RETAIL ENERGY CODE

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01	Proposal Plan
02	Impact Assessment
03	**Consultation**
04	Final Recommendation

CHANGE REPORT

I0333 – SMART METER COMMUNICATION LICENCE CODE CHANGES

DOCUMENT VERSION	V1.0
PROPOSED IMPLEMENTATION DATE	01 October 2026
IMPLEMENTATION APPROACH	Big Bang

RESPONSIBLE COMMITTEE	Change Panel	**CHANGE PATH**	Self-Governance
PRIORITISATION CATEGORY	High	**URGENCY**	Standard
IMPACTED STAKEHOLDERS	SMCL Holders: Smart DCC Ltd, DCC2 Ltd		

LEAD ANALYST (SOLUTION LEAD)	TECHNICAL LEAD	ASSURANCE LEAD	SUBJECT MATTER EXPERT
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OVERVIEW

On 2 November 2026, the holder of the Smart Meter Communication Licence (SMCL) that carries out the Authorised Business in terms of the SMCL will change from Smart DCC Ltd to DCC2 Ltd. Drafting changes are required to the REC in order to facilitate this handover.

CODE MANAGER RECOMMENDATIONS

The Code Manager recommends that the REC Change Panel:

- **APPROVE** that this Change Report contains sufficient information to **proceed to Consultation**, noting the **Code Manager Minded-to Position** below:
  - **APPROVE** the proposed change solution;
  - **APPROVE** the proposed implementation approach; and
  - **APPROVE** the proposed implementation date of 01 October 2026.

RETAIL ENERGY CODE

CONTENTS

1 Summary 3
2 Problem Statement 3
3 Impacts 3
4 Cross-Code Impacts 4
5 Proposal Plan 4
6 Stakeholder Engagement 4
7 Prioritisation Category and Urgency 5
8 Summary of Analysis Undertaken 6
9 Proposed Solution 6
10 Draft Legal Text 7
11 Summary of Impact Assessment Activity 8
12 Risks, Assumptions, Issues and Dependencies 8
13 Business Case Assessment 9
14 Case for Change 9
15 Appendix 10
16 Glossary 11

BACKGROUND

1 SUMMARY

On 9 February 2026, Ofgem selected DCC2 as the new Licensee to hold the SMCL; the SMCL is currently held by Smart DCC Ltd. On 02 November 2026 DCC2 is due to begin carrying out the Authorised Business set out in the SMCL. During the handover, there will be a period where both Smart DCC Ltd and DCC2 Ltd will hold the SMCL at the same time, as part of a phased transfer of the licence. As part of the award of the new SMCL, Ofgem consulted on and published a new version of the SMCL, which includes changes to the numbering of the Conditions in the SMCL. The current drafting of the Retail Energy Code (REC) assumes only a single holder of the SMCL, and clauses, paragraphs and provisions are drafted in a way which precludes multiple simultaneous holders of the licence. Changes are therefore required within the REC to enable the change of SMCL ownership by introducing new drafting that will reflect the new numbering in the SMCL and not preclude two simultaneous holders of the licence during the transitory period.

Additionally, the Code Manager must also modify REC Schedule 6 – Performance Assurance to ensure that Centralised Registration Service (CRS) costs continue to be budgeted and recovered during and after the transfer to DCC2 Ltd from Smart DCC Ltd. Furthermore, changes are required to “ring-fence” the existing REC Performance Charge regime so that it only applies in respect of Smart DCC Ltd for Performance charges delivered prior to the CRS Provider transfer date.

2 PROBLEM STATEMENT

The current drafting of the REC, namely, Schedules 1, Schedule 6, and the REC Main Body, contain provisions which only allow for a single holder of the SMCL. During the upcoming handover where DCC2 Ltd take over from Smart DCC Ltd as the holder of the licence, there will be a time both groups simultaneously hold the licence. The affected REC provisions must therefore be rewritten to enable two licensees. The Main Body and Schedule 1 contain references to Conditions of the SMCL that need to be updated.

3 IMPACTS

CONSUMERS
N/A

REC SERVICE PROVIDERS
DCC

REC DOCUMENTS / PRODUCTS
REC Main Body
Schedule 1 – Interpretations & Definitions
Schedule 6 – Performance Assurance

REC PARTIES AND SERVICE USERS
N/A

REC CODE MANAGER
N/A

MHHS
N/A

No Consumer, REC Party or Service User is materially impacted as a result of this Change. The DCC is the subject of the Change, but only in as much as the proposed solution serves to enable their licencing arrangements to be updated. There is no material impact on any of the Services procured by the DCC, such as the Central Switching Service (CSS) or the Centralised Registration Service (CRS).

4 CROSS-CODE IMPACTS

Whilst I0333 has drawn elements of the proposed solution from SEC Modification MP325 'SMCL2 Code Changes', we do not consider that one is dependent on the other. There is therefore no cross-code dependency, and this Change is not designated as cross-code.

5 PROPOSAL PLAN

Milestone	Activity	From	To
Definition		**11 Jun 26**	**03 Aug 26**
	Solution Analysis	June	June
	Solution Development	June	June
	Legal Review	June	Aug
Change Proposal		**04 Aug 26**	**14 Sep 26**
	Business Case Assessment	Aug	Aug
	Consultation	Aug	Aug
	Solution Refinement	Aug	Sep
	Final Determination	Sep	Sep
Voting		**15 Sep 26**	**15 Sep 26**
	Appeal Window	15 Sep 26	29 Sep 26

6 STAKEHOLDER ENGAGEMENT

The Code Manager does not anticipate that any additional stakeholder engagement activities beyond the standard Consultation are required.

7 PRIORITISATION CATEGORY AND URGENCY

7.1 PROPOSER REVIEW

The Proposer has provided a review stating that this Change Proposal:

- Does not meet the criteria for Urgency.
- Limited or no SDS relevance when compared to other Standard changes.Has a high importance, in that in delivers noticeably greater regulatory benefit than most other Standard changes; and
- Has a low complexity, as it proposes legal text-only changes.

Their review can be found in the initial submission form here.

7.2 CODE MANAGER REVIEW

The Code Manager agrees with the Proposer's assessment, is therefore proposing that this Change Proposal be given an Urgency Status of Standard and a Prioritisation Category of High.

The Code Manager believes this Change Proposal:

- Does not meet the Ofgem criteria for Urgency;
- Limited or no SDS relevance when compared to other Standard changes.
- Has high importance as delivers noticeably greater consumer, market or regulatory benefit than most other Standard changes; and
- Has a low complexity, as it proposes legal text-only changes.

RETAIL ENERGY CODE

SOLUTION

8 SUMMARY OF ANALYSIS UNDERTAKEN

Prior to this Change being raised, work had been undertaken by the Code Manager and RECCo to determine which elements of the Code required amending in order to facilitate the transfer of the SMCL. The draft legal text has been produced following collaboration between the Code Manager, RECCo, and their legal counsel.

In order to ensure that the CRS Provider Charging arrangements apply for Q4 2026 to both holders of the SMCL for only the periods where they are responsible, changes must be in place within the Code by 01 October 2026. The other solution element relating to DCC Service Provision need only be applied from the SMCL handover date of 02 November 2026, but could be in place prior to this date as the changes are agnostic to a specific version of the DCC Licence.

9 PROPOSED SOLUTION

The Code Manager is proposing changes to the following areas of the REC, split over two distinct areas of effect:

9.1 DCC SERVICE PROVISION

These changes are to ensure that the REC provisions in respect of the DCC's contractual, charging, data, Performance Assurance and intellectual property obligations are consistent with the identity and role of the SMCL holder during the transition period. In addition, the Code Manager proposes the addition of a new paragraph to Schedule 1 in order to clarify which organisation is responsible for the provision of the CRS Provider role during the transition.

9.2 CRS PROVIDER PERFORMANCE ASSURANCE & CHARGING

In addition, changes are proposed to REC Schedule 6 – Performance Assurance in order to ensure continuity in the delivery of Performance Assurance arrangements in respect of the CRS and the CRS Provider during the SMCL transition. Namely, these changes aim to achieve the following:

- Clarification over which entity is treated as the CRS Provider before and after the SMCL transfer;
- Delineation of the quarterly reporting and assessment periods around the November 2026 transition, and preventing either Smart DCC Ltd or DCC2 Ltd from being assessed or charged for issues outside the periods for which they are responsible; and
- Amending the provisions relating to the previous DCC licence-based charging approach, while preserving the ability to monitor CRS performance.

9.3 IMPLEMENTATION APPROACH

The Code Manager is proposing a “big bang” implementation approach, targeting an extraordinary release on 01 October 2026.

10 DRAFT LEGAL TEXT

The legal text changes to deliver the proposed solution to I0333 can be found here.

RETAIL ENERGY CODE

PRELIMINARY ASSESSMENT

11 SUMMARY OF IMPACT ASSESSMENT ACTIVITY

11.1 SERVICE PROVIDER IMPACT ASSESSMENTS

No Service Provider impact assessment was required as part of this Change Proposal.

11.2 REC PARTY IMPACT ASSESSMENTS

No Party impact assessment was conducted as part of this Change Proposal.

12 RISKS, ASSUMPTIONS, ISSUES AND DEPENDENCIES

12.1 RISKS AND ISSUES

Neither risks nor issues have been identified.

12.2 ASSUMPTIONS AND DEPENDENCIES

NO.	ASSUMPTION	NOTES	HOW/WHEN TO VALIDATE
A01.I0333	RECCo may raise a consequential Issue or Change to deliver further changes to Performance Assurance activities, either following, or in parallel to, I0333.	Identified by the REC Performance Assurance function during Code Manager assessment activities. Any subsequent RECCo activity is **not** expected to constitute a dependency with I0333 at this time.	N/A

No dependencies have been identified.

13 BUSINESS CASE ASSESSMENT

13.1 COSTS

There are no costs associated with this Change Proposal.

13.2 BENEFITS

13.2.1 INTANGIBLE BENEFITS

	BENEFITS DESCRIPTION
FACILITATION OF DCC2	The proposed solution is essential as without it the SMCL transition from Smart DCC Ltd to DCC2 Ltd will not be possible. The current drafting of the REC only permits a single holder of the SMCL, and so the proposed solution will allow for the transitory period where both Parties hold the licence simultaneously. In this way, the primary benefit arising from this Change Proposal is ensuring that the drafting of the REC allows DCC2 to commence carrying out the Authorised Business in terms of its SMCL with regulatory certainty.

13.3 COST BENEFIT ANALYSIS

On the basis of no costs having been identified, weighed against a necessary and urgent need for changes to the code to facilitate the planned DCC2 transition, the Code Manager considers that the cost-benefit test for I0333 has been met.

14 CASE FOR CHANGE

SELF GOVERNANCE

The Code Manager considers that there is a case for change to implement this solution, on the basis that it:

- Is both viable and implementable, and it appropriately resolves the problem statement; and
- Is cost effective and proportionate to the anticipated benefit.

15 APPENDIX

CHANGE PROPOSAL	Link
LEGAL DRAFTING	Link
RELATED CHANGE(S)	MP325 ‘SMCL2 Code Changes’

RETAIL ENERGY CODE

16 GLOSSARY

TERM	DEFINITION
Central Switching Service (CSS)	means the Systems and processes provided or procured by the CSS Provider for the purpose of providing the Address Management Service and the Registration Service.
Centralised Registration Service (CRS)	means the services provided pursuant to Condition 15 (Incorporation, delivery and provision of the Centralised Registration Service) of the DCC Licence, being the services provided under this Code by the CSS Provider, Switching Operator, CSS Certificate Authority and, until the end of the Post Implementation Period only, the Core Systems Assurance Provider and the CSS Systems Integrator.
CRS Provider	means the DCC when performing the functions and services required by Condition 15 (Incorporation, delivery and provision of the Centralised Registration Service) of the DCC Licence.
Data Communications Company (DCC)	means the person holding the DCC Licence.
DCC Licence	means the licences granted under section 6(1A) of the Electricity Act and section 7AB (2) of the Gas Act.
Office of Gas & Electricity Markets (OFGEM)	Ofgem is the regulator for Britain's gas and electricity industries, overseen by the Gas and Electricity Markets Authority (the Authority)
Performance Assurance	means the activities undertaken by the Code Manager and the REC PAB in accordance with the Performance Assurance Schedule.
Performance Charges	means the charges which the REC PAB may levy on REC Service Users and REC Service Providers as part of the Performance Assurance Framework.