

ENERGY

SMART METERS

**DRAFT MODIFICATIONS TO THE STANDARD CONDITIONS OF ELECTRICITY AND
GAS SUPPLY LICENCES (SMART METERS No. 2 of 2023)**

Presented to Parliament pursuant to section 89 of the Energy Act 2008

Draft modifications to the Electricity and Gas Supply Licences laid before Parliament under section 89(3) of the Energy Act 2008; draft to lie for forty days pursuant to section 89(4) of that Act, during which period either House of Parliament may resolve that the modifications not be made.

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**DRAFT MODIFICATIONS TO THE STANDARD CONDITIONS OF ELECTRICITY AND
GAS SUPPLY LICENCES (SMART METERS No. 2 of 2023)**

The Secretary of State makes the following licence modifications in exercise of the powers conferred by section 88(1) of the Energy Act 2008 ("the Act").

The Secretary of State has consulted the holders of any licence being modified, the Gas and Electricity Markets Authority and such other persons as the Secretary of State considered appropriate in accordance with section 89(1) of the Act.

A draft of these modifications has been laid before Parliament in accordance with section 89(3) of the Act. Neither House of Parliament resolved, within the 40-day period referred to in section 89(4) of the Act, that the Secretary of State should not make the modifications.

Modifications to the standard conditions of electricity supply licences

- 1 The standard conditions of electricity supply licences granted or treated as granted under section 6(1)(d) of the Electricity Act 1989 are modified, in accordance with paragraph 2 below, with effect from the day after the day on which this instrument is made.
- 2 In standard condition 39A –
 - (a) in paragraph 39A.1 –
 - (i) after "in accordance with paragraph 39A.7" insert "(a) or (b)"; and
 - (ii) after "the methodology for calculating the value, of T_y ", insert ", $DOMT_3$, $DEST_3$, $DOMT_4$ or $DEST_4$ (as the case may be)";
 - (b) delete existing paragraph 39A.2 and insert a new paragraph 39A.2 as follows –

"39A.2 Where this paragraph applies in respect of a Rollout Year, the licensee must ensure that, the number of Qualifying Metering Systems that are installed in:

 - (a) Qualifying Relevant Premises in:
 - (i) the First Rollout Year is greater than or equal to the target number determined for that Rollout Year in accordance with paragraph 39A.5(a);

- (ii) the Second Rollout Year is greater than or equal to the target number determined for that Rollout Year in accordance with paragraph 39A.5(b);
- (b) Qualifying Relevant Domestic Premises in:
 - (i) the Third Rollout Year is greater than or equal to the target number determined for that Rollout Year in accordance with paragraph 39A.5(c);
 - (ii) the Fourth Rollout Year is greater than or equal to the target number determined for that Rollout Year in accordance with paragraph 39A.5(e);
- (c) Qualifying Relevant Designated Premises in:
 - (i) the Third Rollout Year is greater than or equal to the target number determined for that Rollout Year in accordance with paragraph 39A.5(d);
 - (ii) in the Fourth Rollout Year is greater than or equal to the target number determined for that Rollout Year in accordance with paragraph 39A.5(f).";
- (c) delete existing paragraph 39A.3 and insert a new paragraph 39A.3 as follows –

"39A.3 For the purposes of this condition, a **Qualifying Metering System** means any of the following:

 - (a) in respect of any Rollout Year, a Smart Metering System;
 - (b) in respect of only the First Rollout Year and the Second Rollout Year, an Advanced Meter installed in the Designated Premises of a Non-MB Consumer in accordance with the requirements of paragraph 39.13(b) of standard condition 39 (Smart Metering System – Roll-out, Installation and Maintenance);
 - (c) in respect of only the Third Rollout Year and the Fourth Rollout Year, an Advanced Meter installed in a Designated Premises in accordance with any of the requirements of standard condition 39 (Smart Metering System – Roll-out, Installation and Maintenance);
 - (d) in respect of any Rollout Year, a Current Transformer Electricity Meter, installed in either Designated Premises or Domestic Premises, that is an Advanced Meter.";
- (d) after new paragraph 39A.3, delete the existing heading and existing paragraph 39A.4 and insert a new heading and new paragraph 39A.4 as follows –

"Qualifying Relevant Premises, Qualifying Relevant Domestic Premises and Qualifying Relevant Designated Premises

39A.4 For the purposes of this condition, **Qualifying Relevant Premises** means:

 - (a) a Domestic Premises in respect of which the licensee is the Relevant Electricity Supplier and at which there is installed neither:
 - (i) a Smart Metering System; nor
 - (ii) an Advanced Meter installed in accordance with the requirements of standard condition 39 (Smart Metering System – Roll-out, Installation and Maintenance),

(and for the purposes of this condition any such Domestic Premises is a **Qualifying Relevant Domestic Premises**), and

(b) a Designated Premises in respect of which the licensee is the Relevant Electricity Supplier and at which there is installed neither:

- (i) a Smart Metering System; nor
- (ii) an Advanced Meter installed in accordance with the requirements of standard condition 39 (Smart Metering System – Roll-out, Installation and Maintenance),

(and for the purposes of this condition any such Designated Premises is a **Qualifying Relevant Designated Premises**).";

(e) in paragraph 39A.5 –

(i) after "For the purposes of this condition" delete ", the target number referred to in paragraph 39A.2 shall in relation to";

(ii) in existing sub-paragraph 39A.5(a) –

(A) delete "each of" and insert "the target number referred to in paragraph 39A.2(a)(i) shall in relation to";

(B) after "the First" delete ", Third and Fourth Rollout Years" and insert "Rollout Year";

(C) in the definition for N_y , after "the target number for" delete "Rollout Year y" and insert "the First Rollout Year";

(D) in the definition for a_y , after "shall be equal for" delete "Rollout Year y" and insert "the First Rollout Year";

(E) in the definition for $RSMS_y$ –

1) after "in relation to" delete "Rollout Year y" and insert "the First Rollout Year"; and

2) after "the start date of" delete "Rollout Year y" and insert "that Rollout Year";

(F) in the definition for T_y , after "in accordance with paragraph" delete "39A.7" and insert "39A.7(a)"; and

(G) in the definition for y, after "means the" delete "Rollout Year specified in the table at paragraph 39A.6." and insert "First Rollout Year";

(iii) in existing sub-paragraph 39A.5(b) –

(A) before "the Second Rollout Year be the lower of" insert "the target number referred to in paragraph 39A.2(a)(ii) shall in relation to"; and

(B) in the definition for T_y , after "in accordance with paragraph" delete "39A.7" and insert "39A.7(a)"; and

(iv) after amended paragraph 39A.5(b), insert new sub-paragraphs 39A.5(c), 39A.5(d), 39A.5(e) and 39A.5(f) as follows –

"(c) the target number referred to in paragraph 39A.2(b)(i) shall in relation to the Third Rollout Year be calculated in accordance with the following formula:

$$N_3 = \left(\frac{1}{2} DOMRSMS_3 \right) - DOMT_3$$

where:

N_3 means the target number for the Third Rollout Year for Qualifying Relevant Domestic Premises (but

where when calculated in accordance with the above formula N_3 would be a negative number, it shall be deemed to be zero for the purposes of this condition);

$DOMRSMS_3$ means the number of Qualifying Relevant Domestic Premises at which a Qualifying Metering System had not been installed by the date which immediately precedes the start date of the Third Rollout Year; and

$DOMT_3$ means a number representing a tolerance level for the Third Rollout Year which shall have the value that is determined in accordance with paragraph 39A.7(b);

(d) the target number referred to in paragraph 39A.2(c)(i) shall in relation to the Third Rollout Year be the lower of the numbers resulting from the calculation of the following formulas:

$$(i) \quad N_3 = \left(\frac{1}{2} (DESTMS_3 - (DESS_2 + DESNQ_2)) \right) - DEST_3;$$

and

$$(ii) \quad N_3 = \left(\frac{1}{2} DESRSMS_3 \right) - DEST_3$$

where:

N_3 means the target number for the Third Rollout Year for Qualifying Relevant Designated Premises (but where when calculated in accordance with either of the above formulas N_3 would be a negative number, it shall be deemed to be zero for the purposes of this condition);

$DESRMS_3$ means the number of Qualifying Relevant Designated Premises at which a Qualifying Metering System had not been installed by the date which immediately precedes the start date of the Third Rollout Year;

$DESTMS_3$ means the number of Designated Premises in respect of which the licensee is the Relevant Electricity Supplier at the start date of the Third Rollout Year,

$DESS_2$ means:

- (i) the number of Designated Premises in respect of which the licensee was the Relevant Electricity Supplier on, and at which a Qualifying Metering System was installed by, the date which immediately precedes the start date of the Second Rollout Year; plus
- (ii) where applicable, the number of Last Resort Supply Premises;

$DESNQ_2$ means the number of Qualifying Relevant Designated Premises at which the licensee installed

a Qualifying Metering System during the Second Rollout Year; and

DEST₃ means a number representing a tolerance level for the Third Rollout Year which shall have the value that is determined in accordance with paragraph 39A.7(b),

save that with regard to the terms DESS₂ and DESNQ₂:

- (i) the number of Designated Premises in respect of which the licensee ceased to be the Relevant Electricity Supplier during the Second Rollout Year by virtue of a Supplier-Led Transfer; and
- (ii) the number of Designated Premises which during the Second Rollout Year were reclassified as Domestic Premises and in respect of which the licensee continued to be the Relevant Electricity Supplier for the remainder of the Second Rollout Year;

shall not be counted for the purposes of the calculation;

- (e) the target number referred to in paragraphs 39A.2(b)(ii) shall in relation to the Fourth Rollout Year be calculated in accordance with the following formula:

$$N_4 = \text{DOMRSMS}_4 - \text{DOMT}_4$$

where:

N₄ means the target number for the Fourth Rollout Year for Qualifying Relevant Domestic Premises (but where when calculated in accordance with the above formula N₄ would be a negative number, it shall be deemed to be zero for the purposes of this condition);

DOMRSMS₄ means the number of Qualifying Relevant Domestic Premises at which a Qualifying Metering System had not been installed by the date which immediately precedes the start date of the Fourth Rollout Year; and

DOMT₄ means a number representing a tolerance level for the Fourth Rollout Year which shall have the value that is determined in accordance with paragraph 39A.7(b); and

- (f) the target number referred to in paragraph 39A.2(c)(ii) shall in relation to the Fourth Rollout Year be calculated in accordance with the following formula:

$$N_4 = \text{DESRMS}_4 - \text{DEST}_4$$

where:

N₄ means the target number for the Fourth Rollout Year for Qualifying Relevant Designated Premises (but where when calculated in accordance with the above formula N₄ would be a negative number, it shall be deemed to be zero for the purposes of this condition);

DESRMS₄ means the number of Qualifying Relevant Designated Premises at which a Qualifying Metering System had not been installed by the date which immediately precedes the start date of the Fourth Rollout Year; and

DEST₄ means a number representing a tolerance level for the Fourth Rollout Year which shall have the value that is determined in accordance with paragraph 39A.7(b).";

- (f) in existing paragraph 39A.6 –
 - (i) after "paragraph 39A.5(a), in" delete "each Rollout Year y" and insert "the First Rollout Year";
 - (ii) in the table heading "Rollout Year (y)" delete "(y)";
 - (iii) in the third row, second column of the table delete "2" and insert "N/A"; and
 - (iv) in the fourth row, second column of the table delete "1" and insert "N/A".
- (g) in existing paragraph 39A.7 –
 - (i) after "For the purposes of" insert a colon ":";
 - (ii) renumber the remainder of the existing text of paragraph 39A.7 as new sub-paragraph 39A.7(a);
 - (iii) in new sub-paragraph 39A.7(a) –
 - (A) before "the value of T_y" delete "paragraph 39A.5, for each Rollout Year y," and insert "paragraphs 39A.5(a) and (b)";
 - (B) after "the value of T_y" delete "shall be equal to the value" and insert ", for the Rollout Year in respect of which each such paragraph applies, shall be equal to the value (for that term)"; and
 - (C) after "the Secretary of State considers appropriate" delete the full stop "." and insert a semi-colon ";"; and
 - (iv) after the new and amended sub-paragraph 39A.7(a), insert a new sub-paragraph 39A.7 (b) as follows –
 - "(b) paragraphs 39A.5(c), (d), (e) and (f) the value of DOMT₃, DEST₃, DOMT₄ and DEST₄ (as the case may be for the Rollout Year in respect of which each such paragraph applies), shall be equal to the value (for that term) which is specified in, or calculated in accordance with a methodology specified in, any one or more document published and issued by the Secretary of State for the purposes of this Condition 39A, following consultation (which may be undertaken prior to or after the date on which this paragraph comes into force) with all holders of Gas Supply Licences and Electricity Supply Licences and such other persons as the Secretary of State considers appropriate.";
- (h) in existing paragraph 39A.8 –
 - (i) after "The provisions of" insert a colon ":";
 - (ii) renumber the remainder of the existing text of paragraph 39A.8 as new sub-paragraph 39A.8(a);
 - (iii) in new sub-paragraph 39A.8(a) –

- (A) after the first occurrence of the word "paragraph" delete "39A.7" and insert "39A.7(a)";
 - (B) after "in accordance with that paragraph" delete the full stop "." and insert a semi-colon ";"; and
- (iv) after the new and amended sub-paragraph 39A.8(a), insert a new sub-paragraph 39A.8 (b) as follows –
 - "(b) paragraph 39A.7(b) may be relied upon by the Secretary of State on more than one occasion by means of any one or more document which, from time to time, expressly replaces the previous value that is specified for, or previous methodology for calculating (as the case may be) $DOMT_3$, $DEST_3$, $DOMT_4$, and $DEST_4$ in accordance with that paragraph."; and
- (i) in paragraph 39A.9 –
 - (i) delete the existing definition for **Last Resort Supply Premises** and insert a new definition as follows –

"Last Resort Supply Premises means:

 - (a) for the purposes of paragraph 39A.5(b), any Domestic Premises or Designated Premises at which:
 - (i) the licensee became the Relevant Electricity Supplier during the First Rollout Year by virtue of a Last Resort Supply Direction issued by the Authority to the licensee pursuant to standard condition 8 (Obligations under Last Resort Supply Direction); and
 - (ii) there was installed a Qualifying Metering System by the date immediately prior to the date on which the Last Resort Supply Direction had effect; and
 - (b) for the purposes of paragraph 39A.5(d), any Designated Premises at which:
 - (i) the licensee became the Relevant Electricity Supplier during the Second Rollout Year by virtue of a Last Resort Supply Direction issued by the Authority to the licensee pursuant to standard condition 8 (Obligations under Last Resort Supply Direction); and
 - (ii) there was installed a Qualifying Metering System by the date immediately prior to the date on which the Last Resort Supply Direction had effect."; and

- (ii) insert (in alphabetical order) the following new definitions –

"Qualifying Relevant Designated Premises	has the meaning given to that expression in paragraph 39A.4(b).
Qualifying Relevant Domestic Premises	has the meaning given to that expression in paragraph 39A.4(a)."

Modifications to the standard conditions of gas supply licences

- 3 The standard conditions of gas supply licences granted or treated as granted under section 7A(1) of the Gas Act 1986 are modified, in accordance with paragraph 4 below, with effect from the day after the day on which this instrument is made.
- 4 In standard condition 33A –
- (a) in paragraph 33A.1 –
- (i) after "in accordance with paragraph 33A.7" insert "(a) or (b)"; and
- (ii) after "the methodology for calculating the value, of T_y ", insert ", $DOMT_3$, $DEST_3$, $DOMT_4$ or $DEST_4$ (as the case may be)";
- (b) delete existing paragraph 33A.2 and insert a new paragraph 33A.2 as follows –
- "33A.2 Where this paragraph applies in respect of a Rollout Year, the licensee must ensure that, the number of Qualifying Metering Systems that are installed in:
- (a) Qualifying Relevant Premises in:
- (i) the First Rollout Year is greater than or equal to the target number determined for that Rollout Year in accordance with paragraph 33A.5(a);
- (ii) the Second Rollout Year is greater than or equal to the target number determined for that Rollout Year in accordance with paragraph 33A.5(b);
- (b) Qualifying Relevant Domestic Premises in:
- (i) the Third Rollout Year is greater than or equal to the target number determined for that Rollout Year in accordance with paragraph 33A.5(c);
- (ii) the Fourth Rollout Year is greater than or equal to the target number determined for that Rollout Year in accordance with paragraph 33A.5(e);
- (c) Qualifying Relevant Designated Premises in:
- (i) the Third Rollout Year is greater than or equal to the target number determined for that Rollout Year in accordance with paragraph 33A.5(d);
- (ii) in the Fourth Rollout Year is greater than or equal to the target number determined for that Rollout Year in accordance with paragraph 33A.5(f).";
- (c) delete existing paragraph 33A.3 and insert a new paragraph 33A.3 as follows –
- "33A.3 For the purposes of this condition, a **Qualifying Metering System** means any of the following:
- (a) in respect of any Rollout Year, a Smart Metering System;

- (b) in respect of only the First Rollout Year and the Second Rollout Year, an Advanced Meter installed in the Designated Premises of a Non-MB Consumer in accordance with the requirements of paragraph 33.13(b) of standard condition 33 (Smart Metering System – Roll-out, Installation and Maintenance);
- (c) in respect of only the Third Rollout Year and the Fourth Rollout Year, an Advanced Meter installed in a Designated Premises in accordance with any of the requirements of standard condition 33 (Smart Metering System – Roll-out, Installation and Maintenance);
- (d) in respect of any Rollout Year, a Large Gas Meter, installed in either Designated Premises or Domestic Premises, that is an Advanced Meter.";
- (d) after new paragraph 33A.3, delete the existing heading and existing paragraph 33A.4 and insert a new heading and new paragraph 33A.4 –

"Qualifying Relevant Premises, Qualifying Relevant Domestic Premises and Qualifying Relevant Designated Premises

33A.4 For the purposes of this condition, **Qualifying Relevant Premises** means:

- (a) a Domestic Premises in respect of which the licensee is the Relevant Gas Supplier and at which there is installed neither:
 - (i) a Smart Metering System; nor
 - (ii) an Advanced Meter installed in accordance with the requirements of standard condition 33 (Smart Metering System – Roll-out, Installation and Maintenance),(and for the purposes of this condition any such Domestic Premises is a **Qualifying Relevant Domestic Premises**), and
- (b) a Designated Premises in respect of which the licensee is the Relevant Gas Supplier and at which there is installed neither:
 - (i) a Smart Metering System; nor
 - (ii) an Advanced Meter installed in accordance with the requirements of standard condition 33 (Smart Metering System – Roll-out, Installation and Maintenance),(and for the purposes of this condition any such Designated Premises is a **Qualifying Relevant Designated Premises**).";
- (e) in paragraph 33A.5 –
 - (i) after "For the purposes of this condition" delete ", the target number referred to in paragraph 33A.2 shall in relation to";
 - (ii) in existing sub-paragraph 33A.5(a) –
 - (A) delete "each of" and insert "the target number referred to in paragraph 33A.2(a)(i) shall in relation to";
 - (B) after "the First" delete ", Third and Fourth Rollout Years" and insert "Rollout Year";
 - (C) in the definition for N_y , after "the target number for" delete "Rollout Year y " and insert "the First Rollout Year";
 - (D) in the definition for a_y , after "shall be equal for" delete "Rollout Year y " and insert "the First Rollout Year";
 - (E) in the definition for $RSMS_y$ –

- 1) after "in relation to" delete "Rollout Year y" and insert "the First Rollout Year"; and
- 2) after "the start date of" delete "Rollout Year y" and insert "that Rollout Year";
- (F) in the definition for T_y , after "in accordance with paragraph" delete "33A.7" and insert "33A.7(a)"; and
- (G) in the definition for y, after "means the" delete "Rollout Year specified in the table at paragraph 33A.6." and insert "First Rollout Year;"
- (iii) in existing sub-paragraph 33A.5(b) –
 - (A) before "the Second Rollout Year be the lower of" insert "the target number referred to in paragraph 33A.2(a)(ii) shall in relation to"; and
 - (B) in the definition for T_y , after "in accordance with paragraph" delete "33A.7" and insert "33A.7(a)"; and
- (iv) after amended sub-paragraph 33A.5(b), insert new sub-paragraphs 33A.5(c), 33A.5(d), 33A.5(e) and 33A.5(f) as follows –
 - "(c) the target number referred to in paragraph 33A.2(b)(i) shall in relation to the Third Rollout Year be calculated in accordance with the following formula:

$$N_3 = \left(\frac{1}{2} DOMRSMS_3 \right) - DOMT_3$$

where:

N_3 means the target number for the Third Rollout Year for Qualifying Relevant Domestic Premises (but where when calculated in accordance with the above formula N_3 would be a negative number, it shall be deemed to be zero for the purposes of this condition);

$DOMRSMS_3$ means the number of Qualifying Relevant Domestic Premises at which a Qualifying Metering System had not been installed by the date which immediately precedes the start date of the Third Rollout Year; and

$DOMT_3$ means a number representing a tolerance level for the Third Rollout Year which shall have the value that is determined in accordance with paragraph 33A.7(b);

- (d) the target number referred to in paragraph 33A.2(c)(i) shall in relation to the Third Rollout Year be the lower of the numbers resulting from the calculation of the following formulas:

$$(i) N_3 = \left(\frac{1}{2} (DESTMS_3 - (DESS_2 + DESNQ_2)) \right) - DEST_3;$$

and

$$(ii) N_3 = \left(\frac{1}{2} DESRSMS_3 \right) - DEST_3$$

where:

N_3 means the target number for the Third Rollout Year for Qualifying Relevant Designated Premises (but

where when calculated in accordance with either of the above formulas N_3 would be a negative number, it shall be deemed to be zero for the purposes of this condition);

DESRMS₃ means the number of Qualifying Relevant Designated Premises at which a Qualifying Metering System had not been installed by the date which immediately precedes the start date of the Third Rollout Year;

DESTMS₃ means the number of Designated Premises in respect of which the licensee is the Relevant Gas Supplier at the start date of the Third Rollout Year,

DESS₂ means:

- (i) the number of Designated Premises in respect of which the licensee was the Relevant Gas Supplier on, and at which a Qualifying Metering System was installed by, the date which immediately precedes the start date of the Second Rollout Year; plus
- (ii) where applicable, the number of Last Resort Supply Premises;

DESNQ₂ means the number of Qualifying Relevant Designated Premises at which the licensee installed a Qualifying Metering System during the Second Rollout Year; and

DEST₃ means a number representing a tolerance level for the Third Rollout Year which shall have the value that is determined in accordance with paragraph 33A.7(b),

save that with regard to the terms DESS₂ and DESNQ₂:

- (i) the number of Designated Premises in respect of which the licensee ceased to be the Relevant Gas Supplier during the Second Rollout Year by virtue of a Supplier-Led Transfer; and
- (ii) the number of Designated Premises which during the Second Rollout Year were reclassified as Domestic Premises and in respect of which the licensee continued to be the Relevant Gas Supplier for the remainder of the Second Rollout Year;

shall not be counted for the purposes of the calculation;

- (e) the target number referred to in paragraphs 33A.2(b)(ii) shall in relation to the Fourth Rollout Year be calculated in accordance with the following formula:

$$N_4 = \text{DOMRMS}_4 - \text{DOMT}_4$$

where:

N_4 means the target number for the Fourth Rollout Year for Qualifying Relevant Domestic Premises (but where when calculated in accordance with the above formula N_4 would be a negative number, it shall be deemed to be zero for the purposes of this condition);

DOMRSMS₄ means the number of Qualifying Relevant Domestic Premises at which a Qualifying Metering System had not been installed by the date which immediately precedes the start date of the Fourth Rollout Year; and

DOMT₄ means a number representing a tolerance level for the Fourth Rollout Year which shall have the value that is determined in accordance with paragraph 33A.7(b); and

- (f) the target number referred to in paragraph 33A.2(c)(ii) shall in relation to the Fourth Rollout Year be calculated in accordance with the following formula:

$$N_4 = \text{DESRMS}_4 - \text{DEST}_4$$

where:

N₄ means the target number for the Fourth Rollout Year for Qualifying Relevant Designated Premises (but where when calculated in accordance with the above formula N₄ would be a negative number, it shall be deemed to be zero for the purposes of this condition);

DESRMS₄ means the number of Qualifying Relevant Designated Premises at which a Qualifying Metering System had not been installed by the date which immediately precedes the start date of the Fourth Rollout Year; and

DEST₄ means a number representing a tolerance level for the Fourth Rollout Year which shall have the value that is determined in accordance with paragraph 33A.7(b).";

- (f) after existing and amended paragraph 33A.5, insert a new paragraph 33A.5A as follows

—
"33A.5A For the purposes of assessing the attainment by the Licensee of the target number for the Third Rollout Year and the Fourth Rollout Year, the installation by the Licensee at a Gas Only Premises of a Qualifying Metering System which is a SMETS2+ Smart Metering System shall be counted as having a number value of Z, where Z is:

- (a) 1.5; or
(b) such other number (equal to or greater than 1) as may be specified in or calculated in accordance with a document issued by the Secretary of State for the purposes of changing the value of Z as specified in subparagraph (a), as revised from time to time by the Secretary of State following consultation with all holders of Gas Supply Licences and such other persons as the Secretary of State considers appropriate.";

- (g) in existing paragraph 33A.6 –

- (i) after "paragraph 33A.5(a), in" delete "each Rollout Year y" and insert "the First Rollout Year";
(ii) in the table heading "Rollout Year (y)" delete "(y)";
(iii) in the third row, second column of the table delete "2" and insert "N/A"; and

- (iv) in the fourth row, second column of the table delete "1" and insert "N/A".
- (h) in existing paragraph 33A.7 –
 - (i) after "For the purposes of" insert a colon ":";
 - (ii) renumber the remainder of the existing text of paragraph 33A.7 as new sub-paragraph 33A.7(a);
 - (iii) in new sub-paragraph 33A.7(a) –
 - (A) before "the value of T_y " delete "paragraph 33A.5, for each Rollout Year y," and insert "paragraphs 33A.5(a) and (b)";
 - (B) after "the value of T_y " delete "shall be equal to the value" and insert ", for the Rollout Year in respect of which each such paragraph applies, shall be equal to the value (for that term)"; and
 - (C) after "the Secretary of State considers appropriate" delete the full stop "." and insert a semi-colon ";"; and
 - (iv) after the new and amended sub-paragraph 33A.7(a), insert a new sub-paragraph 33A.7 (b) as follows –
 - "(b) paragraphs 33A.5(c), (d), (e) and (f) the value of $DOMT_3$, $DEST_3$, $DOMT_4$ and $DEST_4$ (as the case may be for the Rollout Year in respect of which each such paragraph applies), shall be equal to the value (for that term) which is specified in, or calculated in accordance with a methodology specified in, any one or more document published and issued by the Secretary of State for the purposes of this Condition 33A, following consultation (which may be undertaken prior to or after the date on which this paragraph comes into force) with all holders of Gas Supply Licences and Electricity Supply Licences and such other persons as the Secretary of State considers appropriate.";
- (i) in existing paragraph 33A.8 –
 - (i) after "The provisions of" insert a colon ":";
 - (ii) renumber the remainder of the existing text of paragraph 33A.8 as new sub-paragraph 33A.8(a);
 - (iii) in new sub-paragraph 33A.8(a) –
 - (A) after the first occurrence of the word "paragraph" delete "33A.7" and insert "33A.7(a)";
 - (B) after "in accordance with that paragraph" delete the full stop "." and insert a semi-colon ";"; and
 - (iv) after the new and amended sub-paragraph 33A.8(a), insert a new sub-paragraph 33A.8(b) as follows –
 - "(b) paragraph 33A.7(b) may be relied upon by the Secretary of State on more than one occasion by means of any one or more document which, from time to time, expressly replaces the previous value that is specified for, or previous methodology for calculating (as the case may be) $DOMT_3$, $DEST_3$, $DOMT_4$ and $DEST_4$ in accordance with that paragraph.";
- (j) in paragraph 33A.9 –
 - (i) delete the existing definition for **Last Resort Supply Premises** and insert a new definition as follows –

"Last Resort Supply Premises means:

- (a) for the purposes of paragraph 33A.5(b), any Domestic Premises or Designated Premises at which:
 - (i) the licensee became the Relevant Gas Supplier during the First Rollout Year by virtue of a Last Resort Supply Direction issued by the Authority to the licensee pursuant to standard condition 8 (Obligations under Last Resort Supply Direction); and
 - (ii) there was installed a Qualifying Metering System by the date immediately prior to the date on which the Last Resort Supply Direction had effect; and
- (b) for the purposes of paragraph 33A.5(d), any Designated Premises at which:
 - (i) the licensee became the Relevant Gas Supplier during the Second Rollout Year by virtue of a Last Resort Supply Direction issued by the Authority to the licensee pursuant to standard condition 8 (Obligations under Last Resort Supply Direction); and
 - (ii) there was installed a Qualifying Metering System by the date immediately prior to the date on which the Last Resort Supply Direction had effect."; and
- (ii) insert (in alphabetical order) the following new definitions –

"Electricity SMETS2+ Smart Metering System	means a Smart Metering System that meets the requirements of a Version of the ESME Technical Specification with a Principal Version number that is greater than 1.
ESME Technical Specification	has the meaning given to 'Electricity Smart Metering Equipment Technical Specification (or ESMETS)' in the Smart Energy Code.
Gas Only Premises	means a Qualifying Relevant Premises at which: (a) neither the Licensee nor an Affiliate is the Relevant Electricity Supplier; and (b) there is not installed an Electricity SMETS2+ Smart Metering System.
Qualifying Relevant Designated Premises	has the meaning given to that expression in paragraph 33A.4(b).

**Qualifying Relevant
Domestic Premises**

has the meaning given to that expression in paragraph 33A.4(a).

**Relevant Electricity
Supplier**

in relation to any premises, means the Electricity Supplier that is supplying electricity to the premises."

Name

Parliamentary Under Secretary of State

Department for Energy Security and Net Zero

Date