected.
Enabling Services	LC 6.2(b) and 6.8	The Enabling Services defined in Conditions 6.2(b) and 6.8 of the DCC2 Licence, provided in accordance with an Agreement for Services.
Enrolled Smart Metering Systems	K11.1	Means a Smart Metering System that has been Enrolled
Enrolment	SEC A1.1	Means, in respect of a Smart Metering System, the act of enrolling that Smart Metering System in accordance with the Enrolment Service (and the words "Enrol" and "Enrolled" will be interpreted accordingly). Enrolment of a Smart Metering System ends on its Withdrawal.
Enrolment Service	LC 6.2(b)(i) and 6.8; SEC A1.1	The Enrolment Service as defined in the SEC and referred to in Condition 6 of the DCC2 Licence.
Estimated Additional Service Revenue	SEC K11.1	Has the meaning given to that expression in Section K2.3 of the SEC.
Estimated Explicit Charges Revenue	SEC K11.1	Has the meaning given to that expression in Section K2.5 of the SEC.
Estimated Fixed Revenue	SEC K11.1	Has the meaning given to that expression in Section K2.6 of the SEC.
Estimated Recovered Revenue	SEC K11.1	Has the meaning given to that expression in Section K2.1 of the SEC.
Explicit Charges	SEC K11.1	Means the Charges calculated in accordance with Section K7 of the SEC, and payable in respect of the Explicit Charging Metrics.
Explicit Charging Metrics	Explicit Charging Metrics	Has the meaning given to that expression in Section K7 of the SEC.
Export Supplier	SEC A1.1	Means, for a Smart Metering System or a Device and any period of or point in time, the Supplier Party Registered during that period of or at that point in time in respect of the Export MPAN relating to that Smart Metering System or Device (but excluding Smart Metering Systems or Devices for which there is no related Import MPAN, in which circumstance such Registered Supplier Party is deemed to be the Import Supplier in accordance with the definition thereof).

Defined Terms	References	Definition
Extensible Markup Language	Technical term	Extensible Markup Language defines a set of rules for encoding documents in a format that is both human-readable and machine-readable. The design goals of the language emphasise simplicity, generality, and usability over the Internet.
External Costs	LC 24.17	Costs economically and efficiently incurred in procuring Fundamental Service Capability in relation to the relevant Regulatory Year, as defined in Condition 24.17 of the DCC2 Licence.
External Service Provider	LC 1.4	A person from whom Relevant Service Capability is procured by the Licensee, including capability procured by virtue of Condition 10.6, for the purpose of enabling Mandatory Business Services under or pursuant to the Smart Energy Code or Retail Energy Code.
First Relevant Policy Objective	LC 26.6	As set out in Condition 26.6 of the DCC2 Licence.
Fixed Charges	SEC A1.1	Has the meaning given to that expression in the Charging Methodology in Section K of the SEC.
Follow-up Security Assessment	SEC A1.1	Has the meaning given to that expression in Section G8.17 of the SEC (Categories of Security Assurance Assessment).
Full User Security Assessment	SEC A1.1	Has the meaning given to that expression in Section G8.14 of the SEC (Categories of Security Assurance Assessment).
Fundamental Service Capability	LC 1.4; Condition 10; Schedule 1	Has the meaning given in Condition 10 of the DCC2 Licence, as amplified by the particulars in Schedule 1 to that Licence.
Fundamental service provider (FSP)		These are all External Service Providers that provide Fundamental Service Capability
Gas Supplier	SEC A1.1	Means, for a Smart Metering System or a Device and any period of or point in time, the Supplier Party Registered during that period of or at that point in time in respect of the MPRN relating to that Smart Metering System or Device.
Gas Transporter	SEC A1.1	Means, for a Smart Metering System or a Device, the holder of the Gas Transporter Licence for the network to which the relevant premises are connected.
GIT for Industry	SEC H14	Means a test tool provided by DCC to validate implementation of GBCS by a Device.
Great Britain Companion Specification	SEC A1.1	The Great Britain Companion Specification is the final part of the Smart Metering Equipment Technical Specification that defines the technical details of electricity and gas meters, In Home Displays (IHD) and Communications Hubs. It defines the details of the technical protocol used for these devices to communicate with each other. It is a fundamental and critical part of the smart metering ecosystem with many aspects of the DCC Service dependent on its quality and completeness.

Defined Terms	References	Definition
HAN Variant	K11	For the purposes of Section K there shall be only two HAN Variants: Single Band and Dual Band, as further described in Appendix I (CH Installation and Maintenance Support Materials)
Impact Assessment	DSP/CSP contracts	Means a detailed impact assessment of a Change Request substantially in the form of Appendix 3 to Schedule 8.2 and as further described in paragraph 7 of Part F of Schedule 8.2 of the DCC Service Provider contracts.
Import Supplier	SEC A1.1	Means, for a Smart Metering System or a Device and any period of or point in time: (a) the Supplier Party Registered during that period of or at that point in time in respect of the Import MPAN relating to that Smart Metering System or Device; or (b) where there is no related Import MPAN for that Smart Metering System or Device, the Supplier Party Registered during that period of or at that point in time in respect of the Export MPAN relating to that Smart Metering System or Device.
Internal Costs	LC 24.17	The sum of costs, excluding External Costs and Pass-Through Costs, economically and efficiently incurred to provide the Authorised Business in relation to the relevant Regulatory Year, as defined in Condition 24.17 of the DCC2 Licence.
Legacy margin adjustment	Previous Licence and applicable determination	A legacy DCC1 margin adjustment. Any amount retained in DCC2 charges must be supported by the applicable determination; it is not a separate Baseline Margin entitlement under the DCC2 revenue formulas.
Mandated Smart Metering Systems	SEC K11.1	Means, from time to time, each MPAN or MPRN associated with a Domestic Premises (regardless of whether or not a Smart Metering System has been installed or Enrolled), but excluding: (a) those MPANs and MPRNs associated with premises in respect of which the DCC is exempted from the requirement to Enrol Smart Metering Systems in accordance with the Statement of Service Exemptions; and (b) those MPANs that do not have the status of "traded" (as identified in the MRA) and those MPRNs that do not have a status that indicates that gas is off- taken at the supply point (as identified in the UNC).
Mandatory Business Services	LC 6.2 and 6.8	Core Communication Services, Enabling Services, Additional User Services and Prescribed Business Services, as specified in Condition 6.2 of the DCC2 Licence.
National Fixed Revenue	SEC K3.7	Is the revenue that should be recovered on a uniform basis across all the Regions.
Non-Domestic Premises	A1.1	Means premises other than Domestic Premises
Notice	LC 1.4	Means prior notice given directly to a person in Writing (and includes a notification).

Defined Terms	References	Definition
Other Enabling Service	SEC A1.1	Means the Services other than the Enrolment Services, the Communications Hub Services and the Communication Services.
Parse and Correlate Software	SEC H11	Parse and Correlate Software ensures that the Extensible Markup Language commands sent to Smart Meter devices from SEC Party systems have the same meaning as the corresponding command in the Service Request format used by Smart Meter devices.
Party	SEC A1.1	Means, from time to time, a person that has agreed to be bound by the SEC (either pursuant to the Framework Agreement or an Accession Agreement), and (without prejudice to Section M8.14 (Consequences of Ceasing to be a Party)) that has not at that time ceased to be so bound in accordance with Section M8 (but excluding SECCo).
Pass-Through Costs	LC 24.17	The amounts paid by the Licensee to agreed third parties for the purposes specified in Condition 24.17 of the DCC2 Licence.
Price Control Condition	DCC Licence Chapter 6	The DCC2 business-plan, revenue-control and charging provisions are set out in Chapter 6, Conditions 22 to 27. References to the previous licence's Price Control Conditions describe that historic framework only.
Privacy Assessment Report	SEC A1.1	Has the meaning given to that expression in Section I2.17 of the SEC (The Privacy Assessment Report).
Privacy Assessments	SEC A1.1	Means a Full Privacy Assessment, Random Sample Privacy Assessment or User Privacy Self-Assessment.
Project	CSP/DSP Contracts	As set out in Schedule 8.8 to the DSP/CSP contracts.
Public Key Infrastructure	N/A	A Public Key Infrastructure is the set of hardware, software, people, policies and procedures needed to create, manage, distribute, use, store, and revoke digital certificates.
Recoverable Cost	SEC A1.1	Has the meaning given to that expression in Section C8.2 of the SEC (SEC Costs and Expenses).
Recovered Revenue	LC 25.2	The total Service Charges levied for a Regulatory Year, subject to the revenue restriction and related definitions in Condition 25 of the DCC2 Licence.
Region	SEC A1.1	Means each of the geographical regions of Great Britain that are subject to different DCC Service Provider Contracts, the exact boundaries of which will be as published by the DCC (or the Panel on behalf of the DCC) from time to time.
Regional Communications Hub Revenue	SEC K11.1	Has the meaning given to that expression in Section K3.8 of the SEC.
Regional Fixed Revenue	SEC K11.1	Has the meaning given to that expression in Section K3.8 of the SEC.

Defined Terms	References	Definition
Registration Data Provider	SEC A1.1	Means, in respect of each Network Party, the person nominated as such in writing to the DCC from time to time by that Network Party, on the basis that more than one Party may specify the same Registration Data Provider, and that the Network Party shall be deemed to have so nominated itself in the absence of any other nomination.
Regulated Revenue	Previous Licence; historic DCC1 term	A historic DCC1 revenue concept under the Previous Licence. Regulated Revenue is the actual revenue measured on an accruals basis in relation to each Regulatory Year received by DCC based on Service Charges levied in the Charging Statement. It is retained only where needed to explain DCC1 reconciliation and must not be used as a substitute for DCC2 Recovered Revenue.
Regulatory Instructions and Guidance	LC 23 and 25; applicable Authority guidance	For DCC2 price-control information and revenue reporting, refer to Conditions 23 and 25 and the applicable Authority guidance. Any historic reference to Regulatory Instructions and Guidance must identify the previous-licence framework.
Regulatory Year	LC 1.4	Under the DCC2 Licence, the first Regulatory Year begins on the First Transfer Date and ends on the following 31 March. Subsequent Regulatory Years are periods of 12 months beginning on 1 April and ending on 31 March.
Relevant Service Capability	LC 1.4 and Condition 10	Capability procured, or provided from the Licensee's own resources, in accordance with Condition 10 of the DCC2 Licence for the purposes of securing the provision of Mandatory Business Services.
Required Revenue	LC 24.2 and 24.4	The revenue requirement determined by the Authority for the relevant Regulatory Year under Condition 24.2 of the DCC2 Licence and calculated in accordance with Condition 24.4.
Service Charges	SEC J1.1	Service Charges are determined in accordance with the Charging Statement applicable from time to time.
Service Desk	SEC A1.1	Has the meaning given to that expression in Section H8.19 of the SEC (Service Desk)
Service Requests	DCC User Gateway Services Schedule	A Service Request is a request for one of the 'messages' listed in the DCC User Gateway Service Schedule (or, in the case of Additional User Services, provided for in the relevant Bilateral Agreement).
Smart Metering Key Infrastructure	SEC L	A Smart Metering Key Infrastructure is the equivalent of a Public Key Infrastructure hierarchy for an end-to-end Smart Metering System.
Smart Metering System	LC 1.4	Means either: (a) an Electricity Smart Meter together with the Communications Hub Function with which it is Associated, together with the Type 1 Devices (if any) that may from time to time be Associated with that Electricity Smart Meter; or (b) a Gas Smart Meter together with the Communications Hub Function with which it is Associated and an Associated Gas Proxy Function, together with the Type 1 Devices (if any) that may from time to time be Associated with that Gas Proxy Function.
Test Communications Hub	SEC A	Means:

Defined Terms	References	Definition
		(a) until such date as the DCC may determine (or such earlier date as the Secretary of State may designate for the purposes of this definition), a Prototype Communications Hub; and (b) after such date, a device that is equivalent to a Communications Hub, but which contains such variations in functionality as the DCC reasonably considers appropriate to enable the device to be used for the purposes of testing, which device is provided (or to be provided) for the purpose
Testing Participant	SEC A1.1	Means, in respect of each Testing Service, the persons (whether or not they are Parties) who are entitled to undertake such tests, as described in Section H14 (Testing Services), together with any other persons identified as such in Section T (Testing During Transition).
Unacceptable Costs	Previous Licence; historic DCC1 term	A historic DCC1 price-control concept describing costs considered not economically and efficiently incurred under the Previous Licence. Any related adjustment included in DCC2 charges requires the applicable determination.
User Security Assessment	SEC A1.1	Means either a Full User Security Assessment or a Verification User Security Assessment.

Table 21 – Glossary