

ENERGY
SMART METERS
MODIFICATIONS TO THE SMART METER COMMUNICATION LICENCES AND THE
SMART ENERGY CODE (SMART METERS No. 1 of 2025)

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

Draft modifications to the Smart Meter Communication Licences and the Smart Energy Code 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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SMART METERS

MODIFICATIONS TO THE SMART METER COMMUNICATION LICENCES AND THE SMART ENERGY CODE (SMART METERS No. 1 of 2025)

The Secretary of State makes the following licence modifications and modifications to the Smart Energy Code 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.

Interpretation

- 1 In these modifications –
 - (a) "Smart Energy Code" means the document of that title required to be maintained and in force in accordance with condition 22 of the smart meter communication licences; and
 - (b) "smart meter communication licences" means –
 - (i) the licence granted to Smart DCC Limited on 20 September 2013 under section 7AB(2) of the Gas Act 1986; and
 - (ii) the licence granted to Smart DCC Limited on 20 September 2013 under section 6(1A) of the Electricity Act 1989;

Modifications to the Smart Meter Communication Licences

- 2 The conditions of the smart meter communications licences are modified, in accordance with paragraph 3 below, with effect from the day after the day on which this instrument is made.
- 3 In condition 22 –
 - (a) in paragraph 22.27(c), after "(ii) the sole business of which is" insert "(subject to paragraph 22.32A)"; and
 - (b) after existing paragraph 22.32, insert a new paragraph 22.32A as follows –

"22.32A The SEC must include and make appropriate provision for and in connection with the following matters:

 - (a) provision for SECCo Ltd, should it wish to do so, to:
 - (i) procure or establish a wholly owned subsidiary company, the sole business of which is to seek to become the Successor

Licensee and (if it is granted the Successor Licence) to be the Successor Licensee;

- (ii) participate in any process initiated by the Authority for the purposes of granting or facilitating the grant of the Successor Licence, whether prior to or following the procurement or establishment of the subsidiary company;
- (b) arrangements for such subsidiary company to be closed and dissolved if it does not become the Successor Licensee;
- (c) arrangements for the funding of such subsidiary company by SECCo Ltd (to be reimbursed by the Licensee);
- (d) arrangements concerning the exercise of SECCo's rights as the shareholder in such subsidiary company while it exists; and
- (e) supplementary and incidental provisions regarding such subsidiary company."

Modifications to the Smart Energy Code

- 4 The Smart Energy Code is modified, in accordance with paragraphs 5 to 7 below, with effect from the day after the day on which this instrument is made
- 5 In Section A, in Section A1, in Section A1.1, in the definition of "**DCC Licence**", after "of the Gas Act" insert ", or under section 6(1)(f) of the Electricity Act and section 7AB(1) of the Gas Act".
- 6 In Section C –
 - (a) in Section C5 –
 - (i) in Section C5.4, after "must be the Panel Chair" insert "(subject to Section C5.6A(e))";
 - (ii) in Section C5.5, after "Such notice be given to" insert "(subject to Section C5.6A)";
 - (iii) in Section C5.6, after "by the following" insert "(subject to Section C5.6A)";
 - (iv) after existing Section C5.6, insert a new heading and new paragraph C5.6A as follows –

"Participation by the DCC Member

C5.6A For any and all matters in respect of, or otherwise concerning or relating to, the subject matters of Sections C7.12A to C7.12D:

- (a) the DCC Member shall be excluded from participation in and visibility of all such matters;
- (b) the DCC Member shall not be entitled to receive any papers relating to such matters, or any meeting notice or agenda or minutes relating to such matters;
- (c) the DCC Member shall not be entitled to attend meetings (or the relevant part of meetings) at which such matters are considered;
- (d) the DCC Member shall not be entitled to vote in respect of any such matters and will not therefore count towards meeting the quorum for decisions relating to such matters; and
- (e) in respect of decisions referred to in Section C5.6A(d), the DCC Member shall not be considered to be a Panel Member for the purposes of the calculation under Section C5.4."

- (v) delete existing Section C5.15 and insert a new Section C5.15 as follows –
 - "C5.15 The Panel Chair may (at his or her discretion including on grounds of confidentiality) exclude from all or any part of a Panel meeting:
 - (a) the DCC Member where an item of business to be considered, discussed or voted upon at the meeting (or relevant part of the meeting) is in respect of, or otherwise concerns or relates to, the subject matter of Sections C7.12A to C7.12D; or
 - (b) persons admitted pursuant to Section C5.13(c) or C5.14."; and
- (vi) after the new Section C5.15, insert a new Section C5.15A as follows –
 - "C5.15A A person excluded under Section C5.15 shall be similarly excluded from receiving the minutes and other papers relating to the meeting (or relevant part of the meeting)."; and
- (b) in Section C7 –
 - (i) in Section C7.12(a) –
 - (A) after "into any contractual" insert "or other legal";
 - (B) after "any resolution of the Panel" delete "which" and insert "(or any Sub-Committee) where"; and
 - (C) after "necessary or desirable to" delete "implement by means of a binding contract" and insert "do so"; and
 - (ii) after Section C7.12, insert new Sections C7.12A to C7.12D as follows –
 - "C7.12A In addition to Section C7.12, SECCo shall:
 - (a) where it considers it appropriate to procure or establish a wholly owned subsidiary company which would seek to become the holder of the DCC Licence consult with SEC Parties on its proposal to procure or establish such a subsidiary company;
 - (b) if following such consultation it continues to consider it appropriate to proceed with its proposal:
 - (i) notify the Secretary of State of, and its reasons for considering it appropriate to proceed with, the proposal and of the views of the SEC Parties that responded to the consultation; and
 - (ii) subject to it not having received any objection from the Secretary of State to its proposal, procure or establish a wholly owned subsidiary company, the sole business of which is to:
 - (A) to seek to become the holder of the DCC Licence; and
 - (B) if it is granted the DCC Licence, to be the holder of the DCC Licence;
 - (c) arrange for such subsidiary company to be closed and dissolved if it does not become the holder of the DCC Licence;
 - (d) provide reasonable funding (by way of equity, loans or otherwise) to such subsidiary company until such time as either (i) it is closed and dissolved or (ii) becomes the holder of the DCC Licence (as applicable);

- (e) exercise its rights as a shareholder of such a subsidiary company in a manner which is consistent with this Section C7.12A; and
- (f) if such subsidiary company becomes the holder of the DCC Licence, enter into and comply with any shareholder undertakings required under the DCC Licence.

C7.12B The funding referred to in Section C7.12A(d) shall constitute Recoverable Costs for the purposes of Section C8.2 (SEC Costs and Expenses).

C7.12C For clarity, no funding will be provided by SECCo to such subsidiary company where it becomes the holder of the DCC Licence; except that SECCo may provide such subsidiary with a short-term working capital loan to be repaid within a reasonable time after grant of the DCC Licence.

C7.12D Any surplus funds returned to SECCo from such subsidiary company shall be used by SECCo to meet SECCo's future expenditure."

7 In Schedule 4 –

(a) in paragraph 2 –

(i) in the definition of "**Objective**", after "means" delete "acting as a corporate vehicle to assist the panel in exercising its powers, duties and functions (including entering into contracts where necessary or desirable in order to implement any Panel Decision)" and insert "(a) acting as a corporate vehicle in relation to the business of the Panel as described in Section C7.12 (SECCo); (b) considering and determining whether to procure or establish the subsidiary company referred to in Section C7.12A (SECCo), and (c) where such a subsidiary company is procured or established acting as the shareholder of it"; and

(ii) delete in its entirety the existing definition of "**Panel Decision**"; and

(b) in paragraph 8.2, after "subject to the procedural rules of the Board set out in Section C (Governance)" insert ", including Section C5.6A (Participation by the DCC Member)".

Name

Parliamentary Under Secretary of State

Date

Department for Energy Security and Net Zero