



Department for
Business, Energy
& Industrial Strategy

Department for Business, Energy &
Industrial Strategy
1 Victoria Street
London SW1H 0ET
www.gov.uk/beis

The Authority (Ofgem), the SEC Panel, SEC Parties and other
interested parties

9 January 2019

Dear Colleague,

Consultation on the introduction of a new condition in the DCC licence relating to the planning and implementation of Enduring Change of Supplier arrangements

The consultation document at **Annex A** seeks stakeholder views on proposed changes to the DCC licence to require the DCC to develop and implement plans to support Enduring Change of Supplier arrangements.¹ The proposed new licence condition is included at **Annex B**.

Subject to consideration of consultation responses and parliamentary scrutiny, the proposed licence change will be incorporated into the regulatory framework using the Secretary of State's Section 88 Energy Act 2008 powers.

In Spring 2019, the Secretary of State plans to separately consult upon the results of a report from the DCC on the implementation options for Enduring Change of Supplier, inviting views on which enduring option should be implemented. The licence condition that is the subject of today's consultation is intended to be introduced into the DCC licence in timescales that will permit the DCC to begin implementation of the enduring option that is chosen for implementation in light of views received on the Spring consultation.

Later in 2019, the Secretary of State will also bring forward the proposed changes to the Smart Energy Code (and potentially licence conditions) that are needed to reflect the new Enduring Change of Supplier arrangements and the arrangements for migrating to them.

Finally, and also later in 2019, BEIS is proposing to consult upon and implement a Baseline Margin Project Performance Adjustment Scheme that places any additional Baseline Margin associated with DCC's costs of implementing the Enduring Change of Supplier arrangements at risk in a manner that appropriately incentivises DCC's delivery of the necessary changes.

Summary of content

The primary changes proposed by this consultation are:

¹ The Enduring Change of Supplier arrangements will be a more developed set of arrangements for effecting changes of energy suppliers' Security Credentials held on or in relation to Devices when a change of supplier event takes place. Changing the Security Credentials results in a transfer of control of the functionality of such Devices from the old to the new supplier. The existing arrangements for transferring such control, the 'Transitional Change of Supplier' arrangements, were understood to be a temporary set of arrangements at the time they were introduced.

- A new licence condition that requires the DCC to develop, consult upon, and submit to the Secretary of State for approval a plan to implement (including migration to) the Enduring Change of Supplier arrangements.
- The licence condition permits the Secretary of State to direct that the plan be modified if he considers this to be necessary and for the DCC to resubmit the modified plan for approval if so directed.
- Following the approval of the plan by the Secretary of State the DCC would be required to give effect to the plan including, amongst other things, progressing the necessary changes to existing Relevant Service Capability and procuring new Relevant Service Capability and to facilitate migration to that Service. These activities would be governed by the provisions of the DCC licence including, for example, Condition 16 which governs the DCC's procurement of Relevant Service Capability and Condition 5 that includes obligations on DCC relating to acting economically and efficiently in providing its services.
- The licence condition also permits the Secretary of State to direct that a wholly new plan be produced and implemented if this is considered necessary.

Responding to this consultation

Responses to this consultation should be submitted no later than 21 February 2019.

Comments should be submitted to: smartmetering@beis.gov.uk

or addressed to:

Smart Metering Implementation Programme – Regulation,
Department for Business, Energy & Industrial Strategy,
2nd Floor, Spur
1 Victoria Street,
London SW1H 0ET

Kind regards,



Duncan Stone
Head of Delivery
Smart Metering Implementation Programme

List of Annexes to this letter

(These are published separately at: https://smartenergycodecompany.co.uk/latest_news/)

Annex A	Consultation document
Annex B	Legal text of proposed new DCC licence condition