

ALF2021 Team

(by email only)

16 July 2021

Dear ALF2021 Team

**Consultation: Proposal to apply Administered Incentive Pricing for the 412–414 MHz, paired with 422–424 MHz, frequency bands**

Thank you for the opportunity to comment on the above consultation.

Smart DCC Ltd. (DCC) believes in making Britain more connected, so we can all lead smarter, greener lives. We provide the digital backbone of Britain's energy system. Our secure platform is strategic national IT infrastructure that is making our country more resilient. It will help to secure the nation's net zero greenhouse gas emissions target and play a major part in enabling a smart, green economic recovery.

Our core role is to support the energy industry as it completes the smart meter roll-out over the next four years. DCC does this work under licence from the Office for Gas and Electricity Markets (Ofgem). Arqiva provides the smart metering communication network in the North of England and Scotland under contract to DCC.

Other respondents will be better placed to answer questions 1-3 of your consultation. We would like to comment merely on an aspect of question 4 and on question 5.

The transformation required in the energy system to achieve net zero carbon emissions and security of supply whilst allowing consumers to make smarter choices and protecting vulnerable consumers are immense. The smart metering network is the digital spine supporting this transformation. Arqiva's work – which relies on the frequency bands dealt with under this consultation - plays an important part in achieving these environmental and social public goods.

In setting the Administered Incentive Pricing we would therefore ask you to satisfy yourself that the fee levels are such that they do not undermine this work. This may suggest a more cautious approach to pricing and a phasing in over a longer period of the relevant fees. Our main concern here is the overall cost of the smart metering infrastructure and the impact this could have in delivering public goods from it, as well as the impact on consumers.

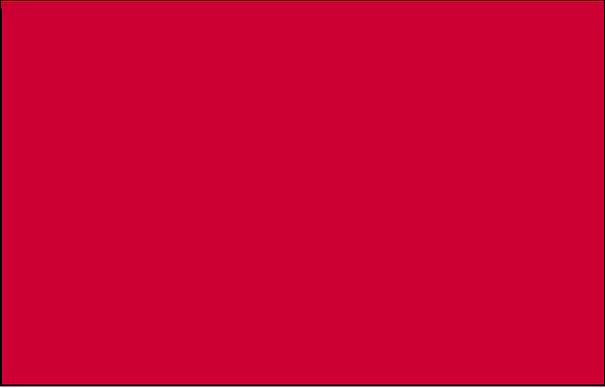
In the slightly longer term, a range of communication technologies will be available and may, for example, be required to support the maintenance and improvement of smart metering in the energy sector. These technologies may be not create demand on the frequency bands under consultation. This again suggests a cautious approach to setting fees and an approach to making assumptions on demand for the bands that takes account of the availability of future competing technologies. Again, our main concern is to ensure that cost increases in the smart metering infrastructure do not affect the delivery of the public goods associated with it.

Yours sincerely,

Arik Dondi

Head of Regulatory Design and Delivery

<p><b>Question 2: Do you agree with our provisional conclusion that UK-wide exclusive Business Radio is the highest value alternative use for the 412MHz band? Please provide any evidence to support your position.</b></p>	<p>Confidential? – Y / N</p>
<p><b>Question 3: Do you agree with our provisional conclusion to set the annual licence fee for 412 MHz equal to the Business Radio UK-wide fee for high usage bands? Please provide any evidence to support your position.</b></p>	<p>Confidential? – Y / N</p>
<p><b>Question 4: Do you agree with our provisional conclusion that fees set based on our estimate of market value will best meet our statutory duties?</b></p>	<p>Confidential? – N</p> <p>In setting the Administered Incentive Pricing we would ask you to satisfy yourself that the fee levels are such that they do not undermine the delivery of public goods from smart metering in the energy sector. This may suggest a more cautious approach to pricing and a phasing in over a longer period of the relevant fees. Our main concern here is the overall cost of the smart metering infrastructure and the impact this could have in delivering public goods from it, as well as the impact on costs for end-consumers.</p>
<p><b>Question 5: Are there any other comments that you wish to make in respect of the proposals that we make in this consultation?</b></p>	<p>Confidential? – N</p> <p>In the slightly longer term, a range of communication technologies will be available and may, for example, be required to support the maintenance and improvement of smart metering in the energy sector. These technologies may be not create demand on the frequency bands under consultation. This again suggests a cautious approach to</p>



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