



## **The DCC in 2022-23: Delivering, Improving, Transforming**

I am pleased to present our Price Control submission for the Regulatory Year 2022-23. At the DCC, we are driven by our purpose, making Britain more connected so we can all lead smarter, greener lives.

Throughout the most severe energy crisis in a generation, over 26 million homes and small businesses have had the benefit of a smart meter to help them understand and manage their usage. In support of the government's net zero ambition, we estimate we are now saving over one million tonnes of CO<sub>2</sub> per year.

As outlined in the recent National Audit Office report, the benefits of smart metering are beginning to be realised, ranging from lower costs for suppliers to broader power sector decarbonisation. Notably, these benefits included the Demand Flexibility Service put in place by the National Grid Electricity System Operator (ESO) over winter 2022-23 which enabled consumers with smart meters to receive a financial incentive for shifting their consumption from peak times.

Yet, we recognise that as a licensed monopoly funded by our customers, it is vital that our regulator, the Government, our customers, and other stakeholders can see that their, and ultimately end consumers' money is spent wisely and efficiently. As outlined through the course of this document, our price control submission sets out to demonstrate this.

As the complexity of the DCC's operations continues to grow we have continued to operate a resilient and stable service, while enhancing our business and making significant progress to transform the network.

### **Delivering the core service**

Our most fundamental obligation is the operation of a secure, stable, and resilient service for our customers, developed and maintained efficiently and effectively. We measure our operational performance against the targets set out in the Operational Performance Regime (OPR). This past year our service availability has been at 99.9% and our other scores are in the upper 90th centile, either exceeding or very close to the targets. We know from external benchmarking that these results compare favourably to other UK and EU comparators.

Working collaboratively with our suppliers and stakeholders, we have continued to explore opportunities to improve performance. For example, we have reduced planned maintenance

outages by 85%, reduced pre-payment top up failures by 50% and delivered change successfully 95% of the time.

These levels of performance are in the context of significant growth in the network and the services DCC operates. 7.3 million meters (38% growth) were added to the network over the year, with 2.5 million of these SMETS1 meters. At the end of the financial year we were processing over 1.4 billion messages a month. The Central Switching Service (CSS) successfully went live in July 2022. This was a significant milestone in the transformation of the retail energy market, enabling faster, more reliable energy supplier switching. The CSS has supported over eight million switches since it went live, with strong operational performance.

### **Improving our business, improving our engagement**

In line with the growing scale and complexity of the network, I am pleased to report we have made important progress this year to enhance and improve the processes and planning that underpin our business.

Recognising the scale, complexity, and volume of programmes which DCC now has to manage, we have formally adopted a Treasury Green Book business case approach and established a centre of excellence to manage this. This has significantly improved our ability to share information and validate our proposed approach with both customers and the Department for Energy Security and Net Zero (DESNZ).

Working closely with our stakeholders, we continue to make good progress across our engagement activities. The Lighthouse programme, undertaken jointly with DESNZ, Ofgem and SEC Panel, shone a light on different perspectives and defined tangible improvements. Jointly, we have re-shaped our engagement and governance, streamlining our processes and bringing more clarity to the decision-making process. For example, since March this year we have shared all business cases with SEC Panel and continue to look for ways to further strengthen our transparency and engagement, such as sharing of contractual RFI processes. We are delighted to see a marked improvement in our engagement scores from SEC Panel as testament to this.

In 2021 we launched the Business Accuracy Programme, with significant progress during this financial year, including enhanced tools and processes for planning, reporting, and forecasting. As we begin to wind down the programme, we are confident it has delivered a meaningful step change in the way we operate. We are now seeking to build on this, leveraging the outputs to benchmark performance and identify further areas of cost efficiency.

These activities have provided the platform for us to take the next steps in our maturity journey, further improving our ability to meet the time, cost and quality expectations of our customers and stakeholders. Initiatives are currently underway to strengthen our lifecycle management process, including the introduction of PRINCE2 methodology and greater adoption of service families (to drive efficiency and better foresight in our planning).

### **Continuous improvement**

As DCC now operates in 16m homes, it is important we continuously improve our infrastructure to match volume and customer's demand.

To achieve this, DCC is delivering some of the most complex technology programmes in the UK. With sunset for 2G/3G now confirmed, the successful and timely delivery of our next

generation 4G Communications Hubs is critical. The last year has seen good progress, and I am pleased to report we are on track to deliver against our joint industry implementation plan. Our plans incorporate customer views and future expectations to build in the flexibility and scalability needed to support over-the-air updates. This will allow future upgrades without the need for engineering visits, delivering significant cost savings.

Likewise with the DSP re-procurement, we have made strong progress on the technological design, adopting a modern microservices approach to provide commercial leverage and maximise future flexibility, with the programme now moving to focus on the commercial approach. As with all our commercial activities, we leverage a range of competitive methods to secure an economic and efficient outcome that delivers value for money for customers, and ultimately end consumers.

We have also been looking to the transition of the DCC itself through the licence renewal process to a new structure. Much has changed since we were established in 2013 and it is now more apparent than ever that the DCC will play a crucial role in Great Britain's evolution to a cleaner, smarter, and more secure energy system.

In January 2023, we provided DCC's response to Ofgem's consultation to ensure key decisions take full advantage of our decade of experience. While we await Ofgem's decision, we have made progress on some of the areas we outlined in our response, including the future appointment of customer and consumer representatives to the DCC Board. Irrespective of the outcome, we are committed to working with the regulator and our customers to ensure a seamless transition.

The value of smart metering data continues to be better understood, with growing demands on the DCC to support and enable innovative services, either through the 'other user' mechanism (with traffic increasing sharply) or through 'data access requests' (for example to support greater understanding and identification of fuel poor households).

I am proud of the continued dedication and hard work of the DCC teams and our suppliers who have risen to these challenges and delivered tirelessly across a transformative year. We look forward to another year of delivering, improving, and transforming our services to support our customers, and ultimately consumers.



**Angus Flett**  
CEO