

Dan Norton, Deputy Director Price Protection
10 South Colonnade - Retail
Canary Wharf
London
E14 4PU

By email to: future_price_protection@ofgem.gov.uk

13 May 2024

Dear Dan,

RE: Ofgem's Discussion Paper on the Future of Domestic Price Protection

Thank you for the opportunity to respond to the above discussion paper.

The DCC, together with its customers, connects homes and businesses to a single, secure, smart metering network. We operate and maintain this network on a 24/7 basis, securely transferring energy data from homes and businesses to our customers. Our network is now supporting 30 million smart meters in over 18 million premises, helping over half of British households save money and carbon emissions.

The DCC operates at the intersection of energy, secure technology and telecoms. As a central service provider, any reforms to the policy landscape in these areas can have an impact on our network. The speed of change is increasing, albeit to varying degrees, which places growing importance on DCC's ability to identify relevant reforms, assess the implications and plan accordingly. It is within this strategic context that DCC is responding to Ofgem's Discussion Paper.

Impact of Ofgem's price cap

Since the first quarterly price cap change in October 2022, both DCC and its customers (energy suppliers) have learnt many lessons in relation to the support and execution of such peak traffic events. Each event has presented challenges. These largely centre around a lack of standardised ways of working across industry, coupled with systems facing traffic demands that they were not designed to handle. For example, price event related traffic volumes have grown by 66% between January 2023 and the most recent quarterly event in April 2024 (from 44m to 73m messages).

It should also be noted that most of this activity is focused on a single day (i.e. the 1st of each calendar quarter, when the price cap change takes effect). This can be demonstrated by considering the most recent event in April 2024. Price related traffic volumes on 1st April were 35% higher than those observed on 1st May (73m vs. 54m messages). This shows the significant increase in demand across DCC and its service user systems in comparison to non-event days and BAU traffic volumes.



Protecting consumer outcomes

Against this backdrop the protection of end-consumer outcomes has always been paramount to DCC. Whilst the performance of each event has improved quarter on quarter, this has required significant engagement and collaboration with suppliers to evolve new ways of working. DCC cannot unilaterally increase capacity or make changes to its system to meet new demands.

This collaboration has led to guidance which is not yet compulsory for service users. As such, good consumer outcomes cannot be completely guaranteed. There remains a degree of unpredictability around service user behaviour during these peak traffic events. To codify changes and remove the uncertainty requires a change to the Smart Energy Code (SEC). Change requests need to go through the modification process, which can be lengthy.

The DCC would therefore welcome early engagement with Ofgem regarding the planning and implementation of any changes in policy. We are keen to ensure that our systems and operational capabilities are ready to support the chosen option and delivery timescales. We stand ready to work with Ofgem as it assesses the impacts – including transition costs - of any policy changes on processes, systems and delivery. Doing this assessment early would help secure a smooth and incident-free delivery of new policies and regulations.

We would welcome ongoing engagement with Ofgem. In the meantime, if you have any questions, please do not hesitate to contact Ankita Gupta (ankita.gupta@smartdcc.co.uk) in the first instance.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Adhir Ramdarshan'.

Adhir Ramdarshan

Director of Regulation - DCC

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