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17 December 2024

Dear Ayena

## Notice of proposed reduction to Service Charges for Regulatory Year ending 31 March 2025

### Summary

In accordance with Condition 19.9(a) and 19.11 of the Licence (Smart Meter Communication Licence) DCC (Smart DCC Ltd) hereby gives Notice to the Authority of an amendment to DCC Service Charges for RY (Regulatory Year) ending 31 March 2025.

This letter is a request for a proposal of a reduced notice period of two weeks. The reduced notice period will be issued on 17 January 2025, thus allowing the revised Charging Statement to come into effect 1 February 2025. This Notice proposes to reduce the monthly Fixed Alt HAN Co Charges for the final three months of RY2024/25.

### Background

In accordance with the Licence, we must set Service Charges<sup>1</sup> no less than once a year. The current Service Charges are set out in the Charging Statement RY2024/25 (Issue 1.0), which came into effect on 1 April 2024<sup>2</sup>.

In December 2023, Alt HAN Co submitted their Approved Alt HAN Co Fixed Charges Budget for RY2024/25 to DCC which was reflected in DCC's charges. Following decisions taken by the Alt HAN Co Board and shared with Smart DCC in July 2024, the FY24/25 Alt HAN Co Fixed Charge Budget approved in December 2023 now exceeds Alt HAN Co's cash requirements. They have advised that they will therefore reduce their pass-through invoice amounts between September 2024 and March 2025.

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<sup>1</sup> Service Charges means the charges levied by and payable to DCC in connection with the operation or provision of Mandatory Business Services under the SEC

<sup>2</sup>[charging-statement-ry2425-issue-10.pdf \(smartdcc.co.uk\)](https://www.smartdcc.co.uk/charging-statement-ry2425-issue-10.pdf).

We are therefore proposing to return this underspend to customers in the form of a £12.4m reduction in the Fixed Alt HAN Co Charges.

In accordance with clause 19.9 of the Licence, DCC is obliged to give Notice to the Authority of changes to Service Charges. The Notice cannot be less than three months before changes take effect, except where the Authority consents otherwise.

## Proposal

By reducing the published Fixed Alt HAN Co Revenue amount from £26.40m to £14.01m, we can reduce the corresponding Fixed Alt HAN Co Charges from 0.040p per meter to -0.031p per meter during the final three monthly invoices of the Regulatory Year.

## Next steps

Should this request be accepted, we plan to submit the Notice letter outlining our changes to charges on **17 January 2025**, with the revised Charging Statement coming into effect from **1 February 2025**. As we charge in arrears, customers will see the revised charges take effect in:

1. the invoice issued on 5 February 2025; and
2. all remaining invoices for the remainder of RY24/25.

DCC will make a copy of this Notice available on the DCC website.

If you have any questions on any part of this letter, please contact [finance@smartdcc.co.uk](mailto:finance@smartdcc.co.uk).

Yours sincerely

**Jon Helyer**

Director of Financial Control, Smart DCC Limited