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Smart Meter Implementation Team – DCC Licensing Team  
Department of Energy and Climate Change  
3 Whitehall Place  
London  
SW1A 2AW

Dear Sirs,

Re. Smart Metering Implementation Programme: a consultation on the detailed policy design of the regulatory and commercial framework for DCC (September 2011). Reference: URN: 11D/868.

ElectraLink welcomes the opportunity to respond to DECC's consultation on the detailed policy design of the regulatory and commercial framework for the DCC. As the central provider of regulated data transfer services to the retail electricity market and a provider of code administration services to both the gas and electricity industries, ElectraLink has focussed its response on those areas we believe will be most important to DECC in determining the optimal license conditions for the DCC.

When reviewing the proposed policy for its implementation, one must not lose track of the fundamental rationale underpinning the formation of the DCC, namely that the provision of a common communications infrastructure for Smart meters reduces the risk, cost and complexity of the GB energy market.

As the company licenced to manage the provision of communication services to industry, the DCC must be focussed during the initial years of Smart meter deployment on establishing and ensuring the delivery of the 'core' and 'elective' services. ElectraLink's business model demonstrates how the DCC's delivery of 'value-added' services could benefit the industry over time. However, our experience of deploying the Data Transfer Service to support competition in retail electricity supports DECC's intent to carefully control the DCC's diversification during the initial years of deployment.

ElectraLink fully supports the creation of a thin DCC and has demonstrated through its own operation how a common communications infrastructure can be provided as a low cost service accessible to all energy market participants on an equitable basis. However, we also recognise that the DCC cannot be a bottleneck to the rapid deployment of Smart meters and has to be able both to scale up to manage the complexity of service initiation and scale down to provide



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industry with an efficient and enduring service. The consultation recognises the need for this flexibility and ElectraLink believes that the successful bidders for the DCC should be able to '*self provide*', as well as procure, this transitory resource whilst at the same time effectively managing any potential conflicts of interest with the services providers to the DCC.

The DCC service procurement that is currently underway is inviting bids from up to four separate service providers. Any requirement for the users of the DCC to deal bilaterally with each of these providers will increase market complexity and potentially create barriers to energy market entry. It is ElectraLink's view that the DCC licensee should assume ultimate responsibility for DCC service management, recognising that a single point of contact for the users of DCC services should be included in the DCC data services procurement. The technologies and processes for the end-to-end service management of communications services are well understood and, if deployed correctly, should ensure that the DCC service is scalable and does not push complexity/cost onto its users.

Finally ElectraLink considers that the design authority for the DCC, which on 'go live' we understand will reside with DECC, should migrate to the DCC licensee as soon as possible and certainly no later than any DCC service contract re-procurement. Such an arrangement will ensure that the DCC licensee is fully able to act as the 'intelligent customer' on behalf of the energy industry driving down costs and facilitating innovation whilst maintaining integrity in a secure and robust service.

ElectraLink is committed to supporting the SMIP and would be happy to discuss any element of this response in more detail with DECC as required.

Yours sincerely

Stuart Lacey  
Chief Executive Officer



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