



DCUSA Change Proposal (DCP)		At what stage is this document in the process?							
<h2>DCP 474:</h2> <h3>Application of Smart Meter Communication Licence Costs in the CDCM</h3> <p>Date Raised: 06/05/2026</p> <p>Proposer Name: Ed Grimsey</p> <p>Company Name: The Electricity Network Company Ltd.</p> <p>Party Category: IDNO</p>	01 – Change Proposal								
	02 – Consultation								
	03 – Change Report								
	04 – Change Declaration								
<p>Purpose of Change Proposal:</p> <p>To amend Schedule 16 of the DCUSA so that Smart Meter Communication Licence Costs are to be recovered from customer categories which drive these costs, by means of a fixed charge adder applied on an equivalent per-MPAN basis.</p>									
	<p>Impacted Parties:</p> <p> <input checked="" type="checkbox"/> Suppliers <input checked="" type="checkbox"/> DNOs <input checked="" type="checkbox"/> IDNOs <input type="checkbox"/> CVA Registrants <input type="checkbox"/> OTSO Party <input type="checkbox"/> Gas Suppliers <input type="checkbox"/> SIP Parties </p>								
		<p>Impacted Clauses:</p> <table border="1"> <thead> <tr> <th>Section/Schedule</th> <th>Clause/Paragraph</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Schedule 16</td> <td>Paragraph 100</td> </tr> <tr> <td>Paragraph 104</td> </tr> <tr> <td colspan="2"> </td> </tr> </tbody> </table>		Section/Schedule	Clause/Paragraph	Schedule 16	Paragraph 100	Paragraph 104	
Section/Schedule		Clause/Paragraph							
Schedule 16		Paragraph 100							
	Paragraph 104								

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Indicative Timeline

The Secretariat recommends the following timetable:

Initial Assessment Report	20 May 2026
Consultation Issued to Industry Participants	TBC
Change Report Approved by Panel	18 November 2026
Change Report issued for Voting	19 November 2026
Party Voting Closes	10 December 2026
Change Declaration Issued to Parties/Authority	14 December 2026

1 Summary

What?

- 1.1 This Change Proposal introduces a new mechanism within Schedule 16 to recover Smart Meter Communication Licence Costs from Aggregated Metered Demand customers only, via a fixed charge adder applied on a p/MPAN/day basis. On the basis that these customer classes drive these cost to distributors.

Why?

- 1.2 Currently, Smart Meter Communication Licence costs are not modelled in the CDCM but are included in the allowed revenue calculation section of the CDCM which means they are recovered through the residual component of the tariff. This means they are spread across all customer types, including Site-Specific customers, despite Aggregated customers being the driver of Smart Meter Communication costs. This therefore results in tariffs not fully reflecting the Smart Meter Communication costs incurred, as they are applied to customer groups which are not a cost driver. Changes to the allocation of Smart Meter Communication costs should be made to allocate these costs in a more cost reflective manner. Resulting in only the customers which are the cost drivers, incurring the costs themselves through the fixed charge.

How?

- 1.3 Smart meter communication costs are to be removed from the allowed revenue calculation within the CDCM, and instead are to be treated as a fixed charge adder to Aggregated demand customers. Applying the total Smart Meter Communication Licence costs and dividing by the total number of aggregated MPANs, so that each customer pays an equal proportion of smart meter communication costs. This is calculated in a manner consistent with existing pass-through adders such as Supplier of Last Resort and Bad Debt.

Who?

- 1.4 Suppliers, DNOs and IDNOs will be impacted due to changes in tariffs. Aggregated Metered Demand customers will see the Smart Meter Communication costs recovered transparently through the fixed charge, while Site-Specific customers will no longer contribute to these costs.

2 Governance

Proposers view on items that impact the progression of the CP

- 2.1 ☒ Tick this box if you feel that you are raising this change to try to address a current or imminent issue that has significant adverse commercial or safety implications or which would otherwise place Parties in breach of relevant regulations.
- 2.2 Do you believe this Change Proposal will have a significant impact on any of the following? (Select all that apply)
- ☒ Electricity consumers
 - ☒ Supply
 - ☒ Distribution
 - ☐ Generation

- ☒ Commercial activities connected with any of the above
- ☐ None of the Above

2.3 Do you believe this Change Proposal will? *(Select all that apply)

- ☒ Have a significant commercial impact on any a Party or Party Category or on customers
- ☐ Be likely to discriminate in its effects between at least one Party or another
- ☐ Be the subject of controversy between Parties
- ☐ Cause at least one Party to be in breach of this Agreement if not urgently addressed
- ☐ Change the governance or the change control arrangements applying to the DCUSA
- ☐ None of the Above

2.4 ☒ Tick this box if you either, haven't developed any proposed legal drafting or if you have, but you feel that further development will be required (i.e., via a Working Group)?

Code Admin view on progression route for this CP

2.5 Based the answers provided by the Proposer to the above questions the Code Administrator believes that this Change Proposal should:

- Be treated as a Part 1 Matter;
- Be treated as a Standard Change; and
- Proceed to the Definition phase via a Working Group for further development.

2.6 It should be noted that the Proposer asked that this CP be issued to the May Panel meeting and therefore it is believed that the CP can be treated as a standard Change Proposal and not an Urgent Change Proposal as indicated by the box being ticked for paragraph 2.1 above.

3 Reasons for raising the Change Proposal

- 3.1 Smart Meter Communication Licence Costs relate to the provision of centralised communications services required for smart metered settlement. Distributors are charged by the Data communication company (DCC) for the provision of these communication services based on the number of connected Mandated Smart Metering Systems (MSMS). MSMS are all domestic supply points and non-domestic supply points with profile class 3 and 4, i.e. customers who are billed on an aggregated basis.
- 3.2 Recovering Smart Meter Communication Licence Costs across all CDCM tariffs results in costs being recovered from customers who are not material drivers of those costs. This Change Proposal seeks to address this by introducing a transparent recovery mechanism that better reflects the way in which costs are incurred and which aligns with established CDCM methods.

4 Solution and Legal Text

Solution Overview

- 4.1 The proposed solution is to remove Smart Meter Communication Licence Costs from recovery through general CDCM tariff calculations and instead introduce a new fixed charge adder under Step 5 of Schedule 16. This adder would apply only to Aggregated Metered Demand tariffs and is calculated on an equivalent p/MPAN/day basis (aligning with current fixed adder arrangements).

- 4.2 No changes are proposed to CDCM cost allocation rules, unit rates, capacity charges, or standing charge factors.

Legal Text Amendments

- 4.3 We have provided some draft legal text which we believe will achieve the solution specified above and this is set out below for ease of reference:

Insert additional sentence at the bottom of paragraph 100:

Step 5 also involves calculations based on the level of Smart Meter Communication Licence pass-through costs to be recovered in the charging year. Such costs are allocated to all Aggregated Demand tariffs.

Insert new paragraph 104, moving the current 104 to 105 (subsequent paragraphs will also require renumbering):

104. Smart Meter Communication Licence Costs shall be allocated by applying a fixed charge adder to Aggregated Metered Demand tariffs only.

104 A. The Smart Meter Communication Fixed Charge Adder shall be calculated as the Smart Meter Communication Licence Costs applicable to the Charging Year (in pounds sterling), multiplied by 100, divided by the combined forecast customer count of all Aggregated Metered Demand MPANs, and divided by the number of days in the Charging Year.

104 B. The Smart Meter Communication Fixed Charge Adder shall apply only to the following tariffs:

- (a) Domestic Aggregated or CT;*
- (b) Domestic Aggregated (Related MPAN);*
- (c) Non-Domestic Aggregated or CT; and*
- (d) Non-Domestic Aggregated (Related MPAN).*

104 C. The Smart Meter Communication Fixed Charge Adder shall not apply to Site-Specific tariffs, Unmetered Supplies tariffs, or Generation tariffs.

Legal Text Commentary

- 4.4 The legal text mirrors the existing Step 5 drafting used for Supplier of Last Resort and Eligible Bad Debt pass-through costs. Related MPANs are included in the current version of the legal text as it is assumed they are a driver of Smart Meter Communication costs, however this is can be amended following industry discussions. As the change proposal introduces a new category of pass-through costs within Step 5, we consider it clearer to insert a new paragraph 104 and renumber subsequent paragraphs, rather than inserting additional sub-paragraphs into existing paragraphs.

Addition/Amendment to DCUSA Owned Market Message (Data Flow) or Data Item

- 4.5 N/A

Market Message (Data Flow) / Data Item Commentary

- 4.6 N/A

5 Relevant Objectives

- 5.1 Our view as to which of the DCUSA Objectives would be better facilitated by the implementation of this Change Proposal is set out below.

DCUSA Charging Objectives *(expand to select all that apply)

DCUSA General Objectives *(expand to select all that apply)

- 5.2 We believe DCUSA Charging Objectives 2, 3 and 4 are better facilitated by improving the transparency and cost reflectivity of charges associated with Smart Meter Communication Licence costs. Networks incur the costs based on the number of MSMS customers which are connected to their networks and so recovering these costs via a dedicated fixed charge adder applied only to Aggregated Metered Demand tariffs improves cost reflectivity and reduces cross-subsidy between customer groups.

6 Impacts & Other Considerations

Impacts on any Significant Code Review (SCR) or other significant industry change projects

- 6.1 We do not believe that this CP impacts upon any current SCR or other significant industry change projects.

Impacts on Other Codes

- 6.2 We have considered whether any other industry codes might be impacted as a result of this Change Proposal, and our initial view is set out below.

Grid Code.....	<input checked="" type="checkbox"/>	SEC...	<input checked="" type="checkbox"/>	CUSC...	<input checked="" type="checkbox"/>	None.....	<input checked="" type="checkbox"/>
Distribution Code...	<input checked="" type="checkbox"/>	REC....	<input checked="" type="checkbox"/>	BSC.....	<input checked="" type="checkbox"/>		

Impacts on DCUSA Owned Data Flows

- 6.3 We do not believe that this change will require any amendments to DCUSA owned Data Flows (Market Messages) or the applicable Scenario Variants or any Data Items .

Consumer Impacts

- 6.4 We believe that this change has impacts on consumers
- 6.5 Network charges for aggregated customer will increase on the basis of the charges being more cost reflective. However this change proposal has been brought, in part, as a result of a proposed rebalance of DCC costs between suppliers and distributors and, under the current arrangements, these costs are borne by those consumers in their supplier charges.

Environmental Impacts

- 6.6 In accordance with DCUSA Clause 10.4.5A, we have assessed whether there would be a material impact on greenhouse gas emissions if this CP were implemented. We have not identified any material impact on greenhouse gas emissions from the implementation of this CP.

7 Implementation

Lead Time for Implementation

- 7.1 If approved, implementation would require changes to the CDCM model, which may take time to develop.

Proposed Implementation Date

- 7.2 We consider this change proposal should be implemented after a minimum of 6 months following authority approval, so that changes are effective from either the 2028/29 charge setting period, or 2029/30 charge setting period depending on authority decision and modelling timelines. If required, a derogation could be implemented to amend published tariffs following implementation of this change proposal.

8 Recommendations

The Code Administrator will provide a summary of any recommendations/determinations provided by the Panel in considering the initial Change Proposal. This will form part of a Final Change Report.