



Consultation on DCC Review Phase 2 Proposals (Governance and Centralised Registration Service)

E.ON Response (July 2024)

General Comments

E.ON welcome the opportunity to respond to the Authority's latest consultation on proposals for the to-be design of DCC2 and associated supporting governance controls.

While we acknowledge that the Authority is likely to outline further detail on its 'not-for-profit' proposals, we are concerned that this structure may constrain the number of prospective bidders for the DCC2 licence. The technology-based services operated by DCC are niche and complex, meaning these may not naturally fit with a 'not-for-profit' corporate structure. The design, operation, and innovation of such services is likely to rely on large suppliers who historically have concentrated on 'for profit' contracts, given these offer rewards in return for the risk of developing leading-edge or niche solutions.

E.ON support the recent communication from the SEC Panel Chair to the Authority, which suggested that further work is undertaken to review the objectives for DCC2 to ensure evolution of the arrangements and to define the detail of the resulting tender specification. It is vital that industry insights on DCC1 are reviewed, including what currently works well, what needs to change, and what should additionally be included in the scope for DCC2. We believe that this industry work should review the comparative benefits and risks of the 'for profit' and 'not-for-profit' structures that have been considered for DCC2, to ensure that the most appropriate model is taken forward. Completed at pace, such a review could help ensure that the DCC2 tender process attracts interest from multiple parties, resulting in a competitive tension between bidders. This would hopefully draw out Value for Money (VfM) proposals and innovative ideas or developments which could benefit energy consumers. E.ON would be willing to commit resource to industry discussions on these topics given their relevance to the DCC tender.

Additional 'Not-for-Profit' Considerations

If the Authority continues to progress with the 'not-for-profit' model for DCC2, then additional information will need to be shared on the treatment of shareholder losses or disallowed costs. Consultations and discussions to date have not entirely clarified how DCC2 losses would be recovered or funded, including the precise scenarios or conditions where specific DCC Users would be called upon to provide additional funding at short notice.

The design and composition of incentive or penalty regimes that would drive DCC2's delivery or operational activities will be complex. Reviewing lessons learnt from the DCC1 incentive regimes will highlight cases where these have had unintended consequences, and protected DCC1 from being financially penalised for its late delivery of key industry programmes. Seeking industry views on the range of incentive or penalty regimes proposed for DCC2 is likely to identify scenarios where unintended consequences could materialise.

Consumer Focus

Overall, we cautiously welcome the Authority's proposals that would require DCC2 to actively consider factors that directly impact energy consumers. However, it is unclear whether a single consumer



advocacy expert appointed to the DCC2 Board will have sufficient breadth and depth of experience to influence DCC decision-making on their own, especially where there is contention with other business drivers. Where the Authority's proposal is taken forward, we believe steps should be taken to ensure that the experience and opinions of energy supplier organisations continues to be considered by the DCC Board. Ultimately, energy supplier organisations have operational interactions with different types of consumers every day, meaning we typically identify evolving smart metering factors that the DCC has a role in addressing. Adopting this combination of consumer advocacy and energy supplier input would ensure that energy consumer needs are appropriately represented from a broad range of perspectives over the duration of the DCC2 licence term.

E.ON recognises that the Authority is planning to consult on further consumer-focused proposals for DCC2, which we will review once outlined.

Implications of DCC's Decision-making

The DCC1 Board can currently independently make decisions that fit the interests of DCC or their shareholders but impose costs onto DCC User organisations. DCC's delayed delivery during various industry programmes (e.g., SMETS1 Enrolment and Adoption; Delivery of 4G Communication Hubs) has directly imposed costs onto energy suppliers through increased DCC recharges. However, energy suppliers have also incurred other additional internal costs, including where our in-house activity on industry programmes has had to be extended to accommodate DCC delayed delivery. DCC1's default stance of encouraging site visits to resolve operational issues with WAN coverage or DCC-supplied Communication Hubs has also had an impact on other parties. Repeat site visits result in disruption to energy consumers and impose additional costs on energy suppliers. The consumer-focused objective being developed by the Authority could help incentivise DCC2 to minimise the number of repeat site visits wherever possible.

Finally, the DCC2 Board and wider organisation will be expected to deliver programmes and solutions at pace to meet external factors. Emerging government policy, Net Zero initiatives, and solutions to address issues faced by energy consumers will all require DCC2 to be responsive and efficient. The incentive regime being considered by the Authority is therefore critical to driving the correct action, behaviour, and pace of delivery by the future DCC licensee.

Q1. What are your views on the presented options for the future DCC board composition? Do you agree with our analysis that Option 4 (majority independent model) is the most appropriate to take forward? Please state your reasoning.

Given its monopoly position, DCC2 must be required to tangibly demonstrate that its decision-making aligns with the needs of energy consumers and funding DCC Users. Combined with other controls being proposed by the Authority, we believe that Option 4 offers a realistic model to ensure that the needs of energy consumers and funding DCC Users are both sought, and then considered by the DCC2 Board. On this basis, we support Option 4. However, the to-be DCC2 Board composition on its own will not resolve the historic issues experienced during the DCC1 Licence period. Resolution of these issues will rely on a combination of the to-be organisational structure, the incentive regime, corporate governance controls, and other factors to focus DCC2's activities and delivery.

While the proposed DCC2 board structure alone is unlikely to dissuade prospective parties from entering the Authority's tender process, it needs to be considered alongside other factors. Tender and



procurement processes which encourage competitive tension and multiple bidders typically offer greater opportunity for service improvements, solution innovation, and a best value outcome to be realised. The currently proposed 'not for profit' DCC2 Licence arrangement may not yield multiple bidders, and thus constrain the realisation of improvements over the licence term.

Q2. What are your views on the current and proposed Licence requirements on Sufficiently Independent Directors? Do you agree that one or more of the current Licence-imposed Independence Requirements may be relaxed in favour of more discretion afforded to the Board?

Based on the evidence presented, and the fact that the existing 12-month restriction on certain independence requirements has not had an adverse impact, we currently support Option 1. We are conscious that the DCC1 to DCC2 licence transition and handover period may introduce additional issues that would not be typically faced by the Board of other commercial organisations. Retaining DCC's corporate memory during and after the licence transition is critical, meaning any impacts of the 12-month restriction on Sufficiently Independent Directors on this topic may need further assessment.

We have discounted Option 2 on the basis it is likely to make the selection and appointment of independent Board members more challenging and may unduly disqualify experts with strong sector knowledge. The proximity and relevance of industry experience among DCC2 Board members will directly influence discussions and decision-making by the Board. As a funding DCC User, E.ON expects DCC2 to be responsive and agile so that it can respond to developments impacting energy consumers or the energy industry. Board members with significant and recent experience in the sectors relevant to DCC2's operations are likely to be able to support the responsive and agile decision-making that is needed. Fundamentally, this must include energy sector relevant to smart metering.

Option 3 has considerable merits and benefits, including access to a broader range of prospective Board members and expertise. However, the resulting introduction of further appointment oversight processes it requires, combined with the current 12-month restriction causing no adverse to-date has led us to discount Option 3.

Q3. Do you agree with our proposal that the Chair of the future DCC board should meet the requirements on 'Sufficiently Independent Directors' without exception?

We agree and believe this would be a positive development. Given the role that the Board Chairperson is likely to hold on the DCC2 Board Nomination Committee, enforcing the 'Sufficiently Independent Directors' requirement appears entirely appropriate.

Q4. What are your views on our analysis and proposal not to introduce additional requirements or restrictions on the size of the future Board and on the number of executive members and shareholder representatives?

Subject to suitable governance, oversight, and proposed board composition controls held by the Authority, it appears appropriate to give the DCC2 Board the flexibility to determine its size. This flexibility will allow the DCC2 Board to recruit additional specialist expertise as factors emerge, opportunities materialise, or government policy evolves.

Governance and oversight controls held by the Authority will be crucial to ensuring that any DCC2 shareholder cannot amend the size or composition of the Board to influence or skew Board discussions



in favour of certain objectives or financial interests. This will be critical where a 'for profit' DCC2 licence model is adopted.

Q5. Do you agree with a possible requirement on the Board to possess expertise in certain core areas? Do you agree with the areas we have identified? What are your views on the implementation options?

We agree with the core areas outlined, although if an alternative DCC2 'for profit' model is adopted then the implications on the Board structure may require further consideration. Overall, the areas defined by the Authority align with key concerns over DCC1's strategic direction or their service performance. It is positive to see factors raised in the DCC RY Price Control process being addressed during the definition of the DCC2 licence and governance structures.

As delivery of the Government's Net Zero strategic objectives progress, the Authority may consider introducing this as a requirement alongside 'GB Energy Market (Supply and Generation)' skillset requirement. Doing so could help drive activities and decision-making that align with the Government's Net Zero objectives.

From an implementation perspective, E.ON believe that Option 1 should be adopted subject to a final decision on the 'for profit' or 'not-for-profit' model.

Option 1 offers a better model since it is more likely to deliver a broader spread of expertise and tangible experience in the core areas. While the assessment and selection of prospective Board members may be more complex for the DCC2 Nominations Committee, DCC2 should be structured in such a way that it welcomes and considers a broad spread of expertise and external experience. However, the DCC2 Board members must be required to actively consult funding DCC Users, and consider their opinions in the strategy, programme delivery, and operational decision-making of the organisation. While we recognise the risk that a Director resignation could result in the DCC being temporarily non-compliant with its licence terms in this area, we believe this is a factor that the Nominations Committee should own and manage through its normal operations. Overall, we believe that the benefits of a spread of expertise and external experience are more important, as this will deliver a counterbalance to Shareholder views particularly where a DCC2 'for profit' model is adopted.

Considering Option 2, we believe the Authority has correctly identified the risk that this model increases the likelihood the DCC2 Board becomes overly reliant on specific individuals. While Option 2 may make it easier for the DCC2 Nominations Committee to appoint Directors and remain compliant with DCC Licence requirements, this model increases the chance that core skill areas are under-represented in key discussions or decisions. This could lead to decisions being taken that are sub-optimal for energy consumers or funding DCC Users, even though DCC2 could demonstrate they are compliant with its licence obligations. On this basis we do not support Option 2.

Finally, processes that support the appointment, retention, and succession plans for DCC2 Board directors must be based on merit and relevant objective criteria. In addition to meeting the requirements of the Equalities Act 2010, we believe that DCC2 Board appointment processes must appropriately promote equal opportunity, diversity, and inclusion. Doing so is likely to encourage appropriate decision-making and will help foster an inclusive culture across the functions of the DCC2 organisation and its interactions with External Service Providers or DCC Users.



Q6. Do you agree with our proposal to represent consumer voice via a requirement on the appointment of a Sufficiently Independent Director with consumer advocacy experience?

We cautiously agree, given specific concerns around the practical implementation of this proposal. E.ON would welcome further information on how DCC2 will be required to consider energy supplier opinions and experience of factors that directly impact energy consumers.

Overall, time and service critical smart metering solutions used by energy consumers rely on DCC infrastructure, operational processes, expertise, and staff resources. It is essential that relevant consumer factors are appropriately considered in the DCC2 Board decision-making processes, given their choices directly influence the direction, operation, and costs of key DCC services.

E.ON and other funding DCC Users, supported with specific input from Citizens Advice have worked to represent energy consumer needs during the DCC1 licence term. However, DCC1 has been slow in evidencing how its strategies, programmes, processes, and operational practices have been adapted to fully consider the challenges faced by energy consumers, including the most vulnerable in society. Funding DCC Users have had to repeatedly remind DCC1 colleagues on their responsibilities to take reasonable steps to protect energy consumers since the SMETS2 roll-out began. While the DCC1 Board does not take every decision, the Board members do set the corporate direction and priorities which in turn influence the decisions taken across the organisation. Therefore, consumer advocacy representation has the potential to offer specific benefits.

However, it is unclear whether a single consumer advocacy representative on their own would have the breadth of experience or skills to influence DCC2 Board decisions on relevant occasions, especially where there is contention with other business drivers. Where the Authority's proposal is taken forward, we believe steps should be taken to ensure that the experience and opinions of energy supplier organisations is considered by the DCC2 Board. Ultimately, energy supplier organisations have operational interactions with different types of consumers every day, meaning we typically identify evolving smart metering factors that the DCC has a role in addressing. Adopting this combination of consumer advocacy and energy supplier input would ensure that energy consumer needs are appropriately represented from a broad range of perspectives over the duration of the DCC2 licence term.

We recognise that the Authority plans to consult on DCC2 consumer-facing objectives, as outlined in Para 3.13. Subject to further detail being published, the proposals have the potential to address the concerns raised in different DCC1 RY Price Control consultations over several years.

Q7. What are your views on Ofgem's role in the Board appointment process? Do you agree with our proposal that the Authority could have a role in the appointment process of non-executive directors? Which option would provide the most appropriate and effective accountability framework, and why?

E.ON believe that Option 1 should be adopted.

The scrutiny mechanisms offered by Option 1, combined with other governance controls being proposed for the DCC2 Board, gives the opportunity to appropriately assess and challenge proposed Board member appointments. The approach described would enable the DCC2 Nominations Committee to undertake its role and secure appropriate senior expertise efficiently.



Reviewing Option 2, we believe that the level of additional scrutiny could restrict the range of prospective DCC2 Board members. There is also the possibility that introducing onerous Board appointment processes could be one of a combination of factors that influences prospective bidders to withdraw from the DCC2 tender process. Where they occurred, both outcomes would be sub-optimal over the longer term as they could impact service delivery and potentially the realisation of the Authority's objectives for DCC2. It is also unclear whether the Option 2 model is adopted on other Government-led contracts, or whether this would represent an entirely new approach. Given these factors, we do not currently support Option 2.

Q8. What are your views on the role of DCC customers and other stakeholders in the Board appointment process? Do you agree with our proposal to provide representation for DCC customers on the Nomination Committee? What should be the role of an industry representative in such an arrangement?

E.ON strongly support the creation of a role for funding DCC Users in the DCC2 Board appointment process.

Option 1

We support the proposals described in Option 1, subject to additional supporting controls.

The choice of an industry representative is crucial, and we believe that the Articles of Association should specify that "...the industry representative is independent and has relevant skills and experience...". On this basis, we believe the role should be undertaken by the SEC Panel Chairperson.

Additionally, the Nomination Committee Chairperson should be specifically required to consider the opinion and input of the SEC Panel representative on an equal basis to the views of other Nomination Committee members.

Where such a DCC User role is created, this must be enforced by the Authority (e.g., via the DCC2 Licence) to prevent the DCC2 Board from undermining the principle through the Nominations Committee Rules of Procedure.

Options 2 and 3

Having reviewed the descriptions of Options 2 and 3, we have significant concerns about their practicalities and the likelihood of unintended consequences. Both options appear complex, and we suspect that potential Board members could be discouraged by the additional scrutiny and the extended appointment process. Rather than expanding the experience and expertise available to the DCC2 Board, it is likely that these approaches could have unintended consequences.

Q9. What are your views on our proposals for an additional requirement on the Chair's experience and Ofgem's role in the initial appointment of the Chair? In what other way should the appointment process for the Chair be different to that of other DCC Board members?

E.ON agree that the DCC2 Board Chairperson should be required to demonstrate proven Board-level experience in an organisation of a similar size and standing as the DCC.

Introducing the requirement for Ofgem to be consulted by the Nomination Committee ahead of the appointment of the DCC2 Board Chairperson also appears warranted. On this basis we support the



adoption of Option 1 proposals for the appointment of initial DCC2 Board Chairperson, and subsequent Chairs.

Given the pivotal role that the DCC2 Board Chairperson will hold, we firmly agree that an industry representative should be involved in the Nomination Committee appointing the initial and subsequent Chair appointments. The choice of industry representative is crucial, and we believe that the Articles of Association should specify that "...the industry representative is independent and has relevant skills and experience...". On this basis, we believe the role should be undertaken by the SEC Panel Chairperson.

Q10. What are your views on changes to the term of appointment of non-executive directors? Do you agree with our proposals to limit the initial term of appointment for non-executive directors to 3 years, and to allow for up to two reappointments with the total term limited to a maximum of 9 years?

Overall, we agree with the Authority's proposals in this area.

Given the complexity of DCC's services and its contractual arrangements, it is essential that the DCC2 Board maintains a sufficient corporate memory over the medium to long term. We believe that the appointment term of Board Directors can contribute to this. As such, both the term and staggering of Board appointments may need further consideration to mitigate the risk of a sudden significant change in DCC2 Board membership within the licence term. We recognise that the Authority has outlined a related proposal in Para 5.11 – 5.12 of the consultation and have addressed this in our response to Question 15.

Finally, the Authority will need to examine how DCC1's Business Handover Plan appropriately addresses the transfer of key information and insights associated with Board-level decision making. The transfer of this insight, alongside the potential retention of current Sufficiently Independent Directors, will be crucial to maintaining corporate memory over the medium term following the handover to the DCC2 licensee.

Q11. What are your views on the identified reputational incentives and associated enhanced regulatory requirements? How effective do you believe these incentives can be?

As outlined earlier, we have concerns that the proposed 'not for profit' arrangements may limit the number of prospective bidders who engage with the tender process for the DCC2 Licence. The concerns of specific SEC Parties, including E.ON, were outlined in the communication issued by the SEC Panel Chairperson on June 13th, 2024. We support the proposal to involve funding DCC Users in further work and analysis on the objectives for DCC2 and the definition of the tender specification, supporting incentives, and precise metrics regimes. We would welcome DCC2 performance being tracked on a range of metrics, including those that are relevant to energy consumers.

While CSP WAN coverage is monitored contractually by DCC, revised metrics could consider real world CSP WAN coverage experienced during the installation of smart meters and DCC Communication Hubs. Metrics that monitor and compare No WAN installation outcomes by CSP region could drive service improvements.

Pay-As-You-Go (PAYG) customers are more likely to be impacted by service incidents, planned maintenance, WAN coverage, and other issues that will be in the control of DCC2. Metrics focussed on PAYG-related services could highlight factors for consideration by the to-be DCC2 Board. Specific



metric examples could focus on key factors that impact on the first-time transaction success rate for PAYG top-ups.

In the area of contract management, we agree that DCC2 should be required to demonstrate tangible work to address the recommendations published in relevant independent audits. Over the term of its licence term, DCC1's management of External Service Providers has been a regular area of concern. Additional contract management obligations are therefore likely to deliver service improvements over the term of the DCC2 licence.

Q12. What are your views on direct financial incentivisation of executive leadership and key staff? What would make those incentives effective? Please consider their interlink with the reputational incentives.

We agree with the Authority's proposals for the membership of the DCC2 Remuneration Committee. Irrespective of the 'profit' or 'not for profit' basis, we believe that DCC2 should be focused and incentivised on the delivery of its Licence objectives, and on demonstrating that its operational services meet the needs of energy consumers and / or funding DCC Users.

Q13. What are your views on the proposal to grant stakeholders the power to issue a (non-binding) motion of "no confidence", its objective and requirements? If implemented, what should be the methodology for determining a qualified majority and distribution of votes among stakeholders?

E.ON's strong preference is for direct industry representation on the DCC2 Board, and for consideration of DCC User opinions during board discussions. Such Board representation would ensure that the requirements of funding DCC Users are appropriately considered during strategy setting, decision-making, and other corporate governance processes.

While a 'non-binding, no confidence' vote offers a visible mechanism to showcase an issue impacting DCC Users, practically it is unclear how this would deliver an improved result over routine escalations through the SEC Panel or the SEC Sub-Committees. Currently, rectification plans are typically prepared for escalations raised with DCC1 through the SEC Panel or its SEC Sub-Committees. Where a no confidence vote secures sufficient support from DCC Users and is tabled with DCC2, this is likely to result in key DCC2 resources being diverted from other impactful issues or problems. Allowing this to occur could have unintended consequences for DCC Users and / or energy consumers where resolution of other issues is delayed.

Although the Authority has outlined a 'mechanism for the allocation of votes' in Para 4.40, it is unclear if this would deliver the desired outcome in every scenario. The extent to which DCC incidents or issues affect different DCC User groups can vary significantly, both in terms of the scale or the type of impact. Conceivably, this could mean that certain DCC User groups could continually veto 'non-binding, no confidence' votes on the basis they were not affected, irrespective of the direct impact on energy consumers.

As the Authority has outlined, each of the four implementation methods have clear drawbacks. Reviewed alongside the potential impacts on other DCC2 business as usual activities, we are not convinced that a 'non-binding, no confidence' vote model will deliver tangible benefits for DCC Users or energy consumers.



Q14. Do you agree with the identified priority areas of interim changes? Are there other governance changes that should be implemented in the Licence extension period?

We agree with the identified priority areas.

Q15. What are your views on the possible retention of current Sufficiently Independent Directors on the Board of DCC2? What provisions may need to apply to facilitate this?

We agree with the Authority's proposal enabling the retention of current Sufficiently Independent Directors. Overall, we believe this will support the retention of key skills, experience, knowledge, and corporate memory during the DCC1 to DCC2 transition period.

Appropriate controls will need to be developed and formally defined to prevent a retained Sufficiently Independent Director inadvertently exceeding the proposed maximum number of Board reappointments or the total term limits.

Q16. Do you agree with our proposal that it would be appropriate to remove provision of the Centralised Registration Service (CRS) from the DCC Licence and transfer the obligation to the Retail Energy Code (REC) to be delivered by RECCo?

Based on the case currently proposed by the Authority, we support the proposal to transfer the Central Registration Service (CRS) and associated obligations to RECCo for delivery. However, the novation and transfer of the underlying systems and infrastructure is likely to be complex and will require detailed planning and execution if this is to be completed in the H2 2025 to 2026 timeframe.

We believe that RECCo should be required to publish a detailed business case and impact assessment to industry which justify the proposed CRS transfer and details the benefits and associated risk factors. Considering the potential conflicts with other industry programmes such as MHHS which are delivering in the same timeframe, RECCo should also be required to appropriately justify any material changes they propose for the underlying CRS systems, associated interfaces, or hosting arrangements. Doing so would mitigate the risk of changes being made to the data, systems, and interfaces while other very complex and heavily regulated programmes of work are still in flight.

Q17. What are your views on the considerations we have identified under option 1?

The end of the current DCC licence term clearly offers an appropriate opportunity to consider the transfer of responsibilities for the Centralised Registration Service (CRS) to RECCo. Reviewed in isolation, the timetable for CRS External Service Provider re-procurement also suggests that H2 2025 could be an appropriate time for any transfer of the service to take place. However, the CRS system migration is likely to be complex and take time to deliver, meaning there is a risk this could directly conflict with MHHS programme activities planned for the 2025-27 period.

Where key CRS system or data changes must be completed before the MHHS programme has concluded, then E.ON recommend that RECCo and DCC are required to develop a detailed CRS impact assessment, and then formally consult on the findings with industry. Development of a detailed impact assessment would help industry to determine how CRS changes could conflict with the completion of MHHS related migration work, and delivery of the settlement timetable requirements defined by the Code Bodies and the MHHS programme. Given the potential risks and conflicts with other industry programmes, RECCo should be required to appropriately justify any material changes they propose for the CRS systems, associated interfaces, or hosting arrangements.



Contract Management and Cost Savings

It is positive that RECCo have identified potential efficiency and cost savings, including through the renegotiation of the main External Service Provider contracts currently held and managed by DCC. Coupled with the fact that RECCo will not recover any margin on the CRS, activity in this area offers a good opportunity to realise potential savings for industry and ultimately energy consumers.

Where a decision to transfer the CRS is taken, we would expect RECCo to formally publish a business case and associated '*forecast versus actual*' cost saving reporting to industry. This would support independent monitoring and scrutiny of RECCo's benefits realisation by relevant industry stakeholders. We would also expect RECCo to clearly explain how cost savings will be returned to relevant industry parties.

Interface Development and Assurance

The consultation document highlights the potential requirement for new or revised interfaces between a RECCo-managed CRS solution and the DCC-managed DSP and / or ECoS services. The complexity and time implications of developing, testing, and implementing any new interfaces should not be underestimated. It is reasonable to assume that any new interface connection into the DCC infrastructure will also require robust security evaluation and testing to mitigate critical cybersecurity risks or vulnerabilities. It is conceivable that these could be critical path delivery activities required for a seamless service transition in the timescales being proposed by the Authority.

Given these factors, we would expect RECCo and DCC to formally engage with the SEC TABASC Sub-Committee on design proposals ahead of any CRS transition progressing.

Security Service Provision

The DCC operates a range of back-office cybersecurity services that protect the smart metering end-to-end solutions and infrastructure. Where the CRS transfer to RECCo takes place, it is unlikely that the DCC could continue offering cybersecurity services that are currently in place to specifically protect the CRS systems and associated CRS infrastructure. Given the role the CRS plays, conceivably this could weaken the operational security mechanisms that protect end-to-end smart metering services which are part of the UK critical national infrastructure.

Given the heightened cybersecurity threats globally, appropriate security monitoring and anomaly detection controls for the to-be CRS operating model would need to be designed, tested, and assured before any CRS transfer took place. Associated operational processes and personnel would also need to be in place to mitigate any risks, threats or vulnerabilities that materialised during or following the CRS transfer. Given the proposal that new or revised interfaces to the DCC could be required, and that cybersecurity functions would be provided by the CRS, it is very likely that DCC and the SEC Security Sub-Committee would seek independent security assurance to discharge their SEC Section G obligations. Completing the necessary processes and gaining the appropriate assurance could be a critical path delivery activity needed for a seamless CRS transfer in the timescales proposed by the Authority.

Given this, we would expect RECCo and DCC to formally engage with the SEC Security Sub-Committee on cybersecurity factors and designs ahead of any CRS transition progressing.