



Out-of-Region Communications Hub Installations

DCC conclusions

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1. Executive Summary

1. The Data Communications Company is Britain's digital energy spine, supporting the transformation of the energy system. Smart meters are connected to the DCC network through the Wide Area Network (WAN), which utilises different technology types in different geographic areas within Great Britain.
2. Different Communication Service Providers (CSPs) are contracted by DCC to provide these technologies. The related agreements cover specific geographical locations. These are described in the Smart Energy Code (SEC) as 'Regions'. Connection to the WAN is made through a Communications Hub specific to the technology utilised in each Region.
3. DCC is aware of the increasing numbers of installed Communications Hubs (CHs) in the North Region which are utilising technology specifically contracted only in the Central and South Regions. We refer to these as "out-of-Region" installations in this consultation. As a result, the CSPs mobile communication network is presently providing an uncontracted service to DCC users. As such, they have asked for consideration to be given to formalise the use of their network. Alternatively, to have those CHs disconnected.
4. We consider that there are several SEC obligations which are intended to ensure that CHs are only installed in the correct geographical Region. DCC provides information to Parties to ensure they can install the correct WAN Variant for each Region. DCC contractual arrangements that are in place to provide connectivity levels and service quality to installations by Suppliers, but only where the correct WAN Variant has been installed. CH installed out-of-Region are not supported through those contracts, including for service levels or continued connection.
5. Following a request from the SEC Operations Group Sub-Committee, on 2nd July 2025 DCC consulted on this issue. The consultation provided details of the contractual arrangements and SEC obligations regarding CH installations, we do not repeat those details in this document, but they can be viewed in our original consultation¹. The consultation sought Parties views on the two options to resolve the issue of out-of-Region installation of CHs: **(a)** to formalise terms for continued service; or **(b)** replace the CHs with the correct WAN Variant in the North Region by 31st December 2025 as out-of-Region CHs would be disconnected from the 2G/3G mobile communications network from that point.
6. Two respondents supported the option for DCC to agree terms for continued network connection of out-of-Region CHs. Six respondents supported the disconnection of out-of-Region CHs from 31st December 2025 which would require their replacement to maintain smart services. Five respondents did not provide a preference.
7. DCC has not received a mandate from our customers to enter into a commercial agreement for continued network connection of out-of-Region CHs, and we will therefore not be entering in to such an agreement. Any out-of-Region CH installed post 15th August 2025 will be automatically disconnected from the network and all out-of-Region CHs will see their connection removed from 31st December 2025. It is critical that relevant Supplier Parties now factor this into their replacement plans to ensure consumers retain smart functionality.

¹ [DCC Consultation: Out-of-Region Communications Hub Installations | Smart DCC](#)

2. Introduction

2.1. Background

8. 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.
9. SMETS2 Meters connect to the DCC network through the WAN which is provided by multiple CSPs utilising different communication technologies across specific geographical Regions. Different technology solutions were chosen because they better meet the needs of different geographical areas. Each CSP therefore has a contractually defined geographical Region for service provision that their communication solution covers. The CSPs also provide Communications Hubs (CHs) which connect to their communication solution within those defined Regions. The Regions covered by 2G/3G mobile technology (the Central and South Region) and long-range radio technology (the North Region) do not overlap.
10. This arrangement - and the separate CSP contracts for provision of WAN coverage and CHs - were awarded by the Department for Energy and Climate Change¹. DCC adopted responsibility for them when the Smart Meter Communications Licence was granted in 2013.
11. There are a growing number of CHs that are being installed in an incorrect Region, outside of that for which the CSP is contacted to provide the WAN service. In the North Region, these CHs have connected to the mobile network of the CSP for the Central and South Regions. This allowed the CHs to connect to the wider DCC network and therefore those installations to receive a smart service. The CSP is not contractually obliged to continue this service and has requested consideration be made to formalise the connection contractually and commercially or see those CHs disconnected from the mobile network by the CSP unless replaced by the responsible Energy Supplier.

2.2. Previous Engagement

12. The regional installation of CHs has been considered in a number of recent engagements. Parties may be aware of SEC MP285 – Radio Teleswitch Meters² (RTS), proposed in March 2025. This looked to resolve the issue of the RTS signal being shut off, impacting the functioning of those meters that utilise the signal. One solution considered was the formalisation of the allowance to install CHs utilising 2G/3G mobile communications technology in the North. That solution was discounted on cost grounds and SEC MP285 was amended to offer an early 4G solution in the North. Enduring 4G North arrangements were implemented into the SEC on 30th May 2025.
13. DCC provides monthly reports to all Parties which provide data on CH installations in the North Region, including those CHs using 2G/3G mobile communications technology that have been installed outside of the correct Region. In addition to these reports, DCC has held regular bilateral engagements with Parties where they have been asked to discontinue 2G/3G mobile communications technology CH installations in the North Region.
14. The installation of 2G/3G mobile communications technology CHs in the North Region was discussed at the 27th May 2025 SEC Panel, where it was proposed that the topic be discussed at the Operations Group Sub-Committee. At the 23rd June 2025 meeting of the Operations Group Sub-Committee, members were asked for a direction on appropriate next steps to resolve the issue.

¹ [Award of Smart Meters DCC Licence - GOV.UK](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/101111/Award_of_Smart_Meters_DCC_Licence.pdf)

² [Radio Teleswitch Service switch off - Smart Energy Code](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/101111/Radio_Teleswitch_Service_switch_off_-_Smart_Energy_Code.pdf)

As a result, it requested that DCC take steps to consult with SEC Parties to gather feedback. This consultation is provided as a result of the request made by the Operations Group Sub-Committee.

15. On 2nd July 2025 DCC issued a consultation describing the contractual constraints and SEC obligations regarding CH installations and the implications of out-of-Region CH installations. Those details are not repeated in this document but can be viewed in our original consultation. The impacted CSP has offered two options to resolve the issue: **(a)** to formalise the connection contractually and commercially or **(b)** see those CHs disconnected from the mobile network by the CSP unless replaced by Energy Suppliers.
16. Due to commercial timelines provided by the CSP, there was a need to run a shorter timeline for the consultation which was open for a little over two weeks. The subject has been considered in official forums - including SEC Panel, SEC Operations Group Sub-Committee and in bilateral conversations - and so we anticipated that potential respondents were already familiar with the detail.
17. Since the consultation was issued there have been an additional 8,000 out-of-Region CHs installed.

3. Options

18. The CSP providing this unsupported service has requested consideration be made to either agree contractual arrangements or unsupported CHs will be disconnected from the mobile network by the CSP. There are two options available for these CHs, detailed below, which would see an additional charge for the support and use of the network in the North Region, or to disconnect those meters in a controlled manner.

3.1. Option 1: Agree terms for continued service

19. This would allow the ~35k 2G/3G mobile communications CHs currently installed in the North Region to remain in place. It would add them to the Central and South CSP's contractual service provision, allowing a maximum volume of 100k 2G/3G mobile communications CHs. This agreement would last for the life of the contract up to 2028 or 2033 if extended.
20. The charge for this has been quoted at £3 million(m) per year. This solution could therefore cost a total of between £9m and £24m over the life of the contract. There would be no risk of disconnection from the network for already installed CHs and would not require parties to replace the CHs. While a total of 100k of 2G/3G mobile communications CHs could be installed in the North Region, Parties would need to ensure no installations are above this volume are completed. Any installations beyond this volume would be disconnected within 24 hours of installation.

3.2. Option 2: Replace the CHs with the correct WAN Variant

21. This would allow those 2G/3G mobile communications CHs installed in the North Region up to the 15th August 2025 (inclusive) to continue to function until 31st December 2025. After this, the connection to any CH incorrectly installed in the North Region would be removed by the CSP and DCC would be unable to provide any services via that CH. Any additional 2G/3G mobile communications CHs installed in the North Region from 16th August 2025 onwards would have its connection removed by the CSP within 24 hours of installation.
22. This option would require the replacement of all 2G/3G mobile communications CHs installed in the North Region up to 15th August 2025 before 31st December 2025 to ensure consumers can continue to receive their smart service. Where they are not replaced smart functionality would be lost from 1st January 2026.
23. This option would require installing Parties to ensure that no further 2G/3G mobile communications CHs are installed incorrectly in the North Region or risk disruption for consumers. Supplier Parties

are better placed to consider the cost of CH replacement, but we consider that it will be a substantially lower cost than option one.

4. Consultation Feedback - Questions 1 - 3

24. We asked four questions in the consultation to allow us to understand the position of Parties and the impact on their organisation and consumers. Those questions are repeated below and the responses received are summarised.
25. We received thirteen responses from nine large supplier Parties, one network Party, two consumer groups and one from the SEC Operations Sub-Committee.
26. We provide a high-level summary the responses received to questions one to three below, focusing on the part of the response that directly answered the question.
27. In section five we provide details of responses received to question four, which welcomed and further comments, and include comments and notes made in questions one to three that did not directly answer the question posed.

Question 1

Please state your preferred option, if both options are supported, please rank the proposed options in order of preference.

28. We asked Parties for their preferred option in managing the out-of-Region CH installations in the North Region. There were thirteen responses to this question.
29. Two Parties (one supplier Party and one network Party) preferred option 1. Six supplier Parties preferred option 2. Five of the respondents did not prefer either option.
30. The consumer groups did not provide a preference but pointed out consumer impacts of either option including additional costs and the risk of losing their smart service. The SEC Operations Sub-Committee response asked DCC to consider responses received from individual organisations.
31. Two supplier responses did not have a preferred option, one considered that further commercial negotiation is required to improve the offer presented and one considered that additional detail in regard to the service provided for the cost was required before confirming a position.
32. There is a general preference for option 2 which would require the removal of CH installed out-of-Region before 31st December 2025 or see them disconnected from the network from 1st January 2026.

Question 2

Please give a rationale for your response to Question 1.

33. This question asked Parties to provide a rationale for their preferred option. There were thirteen responses to this question.
34. Of the respondents that preferred option one that preference was based on:
 - a. Enabling continued smart service for those consumers impacted, which was considered particularly important for prepayment consumers, and would avoid the inconvenience of another smart meter installation visit.

- b. Allowing the installer workforce to concentrate efforts on those consumers yet to receive a smart meter.
 - c. It does not result in additional installation cost to replace the CH.
 - d. Concern that WAN connection will not be possible when installing the SEC required CH and the consumer will have their smart meter service taken away.
35. Of the respondents that preferred option two that preference was based on:
- a. The high cost of allowing the connections to continue, for a relatively small number of CH, where it was also considered that replacement of those CHs would be more economical and that the proposal allowed enough time to replace the out-of-Region CHs.
 - b. It was noted that the cost would be socialised and across industry, where Parties who have not incorrectly installed CH would be charged for the incorrect actions of others which was considered as unreasonable.
 - c. Concern that additional CH installations beyond the 100K maximum might result in future additional costs.
36. Of the respondents that did not have a preference they noted:
- a. Their request for additional information on the cost and service provided before confirming a preference.
 - b. A one-year connectivity option might be preferable to allow more time for out-of-Region CH to be replaced.
 - c. That the cost of option 1 does not offer value for money, and the cost could penalise those Parties who have followed CH installation requirements.
 - d. Option 1 would be less inconvenient for consumers, while option 2 risked consumers losing their smart service.

Question 3

What would the impact to your business be should DCC not contract with the CSP to provide a service as described in Option Two?

- 37. This question asked Parties to provide details of the likely impact on their business should DCC not contract with the CSP to provide continued connection to out-of-Region CHs. There were thirteen responses to this question.
- 38. One supplier Party considered that there would be very little impact to their business, and that they intend to target incorrectly installed CH with their first delivery of 4G CHs. Another supplier Party confirmed that they also intend to progress campaigns to target CH replacement with 4G CHs, but noted that this will rely on engagement from consumers. A third supplier Party does not consider their exposure to incorrectly installed CH to be great and that they would not expect any immediate or severe impact to their business, though they note this could change with links to RTS meter replacements.
- 39. Two supplier Parties considered that replacing all impacted Meters by the end of 2025 might not be possible and that it would require positive engagement from consumers. One of these supplier Parties, and another supplier Party, noted that consumers would be at risk of losing smart services

where their CH is not replaced by the end of 2025. One of these Parties noted the cost likely to be incurred by them for replacing the CHs.

40. One supplier Party noted concerns about how CHs would be removed from the network and worry that some correctly installed CH in the Central Region, that border the North Region, could be incorrectly removed.
41. One Supplier Party noted that CH replacement would take their installer resources away from other areas of work, particularly from RTS replacement programme.
42. The SEC Operations Sub-Committee highlighted impacts to both SEC Parties and consumers, including:
 - a. Disruption of smart functionality for consumers, many of which may rely on that functionality for prepayment services.
 - b. Increased logistical and installation costs for Supplier Parties as a result of additional site visits to replace out-of-Region CHs.
 - c. Competing priorities for the installer workforce, diverting them from new smart meter installations.
 - d. The potential for reputational damage to the smart meter programme.

5. Consultation Feedback - Question 4 and Other Comments

43. This section provides details of other comments received and the answer to question 4.

Question 4

Do you have any other comments?

44. In question four we asked Parties if they had any other comments. We received ten responses to this question.
45. This section provides a summary of the responses we received to question four, and also includes comments made in response to questions one to three that did not directly answer the question posed. For ease we have grouped the comments into broad categories.

5.1. Consumer Impacts

46. Eight responses made reference to consumer impacts should out-of-Region CHs not be replaced by a working CH Variant and be disconnected from the network, including the impact of the loss of smart functionality.
47. One supplier Party considers that DCC must not allow out-of-Region CHs to be disconnected, regardless of the contractual position. They noted that this could impact the ability to vend for 15,000 of their consumers. In total, six responses, from four supplier Parties and two consumer groups, highlighted the risk that consumers would be unable to top up their meters credit if their out-of-Region CH was not replaced and subsequently disconnected from the network. One of these respondents noted that the timing of disconnection (31st December 2025) is during the winter period where consumers may be more acutely impacted by financial pressures due to additional heating costs.
48. Four responses, from two supplier Parties and two consumer groups, highlighted that disconnection would impact consumers on certain smart tariffs, including those who had their previous RTS meter

replaced. They noted disconnection would impact on a consumer's ability to fully utilise other smart technology such as solar batteries, electric vehicles and heat pumps.

49. Two respondents, including one supplier Party, considered that where out-of-Region CHs are disconnected from the Network, they would expect consumer dissatisfaction and a rise in complaint volumes. The supplier Party noted that in some cases an out-of-Region CHs had been installed, in part, to resolve consumer complaints.
50. The responses highlighted different impacts for different groups of consumers, including those who prepay for their energy, vulnerable consumers and those with smart devices or low carbon technologies.

5.1.1. Consumer Impacts – DCC Response

51. We are aware that where an out-of-Region CH is not replaced with a working CH Variant, and that CH is disconnected from the Network, that the smart service currently afforded to those consumers will be lost.
52. DCC have taken steps in effort to provide the best value for customers in terms of retaining Network connection for out-of-Region CHs. We have completed this consultation process as swiftly as possible to provide clarity on next steps and provide Parties with as much time as possible so that they can take the appropriate steps to protect their consumers.

5.2. Commercial Arrangements (costs and service) and Clarification

53. Five responses from Supplier Parties considered the cost for continued support of out-of-Region CHs as unreasonably high, with two of these considering they do not align with a consumer centric approach.
54. Four of these respondents requested that a detailed breakdown be provided detailing what the costs would cover. One response noted that the costs equate to a £30 per year CH charge at the maximum 100,000 CH volume.
55. The supplier Party who preferred option one requested that DCC seek improved terms that could be supported by industry.
56. Three responses, including two supplier Parties asked whether the Service Provider had received any additional payments to date for the CH connected to their network in the North Region. Two of these responders referenced their understanding that a per SIM charge was applied.
57. Four supplier Parties also questioned what level of service that would be provided under option one.

5.2.1. Commercial Negotiation and Clarification – DCC Response

58. DCC have negotiated with the Service Provider in efforts to reduce cost and improve the terms of the offer, but we recognise the relatively high cost per CH as highlighted by respondents. While we continue to seek improved terms they remain unchanged at this time.
59. The agreement would allow DCC and Parties to utilise the Service Providers infrastructure in a region where currently there is no agreement in place.
60. We can confirm that there have been no additional payments made to the Service Provider for out-of-Region CH connections.
61. The service provided by the agreement, with a connection up to 100,000 CHs, would be identical to the service provided in the Central and South Regions, including continuity of connectivity and the speed of communications.

5.3. Charging Arrangements

62. Seven responders, including six supplier Parties and one consumer group, stated that they do not consider a market share cost apportionment to be the right approach. Another Response suggested that DCC should consider what method of cost recovery would be the fairest and most equitable.
63. Six responders, five supplier Parties and one consumer group, suggested that costs should be recovered based on out-of-Region CH installed. Two supplier Parties suggested connectivity should be provided through an Elective Service.

5.3.1. Charging Arrangements – DCC Response

64. A little over 85% of out-of-Region CH have been installed by four supplier Parties. We recognise that socialising the cost of option one would appear to penalise those Parties who have not installed any out-of-Region CH, or who have installed low volume.
65. There isn't currently a regulatory method by which DCC could apply charges based on the installation of out-of-Region CH, and this would be complicated by change of supplier events. If this option were to be pursued a SEC Modification may be required.
66. An Elective Service could be applied for by individual Parties and considered further. However, it is unclear what the impact might be on a consumer who wanted to change to a supplier who did not have that Elective Service. In this scenario there would be a risk of the consumer losing their smart functionality or being unable to change supplier.

5.4. Prohibit Further Out-of-Region CHs

67. Two responses, one from a supplier Party and one from a consumer group, suggested that the Service Provider should immediately prohibit the installation of additional out-of-Region CHs. This was considered prudent to ensure costs can be minimised and correct CH variant installation can be better incentivised.

5.4.1. Prohibit Further Out-of-Region CHs – DCC Response

68. While we collected and reviewed the opinion of Parties on this topic, including support for and against agreeing a commercial position for continued connectivity of out-of-Region CH, we agreed with the Service Provider that such installations could remain in place up to 15th August 2025.

5.5. Disconnection Assurances

69. Four responses, including three from supplier Parties, questioned how the Service Provider would identify CH installed out-of-Region for disconnection, and how they would ensure CH installed in the correct Region would not be disconnected.

5.5.1. Disconnection Assurances – DCC Response

70. We note these concerns. DCC will work with the Service Provider to discuss and confirm their plans for ensuring that out-of-Region CH disconnections do not impact CH installed within the correct Region.

5.6. Additional Time for Out-of-Region CH Replacement

71. One supplier Party said they could replace all their out-of-Region CHs by the 31st December 2025, and two other supplier Parties confirmed they have plans in place to replace their out-of-Region CHs.
72. Two supplier Parties do not consider it possible for all out-of-Region CHs to be replaced by the end of 2025.

73. Three responses, including two from supplier Parties and one from a consumer group, noted that the requirement to replace out-of-Region CHs before disconnection coincides with their requirement to replace RTS meters, and this would put strain on both those activities.
74. Three responses, including two from supplier Parties, suggested that the disconnection date for out-of-Region CHs, and the point by which they should be replaced to maintain smart services, should be extended. One of these considered if option one could be implemented for a 12 month period to provide Parties with additional time for out-of-Region CH replacement.

5.6.1. Additional Time for Out-of-Region CH Replacement – DCC Response

75. We recognise that replacing out-of-Region CHs will impact Parties differently. Some Parties noted their plans to replace all their out-of-Region CHs by the end of 2025.
76. We do not consider that a 12 month connection agreement is economically viable given the cost and the volume of out-of-Region CHs currently connected to the network.

5.7. Radio Teleswitch Meters

77. Two supplier Parties noted the RTS replacement activity which needs to be completed before the RTS signal is switched off and those meters stop functioning.
78. In prioritising this work one supplier Party confirmed they had proactively installed out-of-Region CH where CSPN WAN could not be connected. They considered this was in line with guidance that “all *available* connectivity options” can be utilised.
79. Another supplier Party considered that suppliers who had followed that recent industry guidance would be disproportionately penalised if they were now required to replace out-of-Region CH.

5.7.1. Radio Teleswitch Meters – DCC Response

80. We recognise that Parties have a range of priorities and the importance of replacing RTS meters before the signal is switch off. While DCC appreciate that different supplier Parties have different priorities, from our analysis of out-of-Region CHs is it clear that different approaches are being taken by different supplier Parties. Where some Parties who service a relatively high concentration of consumers in the North Region are responsible for fewer out-of-Region CHs compared to parties who service a small number of consumers in the North but who have a higher volume of out-of-Region CHs.
81. DCC are clear that 2/3G CHs are not an *available* option for installation outside of the CSPC&S Region, as set out in the SEC and described in our original consultation. We also note SEC MP285, which was proposed specifically to enable more efficient replacement of RTS meters, where one solution considered was the formalisation of the allowance to install CHs utilising 2G/3G mobile communications technology in the North. That solution was discounted on cost grounds and SEC MP285 was amended to offer an early 4G solution in the North. Enduring 4G North arrangements were implemented into the SEC on 30th May 2025.

5.8. Long Range Radio CSPN Performance

82. Five responses, including four from supplier Parties, indicated that out-of-Region CH are installed where CSP North long range radio (LRR) solution fails to provide an adequate connection. One of these supplier Parties noted that an out-of-Region CH is only installed following a strict escalation process.
83. Two supplier Parties also commented that out-of-Region CH installations were completed to resolve customer complaints where they had previously been unable to have a working smart meter.

84. One supplier Party considered that they would be justified in claiming reasonable costs from the CSP North Service Provider where an out-of-Region CH installation had been completed to resolve the absence of a CSP North WAN connection.
85. One supplier Parties asked what action DCC was taking to improve the level and strength of WAN coverage in the North Region, including what contractual leavers DCC could use to improve

5.8.1. Long Range Radio CSPN Performance – DCC Response

86. Since the implementation of SEC MP285 Parties are able to install 4G CHs in the North Region which may help to ease the issues highlighted by respondents.
87. In addition, we note that there has been a relatively low volume of no WAN incidents raised by Parties to formally highlight this issue to DCC. We encourage Parties to raise incidents when they encounter these issues.

6. DCC Considerations and Next Steps

88. The Service Providers position is clear in that out-of-Region CHs are not contracted for connection to their infrastructure and that the connection is not currently being funded. Their offer for continued connection, for up to 100,000 CHs stands at £3 million per year for the life of the contract.
89. We recognise that it is difficult to justify the cost per installation for maintaining the connection to out-of-Region CH. The cost is complicated when considering the numerous requests to implement a charging mechanism which would see those suppliers responsible for out-of-Region CH installations charged proportionally. DCC considers that the only method by which costs could be recovered would be through standard market share charging.
90. DCC would consider an Elective Service if applied for but are concerned about the implications for consumers wanting to switch their energy provider, which may be a barrier to that solution.
91. It is clear that there will be implications for supplier Parties and consumers where the connection to out-of-Region CHs is scheduled for removal. In this scenario DCC can help to provide information to parties to better understand the location of impacted CHs, but supplier parties will need to consider their own plans for CH replacements and how best to manage consumer implications.
92. The supplier Party with the most out-of-Region CHs and one network Party favoured option one which would see DCC enter into a commercial agreement with the Service Provide to maintain connection to out-of-Region CH at the cost of £3 million per year.
93. Six supplier Parties supported option two which would require an end to any further out-of-Region CHs and the disconnection of out-of-Region CH from 31st December 2025.
94. Having considered the responses received to our consultation, the support for either option, the economic value of maintaining the network connection to out-of-Region CHs, and the different approach taken to out-of-Region CHs by different parties, we do not consider it in the interests of consumers to enter into a commercial agreement for their continued connection.
95. Consultation responses have not provided support to retain out-of-Region CH Network connection. We will therefore not be entering into a commercial agreement to maintain Network connection for out-of-Region CHs. Parties should not attempt any further out-of-Region CH installations or risk disruption as the connection is removed.
96. DCC will work with impacted Parties to help ensure they can identify any out-of-Region CHs they support so that they can put plans in place to replace them with a valid CH variant and protect their consumers from detriment.