



Communications Hubs and Network Programme Conclusions on Regulatory Changes

DCC Conclusions on the consultation regarding its proposals for
the scope of regulatory change required for the Communications
Hubs and Network (CH&N) Programme

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1. Introduction and Context

1. The Data Communications Company (DCC) is Britain’s digital energy spine, supporting the transformation of the energy system. DCC is licensed by the Government and regulated by the energy regulator Ofgem to connect smart meters in homes and small businesses across Great Britain to a single, secure, digital network. DCC supports the roll-out and operation of second-generation (SMETS2) smart meters, as well as the migration and operation of existing first-generation (SMETS1) meters onto our network.

1.1. Background

2. Telecommunications technology evolves continuously and in response to this DCC’s Communications Hubs and Networks Programme (CH&N) aims to deliver future-proof Communications Hubs & Networks with an efficient supply chain and a targeted longevity of at least 15 years, introducing new Communications Hubs (CHs) which use the newer 4G network.
3. As part of the programme, DCC needs to identify and articulate any proposed regulatory changes which correspond with the changes required for CH&N. This will be done in stages, starting with setting out the expectations of the scope of changes that are needed on an enduring basis to support the provision of a 4G service.
4. DCC has undertaken an initial assessment of its view of the regulatory changes that will be required on an enduring basis and on 10 February 2023 issued a consultation seeking stakeholders’ views on its proposals for the scope. This consultation closed on 15 March 2023.

2. Consultation Questions and Respondents

2.1. Questions

5. The consultation presented the consultation questions as set out in Table 1.

Q1	Please provide views on DCC’s assessment of the scope of change set out in this consultation. Please include if you consider there are inaccuracies or where our analysis is incomplete.
Q2	Do you consider there to be any additional changes that are required to the Main Body SEC or DCC Licence to support the enduring CH&N service? Please provide a rationale for your views.
Q3	Do you consider there to be any additional changes that are required to the SEC SSDs or DCC documents to support the enduring CH&N service? Please provide a rationale for your views.
Q4	Please provide any additional comments you have on this consultation.

Table 1 – Consultation Questions

2.2. Responses

6. DCC received a total of 4 written responses from three Energy Suppliers and one governance body.

3. Analysis of Responses

7. DCC has analysed the feedback provided and views of stakeholders. Subject matter experts within DCC have reviewed every response.
8. DCC has structured the analysis of responses by question. Thus, this section presents DCC's analysis by question in several separate subsections; with each structured as:
 - an overview of the responses on the topic; and
 - where appropriate a DCC response.

3.1. Question 1

9. DCC sought views on the DCC's assessment asking: "Please provide views on DCC's assessment of the scope of change set out in this consultation. Please include if you consider there are inaccuracies or where our analysis is incomplete."

Respondents' Views

10. DCC received 4 responses to this question.
11. Three of the respondents considered that the DCC's assessment was a good start with one respondent noting they are broadly comfortable with the assessment of the scope of change that will be necessary. The other respondent noted that no additional Smart Energy Code (SEC) Sections or Subsidiary Documents (SSDs) have been identified (as yet) that will need to be changed for CH&N.
12. One respondent noted that they cannot comment on the accuracy of the proposals without reviewing the entire SEC and DCC Licence. Whilst appreciative of being asked for their views, they consider that it is DCC's responsibility that all change has been considered, noting the need for trust that everything has been covered as part of an assessment of this nature.
13. Another respondent noted that the process by which the engagement on transitional and enduring regulatory changes comes together is not clear. They suggested that DCC set out how it is engaging industry stakeholders and SEC governance in a plan so that SEC Panel and Sub Committees are clear as to what will be coming to them and when, in terms of information updates, review and/or matters that require endorsement or decisions.
14. The respondent also considered it unclear why the changes to SEC are not utilising the SEC Modification process. They noted, that addressing these issues and changes via the SEC Modification Process would have provided a means to engage parties on the scope and consider 'red-line' text changes in one place, to ultimately deliver the same outcome.

DCC Response

15. DCC welcomes the feedback on the assessment of the scope and will continue to engage with stakeholders on the process and delivery of regulatory change required for CH&N. DCC has assessed the entire regulatory framework relating to Smart Metering, ensuring impacts on all stakeholders are taken into account, and considers this consultation to be useful in providing clarity on the scope of forthcoming regulatory change.
16. DCC notes the comments received in relation to the engagement on transitional and enduring regulatory change and commits to providing updates to the SEC Panel and transitional groups such as the Implementations Manager Forum (IMF). DCC's Licence Condition 13B (LC13B) Delivery Plan¹ sets out the milestones required, including the conclusions on 4G Transition. DCC

¹ [Conclusions on the revised delivery plan for the CH&N Programme | Smart DCC](#)

will continue to share engagement plans relating to the deployment and delivery of the CH&N Programme with the SEC Panel and its Sub-Committees. These outline DCC needs from the SEC Governance groups and will provide updates on transitional governance overseen by the Smart Metering Implementation Programme.

17. Where appropriate, DCC will host customer workshops on major DCC consultations, including those which result in potential changes to the SEC. DCC encourages any interested stakeholder to attend these workshops that give parties from across industry the opportunity to ask any questions they have in order to respond to the consultations in an informed way.
18. In order to address the question regarding use of the SEC Modification Process for CH&N changes, DCC notes that CH&N programme is required by the DCC Licence. In keeping with how programmes that are directed by the Secretary of State are implemented (conferred under section 88 of the Energy Act 2008), DCC is planning for changes to SEC Subsidiary Documents to be implemented through a direction from the Department for Energy Security and Net Zero (DESNZ) using powers under Condition 22 of the DCC Licence and Section X of the SEC. We expect the DESNZ will use their powers under the 2008 Energy Act to deliver main body changes to the SEC.
19. DCC considers the consultation process, transitional and enduring governance groups, and additional customer workshops will provide appropriate opportunity for stakeholders to comment on 'red-line' changes to regulatory text.

3.2. Question 2

20. DCC sought views on any additional changes required to the SEC or DCC Licence asking: "Do you consider there to be any additional changes that are required to the Main Body SEC or DCC Licence to support the enduring CH&N service? Please provide a rationale for your views."

Respondents' Views

21. DCC received 3 responses to this question.
22. All three respondents did not identify any additional areas for change at this time.
23. One respondent considered that it should be recognised that the full extent of the potential changes and operational impacts is not known, and would expect the detail of the operational and technical challenges to be addressed via the relevant SEC Panel Sub Committees.
24. They also noted an area of concern will be the impact to SEC Performance Measures, stressing the need to ensure that 4G CH&N performance can be identified and measured appropriately, so that the expected benefits are seen. They expect this detail to be discussed with the SEC Operations Group (OPSG) over the coming months as the CH&N programme progresses.
25. In addition, the respondent expects Communication Hub faults that are determined as the result of DCC Service Provider activities to be addressed. They expressed a view that recent issues with a device variant have highlighted a deficiency whereby Parties are visiting sites to replace these and bearing the full cost of those visits. They expect that the new contracts with the 4G Communication Hub Service Providers will address this point, through suitable provisions so that should similar issues arise, it is redressed by the party that causes the problem.
26. In addition to their answer to question 1, one respondent considered that this question is not for them to determine. They trust that DCC has completed due diligence and covered everything expected as part of an assessment of this nature. Without reviewing the whole of the SEC and DCC Licence, they do not believe that they can answer this question.

DCC Response

27. DCC recognises that at this stage the detailed technical and operational changes have not been presented and notes that these are dependent on the completion of the Low-Level Design and

conclusion of the transitional approach development. DCC will provide updates to industry via the engagement routes, including transitional and enduring governance groups, as outlined in the response to question 1.

28. Regarding SEC Performance Measures, DCC can confirm that 4G services have been procured so that they can be measured in accordance with the reporting requirements in the SEC. We commit to engaging with industry, including SEC OPSG, on how the CH&N programme fits in with the current performance framework.
29. DCC considers that any faults experienced with 4G CHs ought to be handled in accordance with existing SEC arrangements for SMETS2+ CHs, with requirements for faulty CHs set out in SEC Section F 'Smart Metering Requirements' and SEC Appendix I 'CH Installation and Maintenance Support Materials'. Regarding the point raised by one respondent regarding recent issues a device variant, and how associated fault costs are allocated to SEC Parties, DCC is engaging with its customers on this issue through the SEC Panel Operations sub-group and we will use this forum to discuss any concerns they have on arrangements relating to how CH faults are managed. As outlined in the consultation document, DCC expects changes to SEC Section F9 to amend how costs are calculated for compensation for CH faults as we introduce 4G CHs.

3.3. Question 3

30. DCC sought views on any additional changes required to SEC SSDs or DCC documents asking: "Do you consider there to be any additional changes that are required to the SEC SSDs or DCC documents to support the enduring CH&N service? Please provide a rationale for your views."

Respondents' Views

31. DCC received 3 responses to this question.
32. Three respondents noted that they have not identified any additional specific changes. One reiterated the expectation that the detail will be addressed via the relevant SEC Panel Sub Committees, so that the groups with the expertise have an opportunity to provide input and review. The other respondent noted that the scope should include all SEC documentation, not just the main body, as well as any supporting documentation such as updates to the processes DCC Users are expected to follow and changes to the likes of DCC User Gateway Interface Design Specification (DUGIDS) and the DCC User Guidance.

DCC Response

33. DCC considered it important to set out the scope in two separate sections; the main body of the SEC and DCC Licences, and then the SSD's and DCC owned documents. This is because the approach to delivering the changes will be managed via separate consultation processes. DCC expects the proposed amendments to the DCC Licence and main body of the SEC will be consulted on by DESNZ, whereas the amendments to SSD and DCC documents will be consulted on via the DCC consultation process. DCC can also confirm that DUGIDs and DCC User Guidance will be updated and communicated via existing DCC operational processes where required.

3.4. Question 4

34. DCC sought any additional comments on the consultation asking: "Please provide any additional comments you have on this consultation."

Respondents' Views

35. DCC received 4 responses to this question.
36. Two respondents provided comments in relations to costs. One respondent requested that DCC is transparent in the costs associated with the CH&N programme, by providing a breakdown of the

associated costs in the charging and budget statements. Another respondent noted that there are impacts to SEC Party processes that mirror the SEC requirements that will also need to change in parallel and there is an assumption the costs for SEC Party changes has been assessed in the business case for CH&N.

37. Another respondent noted that in Section 7.1 of the consultation document there is a view forming in DCC that: "...the Intimate Communications Hub Interface Specification (ICHIS) may need to contain derogations for noise limits of meters, depending on the finally agreed noise-limit threshold which will be set out at the end of the Pre-Integration Testing (PIT) phase of the CH&N Programme, following a period of consultation with industry." The respondent considers there is a risk that a derogation could lead to two-tier service provision, noting it may result in a portion of the installed estate losing connectivity or emitting noise levels that interfere with the Communications Service Provider (CSP) signal in general. The respondent noted it is imperative that the smart meters already installed are able to continue to enjoy full functional connectivity with the DCC following the retrofit of 4G CHs. The DCC must, therefore, ensure that the maximum noise floor raise, permitted in respect of the new 4G CHs, is not lower than the threshold set by the ICHIS in relation to the current 2G/3G CHs.
38. One respondent noted that they did not consider that consultation respondents should be asked to validate the amount of documentation that they have been asked to review to ensure that it is both accurate and has been correctly identified. They expressed concern that anything missed as a part of the assessment and this consultation could be pointed at parties outside of the DCC as not having been identified as needing to be included. They expect DCC to have covered all basis and entities relating to the changes needing to be made.

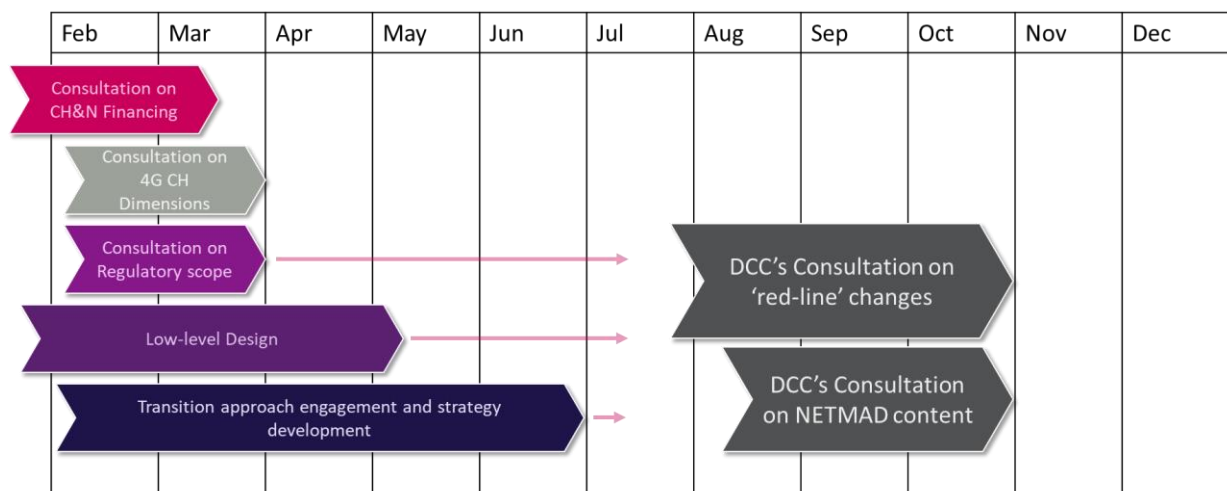
DCC Response

39. Regarding comments in relation to costs, DCC has shared the Cost Benefit Analysis with customers through the Enduring Governance forums prior to contract signature and published a redacted version of the Full Business Case both through the Enduring Governance forums and the Quarterly Finance Forum (QFF). DCC provides a breakdown of the charging statement on a regular basis at the QFF, and attendees are encouraged to pose questions. DCC can confirm that all identifiable costs, including DCC User costs, and both quantifiable and qualitative were considered as part of the Cost Benefit Analysis and the Final Business Case. Both were shared with industry subject to commercial confidences redactions.
40. Regarding the concerns raised in relation to RF noise limits, DCC can confirm that when setting limits, the aim is to minimise the risk of already installed ESME requiring removal due to RF noise interference following the exchange of the Comms Hub with a 4G Comms Hub, and keeping to CSP requirements for contracted coverage. DCC expects an initial view on noise limits following the completion of Low-Level Design (Q2 2023) and commits to working with industry to reach the final position on the matter which is expected at the end of PIT (Q1 2024).
41. This will involve working with the ICHIS WG and providing an opportunity for stakeholders to test against the indicative noise limits at DCC Test Labs. DCC expects to make noise limit device testing available at its test labs in Q3 2023. DCC will then use any feedback through testing to inform the limits to be consulted on with industry (which is planned for Q4 2023) prior to formally amending the ICHIS in Q1 2024. During this time, if any potential impacts to the WAN, due to existing SMETS2+ ESME noise are identified, then DCC will assess those and will only propose noise limit derogations where necessary and in collaboration with impacted stakeholders. DCC can also confirm that the HAN noise limits defined in ICHIS will remain unchanged, the updates to ICHIS will be focussed on defining the new limits for Frequency Bands in the 700MHz - 800MHz range.
42. Finally, DCC appreciates all of the feedback received and we are pleased that, from this initial analysis and consultation, no gaps or issues have been identified by respondents. DCC considers this step to be important in providing visibility of forthcoming changes and notes that the

upcoming consultations on transitional and enduring 'red-line' text amendments will provide further detail that respondents desire. This consultation process ensures stakeholders' have the opportunity to collaborate early in the development of and refine proposed regulatory change if they wish, as with changes proposed via the SEC Modification Process.

4. Next Steps

43. DCC has provided DESNZ with this conclusions report and published it on the DCC Website. Moving forward, DCC will continue to work on the development and refinement of red-line legal text, on enduring and transitional regulation required to support the programme. This will be consistent with the diagram we set out in the consultation document, which is set out below for information.



DCC will use outputs from the [Consultation on regulatory scope](#), [Low-level design](#) & the conclusions of its [Transition engagement](#) to feed into its consultation on 'red-line', tracked changes on the SEC, and the contents of the NETMAD.