

DCP 474 ‘Application of Smart Meter Communication Licence Costs in the CDCM’ Working Group Meeting 01

08 June 2026 – Web-conference

Attendee	Company
Working Group Members	
Alex Lam	National Grid Electricity Distribution
Charles Mott	SSE Distribution
Donna Jamieson	IDCSL
Ed Grimesy (Proposer)	The Electricity Network Company LTD
Edda Dirks	SSE
Erik Baguzis	Indigo Networks
John Harmer	Waters Wye
Lorna Murray	SP Energy Networks
Louise Robinson	ESPUG
Ryan Farrell	Northern Powergrid
Code Administrator	
John Lawton (Chair)	DCUSA
Hollie Wild (Technical Secretariat)	DCUSA
Hannah Proffitt (Technical Secretariat)	DCUSA
Apologies	
Lee Stone	Eon Energy

1. Administration

Recording

- 1.1. The Chair informed Working Group members that, as per the terms of reference, the meeting would be recorded for the purpose of aiding the Technical Secretary in producing an accurate record of the meeting. The recording will be deleted after no later than 60 days after the meeting.

Apologies

- 1.2. The Chair noted received apologies. These can be found in the attendees list above.

Competition Law Guidance and Terms of Reference

- 1.3. The Working Group reviewed the “Competition Law Guidance” and “Terms of Reference”. All Working Group members agreed to be bound by the Competition Law Guidance for the duration of the meeting.

Actions

- 1.4. The Chair confirmed that all actions captured within this meeting will be recorded within the action log; this can be found in the Appendix to this document.

2. Purpose of the Meeting

- 2.1. The Chair set out that the purpose of the meeting was to review and discuss DCP 474 ‘Application of Smart Meter Communication Licence Costs in the CDCM’ and to agree next steps.

3. Overview of DCP 474 Change Proposal

- 3.1. The Chair invited the proposer (EG) to provide an overview of the DCP 474 Change Proposal to the Working Group.
- 3.2. It was noted that currently smart meter communication licence costs, also known as Data Communication Company (DCC) costs, are charged to distributors based on the number of mandated smart metering systems. Within the Common Distribution Charging Methodology (CDCM), they are currently modelled through the residual charging element and are essentially the costs that go into the allowed revenue section and are applied across all customer categories instead of just the aggregated customers. Therefore, this Change Proposal aims to amend the CDCM so that the smart meter communication licence costs are instead applied as a fixed charge adder, similar to Supplier of Last Resort and Bad Debt and applied to aggregated demand tariffs.
- 3.3. EG noted that some draft legal text had been provided within the Change Proposal and the floor was opened for comments and questions.

4. Review and Discussion of the Change Proposal

- 4.1. ED questioned whether the smart meter communication licence costs were driven by customers that come under aggregate billing or not and whether this was included within the Change Proposal. It was confirmed that the difference was that the DCC costs are applied to aggregate billing and the impact of this has been included within the Change Proposal form, however, the source of the information has not. Therefore, it was agreed that the DCC charging statement should be included for reference within the consultation document.

Action 01/01 – EG to send the Secretariat a copy of the DCC Charging Statement for inclusion in the consultation document

4.2. It was also noted that a link to the Smart Meter Communication Licence should be included in the consultation document.

Action 01/02 – EG to send a link to the Smart Meter Communication Licence to the Secretariat for inclusion in the consultation document

4.3. ED then highlighted paragraph 6.5 of the Change Proposal Form and questioned what assumptions were being made in terms of the proposed rebalancing of costs. It was noted by a Working Group Member that Distribution Network Operators (DNOs) are currently paying around 6% of the DCC costs and suppliers are picking up the other 94%, however, the 6% allocated to DNOs is going to be increasing to around 40% of the overall DCC costs coming through the DNO tariffs and these are in the current proposals for the 2027/28 tariffs. This was discussed and raised at the Energy Networks Association (ENA) and the final split will be published in September, however, it all stemmed from the Smart Energy Code (SEC) DP218 modification 'Review of the SEC Charging Methodology'.

Action 01/03 – RF to send through communication from ENA regarding the uplift in DNO allocation of costs

Action 01/04 – Secretariat to circulate information regarding SEC modification DP218

4.4. It was also questioned whether, under this Change Proposal, the smart meter communication costs would get allocated to all domestic customers regardless of whether they had a smart meter or not, because at the moment there would be a lot of customers who would be paying for a cost when they don't have a smart meter fitted. It was confirmed that if this Change Proposal goes ahead, then that would be true.

4.5. It was noted by two Working Group members that they were unsure whether the addition of this Change Proposal into DCUSA would be better than the current status quo. This was noted by the Chair, and it was agreed that the group should continue with publishing a consultation to industry to obtain more feedback and a question would be asked regarding this.

4.6. The implementation date for the Change Proposal was also discussed, and it was highlighted that there were currently two options; 2028/29 or 2029/30 tariffs. It was questioned by the Chair how far into the process of migrating customers to smart meters that the industry was, as this could be a factor to consider when looking at the implementation date. It was confirmed that by the time this Change Proposal would be in practice, the migration should be at 100%. It was agreed that the Secretariat would find out from the settlement programme when the migration of customers is due to be complete. Post meeting note: this is a UK government initiative and not managed by the settlement programme

Action 01/05 – Secretariat to find out from the UK government programme when the migration of customers to smart meters is due to be complete.

4.7. The suggested legal text changes were reviewed, and it was agreed that the Secretariat would provide a track changed version of Schedule 16 for the Working Group to review and this will be included in the consultation for industry to provide comment on. It was also agreed that a question would be asked in the consultation as to whether the tariffs being amended are a true and accurate way of distributing the costs and whether there are any other aspects that need any other tariffs to be covered.

Action 01/06 – Secretariat to provide a track changed version of Schedule 16 for the Working Group to review

- 4.8. It was agreed by the group that the current suggestion of including “related MPANs” should be removed otherwise the customer would end up paying twice if they had two MPANs. This should be highlighted in the consultation, and the group will seek views to support it.
- 4.9. The Proposer of the Change Proposal then ran through the models to provide other members with a visual representation of what the Change Proposal is trying to do. It was noted for the consultation that it would be useful for the group to include examples of the impact for all of the DNOs and whether there is any interaction with the EHV Distribution Charging Model (EDCM).

Action 01/07 – RF and LM agreed to work together to produce an impact assessment on the current CDCM and EDCM models to highlight what the potential impact on customers is going to be.

- 4.10. It was also questioned whether it would be beneficial to review the other two categories of pass-through costs (Supplier of last resort and Eligible Bad Debt) to see if there are any similarities to the smart meter communication costs as it could be that they show some relevant conclusions to use as rationale for this change. It was agreed that the Secretariat would share the historic Change Proposals in this area to see if there is any relevant information.

Action 01/08 – Secretariat to share historic Change Proposals regarding pass-through costs with the group

5. Agreed Next Steps

5.1. The Working Group discussed the next steps, and the following items were captured:

- The Secretariat to update the work plan for dissemination alongside the minutes for the meeting;
- The Secretariat to track change Schedule 16 of DCUSA to include the suggested legal text changes; and
- The Secretariat to produce a draft Consultation for the Working Group to review offline and to discuss at the next Working Group Meeting.

6. Any Other Business

6.1. No other business was raised.

7. Next Meeting

7.1. The next meeting will be held on Monday 29th June 2026 at 10am.

New and Open Actions

Action Ref.	Action	Owner	Update
01/01	The DCC Charging Statement to be sent to the Secretariat for inclusion in the consultation document	EG	
01/02	A link to the Smart Meter Communication Licence to be sent to the Secretariat for inclusion in the consultation document	EG	
01/03	RF to send through communication from ENA regarding the uplift in DNO allocation of costs	RF	
01/04	Secretariat to circulate information regarding SEC modification DP218	HW	
01/05	Secretariat to find out from the UK Government programme when the migration of customers if due to be complete.	HW	
01/06	Secretariat to provide a track changed version of Schedule 16 for the working group to review	HW	
01/07	RF and LM agreed to work together to produce an impact assessment on the current CDCM and EDCM models to highlight what the potential impact on customers is going to be.	LM and RF	
01/08	Secretariat to share historic Change Proposals regarding pass-through costs with the group	HW	

01/09	Secretariat to issue a draft Consultation for the Working Group to review offline and to feedback at the next Working Group meeting	HW	
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Closed Actions

Action Ref.			Update