

GAS SUPPLY LICENCE CONDITIONS ¹

Condition 1: Definitions for Standard Conditions

Amendment to definition of Smart Metering System in paragraph 1.2

1.2 In this licence, unless the context otherwise requires:

Smart Metering System means, in respect of any Domestic Premises or Designated Premises:

(a) a system installed at such premises for the purposes of the supply of gas to those premises which on the Installation Date:

(a)(i) consists of a Gas Meter and any associated or ancillary devices identified in a Version of the GSME Technical Specification which is:

(A) within its Installation Validity Period; and

(B) the same Version in respect of all such devices;

(b)(ii) as a minimum, has the functional capability specified by and complies with the other requirements of that Version of the GSME Technical Specification; and

(c)(iii) where the premises is a Domestic Premises, except where that Version of the GSME Technical Specification has

¹ Please note this annex also contains proposed amendments to gas supply licence conditions 2, 28AD, 37, 39 and 39A which were confirmed in the Government response to the consultation on future coordinated consumer engagement, published on 23 November 2020. See: <https://www.gov.uk/government/consultations/smart-meter-coordinated-consumer-engagement>.

a Principal Version number of 1,
includes a Relevant Communications
Hub, or

(b) a system installed at such premises on or before 30
June 2021 (or such later date as may be specified in a
direction issued by the Secretary of State under this
paragraph) for the purposes of the supply of gas to
those premises which on the Installation Date:

(i) consists of a Gas Meter and any associated or
ancillary devices identified in a Version of the
GSME Technical Specification with a
Principal Version number of 1 and is the same
Version in respect of all such devices; and

(ii) as a minimum, has the functional capability
specified by and complies with the other
requirements of that Version of the GSME
Technical Specification.

and where such a system installed at a Domestic Premises or
Designated Premises is a Smart Metering System on the
Installation Date it shall continue to be a Smart Metering
System until such date as it is removed from the premises in
its entirety.

Condition 2: Interpretation of standard conditions

Amendments to the following paragraphs

Specific Application of Powers – Secretary of State

- 2.12 Unless a contrary intention appears, any power of the Secretary of State under standard condition 1, 12, 33, 34, 39, [39A](#), 40, 43, 47, [48](#) or 49 of this licence to give a direction, and any power of the Secretary of State under standard condition 41 or 49 of this licence to give an approval is a power:
- (a) to give it to such extent, for such period of time and subject to such conditions as the Secretary of State thinks reasonable in all the circumstances of the case; and
 - (b) to revoke or amend it (after consulting with the licensee) or give it again under that power.
- 2.13 Any direction given by the Secretary of State under standard condition 1, 12, 33, 34, 39, [39A](#), 40, 43, 47, [48](#) or 49 of this licence, and any approval given by the Secretary of State under standard condition 41 or 49 of this licence, will be in Writing.
- 2.14 In each case in which the Secretary of State may specify a date under standard condition 12, 33, 34, 39, [39A](#), 40, 43, [48](#) or 49 of this licence, he may specify:
- (a) that date; or
 - (b) the means by which that date is to be determined.
- 2.15 Without prejudice to the generality of paragraph 2.10, every direction given by the Secretary of State in relation to standard condition 1, 12, 33, 34, 39, [39A](#), 40, 43, 47, [48](#) or 49 of this licence, and every approval given by the Secretary of State under standard condition 41 or 49 of this licence, which is in effect immediately before that standard condition is modified, has continuing effect for so long as it is permitted or required by or under the modified standard condition.

Condition 12. Matters Relating to Gas Meters

Amendments to the following paragraph

Large Gas Meters from 2021

12.30 After ~~31 December 2020~~[the ARS Specified Date](#), the licensee must not supply gas to any Designated Premises or Domestic Premises through a Large Gas Meter which is not also an advanced meter.

In Condition 28AD: Regulation of charges for Domestic Customers supplied under certain Domestic Supply Contracts

Amendments to the following paragraph

Definitions for Condition

28AD.33 In this condition:

...

‘Smart Metering Pass-Through Net Cost Change’ means:

- (a) an amount calculated to reflect the costs (if any) that the licensee is required to pay by way of charging statements for service charges to Smart DCC Ltd in accordance with condition 19 of the Smart Meter Communication Licence;
- (b) an amount calculated to reflect the costs (if any) that the licensee is required to pay to meet the capital costs and reasonably incurred costs of Smart Metering Communications Body Limited (trading as Smart Energy GB), being the body corporate carrying out the role of consumer engagement in relation to Smart Metering Systems, in accordance with [\(as applicable\)](#) condition 39.24 [or condition 39A.36](#); and
- (c) an amount calculated to reflect the costs (if any) that the licensee is required to pay in connection with the administration of the Smart Metering Installation Code of Practices, such administration being required pursuant to conditions 35 and 36,

in each case adjusted in the manner set out in Annex 5.

Condition 33: Smart Metering System – Roll-out, Installation and Maintenance

PART A - ROLL-OUT DUTY AND EXCEPTIONS TO THE DUTY

The roll-out duty

33.1 The licensee must take all reasonable steps to ensure that a [Relevant](#) Smart Metering System is installed on or before the ARS Specified Date at each Domestic Premises or Designated Premises in respect of which it is the Relevant Gas Supplier.

33.2 The requirement in paragraph 33.1 is subject to paragraphs 33.3, 33.4, 33.5 and 33.6.

Exception for Domestic and Designated Premises – Large Gas Meters

33.3 The requirement in paragraph 33.1 does not apply in respect of any Domestic Premises or Designated Premises at which either:

- (a) the existing Gas Meter is a Large Gas Meter; or
- (b) any New Gas Meter or Replacement Gas Meter installed or arranged to be installed by the licensee is a Large Gas Meter,

and where in either case:

- (c) that Large Gas Meter meets any requirements which apply to it by virtue of paragraph 12.27 or 12.29 of standard condition 12 (Matters relating to Gas Meters).

Exception for Designated Premises - Advanced Meter Arrangements

33.4 The requirement in paragraph 33.1 does not apply in respect of any Designated Premises:

- (a) where:
 - (i) the licensee or any other person has, prior to the Relevant Date, made arrangements for an Advanced Meter to be installed at that Designated Premises; and
 - (ii) the obligation under those arrangements to install an Advanced Meter is to be satisfied by a date which is also prior to the Relevant Date; and
- (b) where either:

- (i) the Relevant Date has not yet occurred; or
- (ii) the Relevant Date has occurred and the Gas Meter installed at the Designated Premises is an Advanced Meter that was installed prior to that date.

Exception for Designated Premises - Advanced Meter Contract

33.5 The requirement in paragraph 33.1 does not apply in respect of any Designated Premises:

- (a) where:
 - (i) the licensee or any other person has, prior to 6 April 2016, entered into a contract with the Customer at the Designated Premises to install or arrange the installation of an Advanced Meter at that Designated Premises; and
 - (ii) the obligation under that contract is for the Advanced Meter to be installed on or before the ARS Specified Date; and
- (b) where either:
 - (i) the date which falls immediately after the ARS Specified Date has not yet occurred; or
 - (ii) the date which falls immediately after the ARS Specified Date has occurred and the Gas Meter installed at the Designated Premises is the Advanced Meter that was first installed, pursuant to the contract, on or before the ARS Specified Date.

Exception for Designated Premises – Non-Domestic, Non-Micro Business Consumers

33.6 The requirement in paragraph 33.1 does not apply in respect of any Designated Premises:

- (a) that are Designated Premises of a Non-MB Consumer; and
- (b) where:
 - (i) the licensee or any other person has either made arrangements for an Advanced Meter to be installed at the Designated Premises or entered into a contract with the Non-MB Consumer to install or arrange the installation of an Advanced Meter at the Designated Premises;

- (ii) the licensee has communicated, in plain and intelligible language, the Relevant Information to the Non-MB Consumer; and
- (iii) the Non-MB Consumer has chosen not to have a Smart Metering System installed at the Designated Premises.

PART B - DUTY IN RELATION TO REPLACEMENT METERS AND NEW CONNECTIONS AND EXCEPTIONS FROM THE DUTY

The duty in relation to replacement meters and new connections

33.7 The licensee must take all reasonable steps to ensure that at each Domestic Premises or Designated Premises in respect of which:

- (a) it is the Relevant Gas Supplier, any Replacement Gas Meter which is installed or is arranged to be installed forms part of a [Relevant](#) Smart Metering System;
- (b) it is to be the first Relevant Gas Supplier, any New Gas Meter which is installed or is arranged to be installed forms part of a [Relevant](#) Smart Metering System.

33.8 The requirement in paragraph 33.7 is subject to paragraphs 33.10, 33.11, 33.12 and 33.13.

33.9 The requirement in paragraph 33.7 and paragraphs 33.10, 33.11, 33.12 and 33.13 apply only with effect from any date specified by the Secretary of State in a direction issued to the licensee in accordance with this paragraph.

Exception for Domestic and Designated Premises – Large Gas Meters

33.10 The requirement in paragraph 33.7 does not apply in respect of any Domestic Premises or Designated Premises at which either:

- (a) the existing Gas Meter is a Large Gas Meter; or
- (b) any New Gas Meter or Replacement Gas Meter installed or arranged to be installed by the licensee is a Large Gas Meter,

and where in either case:

- (c) that Large Gas Meter meets any requirements which apply to it by virtue of paragraph 12.27 or 12.29 of standard condition 12 (Matters relating to Gas Meters).

Exception for Designated Premises - Advanced Meter Arrangements

33.11 The requirement in paragraph 33.7 does not apply in respect of any Designated Premises where:

- (a) the licensee or any other person has, prior to the Relevant Date, made arrangements for an Advanced Meter to be installed at that Designated Premises;
- (b) the obligation under those arrangements to install an Advanced Meter is to be satisfied by a date which is also prior to the Relevant Date; and
- (c) the Relevant Date has not yet occurred.

Exception for Designated Premises - Advanced Meter Contract

33.12 The requirement in paragraph 33.7 does not apply in respect of any Designated Premises:

- (a) where:
 - (i) the licensee or any other person has, prior to 6 April 2016, entered into a contract with the Customer at the Designated Premises to install or arrange the installation of an Advanced Meter at that Designated Premises; and
 - (ii) the obligation under that contract is for the Advanced Meter to be installed on or before the ARS Specified Date; and
- (b) where both:
 - (i) the Advanced Meter has not yet been installed at the Designated Premises pursuant to the contract; and
 - (ii) the date which falls immediately after the ARS Specified Date has not yet occurred.

Exception for Designated Premises – Non-Domestic, Non-Micro Business Consumers

33.13 The requirement in paragraph 33.7 does not apply in respect of any Designated Premises:

- (a) that are Designated Premises of a Non-MB Consumer; and
- (b) where:

- (i) the licensee or any other person has either made arrangements for an Advanced Meter to be installed at the Designated Premises or entered into a contract with the Non-MB Consumer to install or arrange the installation of an Advanced Meter at the Designated Premises;
- (ii) the licensee has communicated, in plain and intelligible language, the Relevant Information to the Non-MB Consumer;
- (iii) the Non-MB Consumer has chosen not to have, or where there is installed at the Designated Premises a Smart Metering System has chosen not to continue to have, a Smart Metering System installed at the Designated Premises; and
- (iv) the Replacement Gas Meter or New Gas Meter installed or arranged to be installed at the Designated Premises is an Advanced Meter.

PART C – DUTIES AFTER INSTALLATION AND DEFINITIONS

The duties after installation – maintenance and replacement of Smart Metering Systems

33.14 Paragraphs 33.15 to 33.20 apply to the licensee in respect of each Domestic Premises and Designated Premises at which:

- (a) it is the Relevant Gas Supplier; and
 - (b) there is installed a Smart Metering System,
- (the **relevant premises**).

Maintenance of Smart Metering Systems

33.15 Where this paragraph applies, the licensee must take all reasonable steps to ensure that the Smart Metering System at the relevant premises is maintained so that at all times it satisfies the requirements of a Version of the GSME Technical Specification which is:

- (a) within its Maintenance Validity Period;
- (b) the same Version in respect of all devices (but excluding for this purpose a Communications Hub) comprised within that Smart Metering System;

- (c) where the Smart Metering System at the premises includes a Communications Hub, Compatible with the Version of the CH Technical Specification in accordance with which that Communications Hub is maintained by the DCC;
- (d) where there is installed at the relevant premises a PPMID, Compatible with the Version of the PPMID Technical Specification in accordance with which that PPMID is maintained by the licensee; and
- (e) where there is provided at the relevant premises an IHD, Compatible with the Version of the IHD Technical Specification in accordance with which that IHD is maintained by the licensee during the period which it is required to be maintained.

33.16 The requirement in paragraph 33.15 is subject to paragraphs 33.17, 33.19 and 33.20.

33.17 Where on any given date a Smart Metering System is maintained by the licensee such that it satisfies the requirements of a particular Version of the GSME Technical Specification, the licensee must take all reasonable steps to ensure that the Smart Metering System is not subsequently maintained by the licensee so as to satisfy the requirements of an earlier Version (as indicated by a lower Principal Version number and/or a lower Sub-Version number) of the GSME Technical Specification notwithstanding that any such earlier Version may otherwise meet the requirements of paragraph 33.15.

Replacement of Smart Metering Systems

33.18 Paragraph 33.19 applies where:

- (a) paragraph 33.15 applies to the licensee in respect of a Smart Metering System at relevant premises;
- (b) the licensee removes or arranges to remove that Smart Metering System from the relevant premises in its entirety; and
- (c) the licensee installs or arranges to be installed at the relevant premises, by way of replacement (whether in accordance with the requirement of paragraph 33.7(a) or otherwise), a new Smart Metering System.

33.19 Where this paragraph applies the licensee must ensure that any Smart Metering System that is installed or arranged to be installed by it at the relevant premises, by way of replacement, satisfies the requirements of a Version of the GSME Technical Specification which is:

- (a) the same Version in respect of all devices (but excluding for this purpose a Communications Hub) comprised in the Smart Metering System; and
- (b) compliant with paragraph 33.20.

33.20 A Version of the GSME Technical Specification is compliant with this paragraph where it is not earlier than the latest Version in accordance with which the licensee was required to maintain the Smart Metering System previously installed at the relevant premises by virtue of paragraph 33.17 (and, for these purposes, an earlier Version of the GSME Technical Specification is indicated by a lower Principal Version and/or Sub-Version number, and a later Version by a higher Principal Version and/or Sub-Version number).

Exception

33.21 The requirement in paragraph 33.15 does not apply in respect of any part of a Smart Metering System which consists of a Communications Hub.

Definitions

33.22 For the purposes of Part A and Part B of this condition:

Relevant Smart
Metering System

means, in respect of any Domestic Premises or Designated Premises a system installed at such premises for the purposes of the supply of gas to those premises which on the Installation Date:

(a) consists of a Gas Meter and any associated or ancillary devices identified in a Version of the GSME Technical Specification which is:

(i) within its Installation Validity Period; and

(ii) the same Version in respect of all such devices;

(b) as a minimum, has the functional capability specified by and complies with the other requirements of that Version of the GSME Technical Specification; and

(c) [where the premises is a Domestic Premises, except where that Version of the GSME Technical Specification has a Principal Version number of 1, includes a Relevant Communications Hub.](#)

~~33.22~~[33.23](#) For the purposes of this condition:

Advanced Meter	means a Gas Meter which satisfies the definition of 'advanced meter' in paragraph 12.22 of standard condition 12 (Matters relating to Gas Meters) but which does not form part of a Smart Metering System.
Domestic Energy Premises	means premises which (with respect to the supply of gas) are Domestic Premises, or (with respect to the supply of electricity) satisfy the definition of 'Domestic Premises' at standard condition 6 of the Electricity Supply Licence
Energy Supplier	means the holder of an Electricity Supply Licence and/or a Gas Supply Licence.
Large Energy Supplier	means an Energy Supplier which is not a Small Energy Supplier.
Micro Business Energy Consumer	<p>means a consumer of gas or electricity (or both) that is a Micro Business Consumer in accordance with:</p> <ul style="list-style-type: none"> (a) the meaning given to the term Micro Business Consumer in standard condition 7A (Supply to Micro Business Consumers); or (b) the meaning given to the term Micro Business Consumer in standard condition 7A of the Electricity Supply Licence.
New Gas Meter	means the Gas Meter that is the first Gas Meter to be installed or arranged to be installed at the relevant premises.
Non-MB Consumer	means a Non-Domestic Customer that is not a Micro Business Energy Consumer.

Relevant Date	means: (a) where the licensee is a Large Energy Supplier, 28 April 2017; and (b) where the licensee is a Small Energy Supplier, 17 August 2017, or (in either case) such later date as the Secretary of State may direct.
Relevant Information	means information, which shall be accurate, comprehensive and not misleading, on the factors the Non-MB Consumer should reasonably take into account in deciding whether to have an Advanced Meter or a Smart Metering System installed at the Designated Premises.
Replacement Gas Meter	means a Gas Meter that replaces a Gas Meter previously installed at the relevant premises.
Small Energy Supplier	means an Energy Supplier which supplied (whether with electricity, or gas, or both) fewer than 250,000 (two hundred and fifty thousand) Domestic Energy Premises on 15 February 2015.

Condition 37: Roll-out Reporting and Provision of Information to the Secretary of State

Amendments to the following paragraph

Interpretation and Definitions

37.12 In this condition:

Consumer Engagement Plan has:

(a) prior to the date that standard condition 39A (Smart Metering Consumer Engagement) takes effect, the meaning given to it in standard condition 39 (Smart Metering Consumer Engagement); and

(b) on and after the date that standard condition 39A (Smart Metering Consumer Engagement) takes effect, the meaning given to it in standard condition 39A (Smart Metering Consumer Engagement).

Condition 39: Smart Metering Consumer Engagement

Introduction

39.1 This condition provides for holders of electricity and gas supply licences to be required to establish, support and monitor the work of a body which will carry out the role of consumer engagement in relation to Smart Metering Systems.

Application

39.2 This condition shall:

- (a) apply to the licensee only to the extent specified in paragraph 39.3; and
- (b) cease to apply with effect on and from 30 June 2021, or any such later date up to (but not later than) 31 December 2021 that as is may be specified in a direction issued by the Secretary of State, save that any such direction may be issued only where:-
 - (i) at the same time the Secretary of State also issues a direction under paragraph 39A.2(a) of Condition 39A (Smart Metering Consumer Engagement); and
 - (ii) the date specified in each such direction is the same.

39.3 Where the licensee is:

- (a) a Relevant Supplier, it is required to comply with Part A;
- (b) a Small Domestic Supplier, it is required to comply with Part B;
- (c) a Large Non-Domestic Supplier, it is required to comply with Part C;
- (d) a Small Non-Domestic Supplier, it is required to comply with Part D.

PART A. REQUIREMENTS APPLICABLE TO THE LICENSEE WHERE IT IS A RELEVANT SUPPLIER

Duty to establish the Central Delivery Body

39.4 The licensee, together with all other Relevant Suppliers, must take such steps and do such things as are within its power:

- (a) to establish, by no later than 30 June 2013, a body corporate to carry out the role of consumer engagement in relation to Smart Metering Systems (referred to in this condition as the Central Delivery Body);
- (b) to provide that the Central Delivery Body is constituted and governed so as to ensure that it:
 - (i) has the characteristics set out at Part A1;
 - (ii) has the objectives set out at Part A2;
 - (iii) procures the advice of experts as set out at Part A3; and
 - (iv) fulfils the functions set out at Part A4;
- (c) to provide for the costs of the Central Delivery Body to be met as set out at Part A5, Part C and Part D.

Part A1. Characteristics of the Central Delivery Body

Constitution

39.5 The articles of association of the Central Delivery Body must as a minimum provide that:

- (a) it is a not-for-profit body;
- (b) its board of directors (the Board) is at all times constituted so as to reflect the provisions of paragraph 39.6;
- (c) the Secretary of State has a right of veto in respect of the appointment of any person as the Chairman of the Board;
- (d) any person nominated by and representing either;
 - (i) the Secretary of State; or
 - (ii) all Network Operators,is entitled to attend, but not vote at, a meeting of the Board;
- (e) the Board will exercise independent judgment and reach its decisions in accordance with the requirements of paragraph 39.8;

- (f) its business shall be (and shall be limited to):
 - (i) achieving the objectives set out at Part A2;
- (g) achieving those objectives by taking such steps as are reasonably necessary and appropriate for carrying out the activities set out at Parts A3 and A4.

Composition of the Board

39.6 The Board shall comprise:

- (a) a Chairman appointed by the Relevant Suppliers;
- (b) six directors nominated by and representing Relevant Suppliers;
- (c) two directors nominated by and representing Small Domestic Suppliers;
- (d) one director nominated by and representing Non-Domestic Suppliers;
- (e) one director nominated by and representing Non-Domestic-Only Suppliers;
- (f) two directors nominated by Citizens Advice or Citizens Advice Scotland; and
- (g) two directors representing the interests of Energy Consumers.

39.7 The Chairman of the Board must be independent of any person or body that is represented by a director appointed in accordance with the provisions of paragraphs 39.6(b)-(g).

Decision-Making

39.8 A decision made by the Board must be made in accordance with a voting procedure which provides for:

- (a) each director, other than the Chairman, to exercise a single vote on each decision to be taken;
- (b) decisions to be made by a simple majority; and
- (c) the Chairman to be able to exercise a casting vote but only where the number of votes for and against a decision are equal.

Part A2. Objectives of the Central Delivery Body

Objectives

39.9 The objectives of the Central Delivery Body set out in [paragraph 39.10](#) are to apply in respect of Energy Consumers at Domestic Energy Premises and Relevant Designated Premises.

39.10 The objectives of the Central Delivery Body are to:

- (a) build consumer confidence in the installation of Smart Metering Systems by gas and electricity suppliers;
- (b) build consumer awareness and understanding of the use of Smart Metering Systems (and the information obtained through them);
- (c) increase the willingness of Energy Consumers to use Smart Metering Systems to change their behaviour so as to enable them to reduce their consumption of energy; and
- (d) in respect of Energy Consumers at Domestic Energy Premises only, assist those consumers with low incomes or prepayment meters, or those consumers who may encounter additional barriers in being able to realise the benefits of Smart Metering Systems due to their particular circumstances or characteristics, to realise the benefits of Smart Metering Systems while continuing to maintain an adequate level of warmth and to meet their other energy needs.

Part A3. Arrangements for Obtaining Expert Advice

39.11 The Central Delivery Body shall establish arrangements for the purpose of ensuring that it is regularly provided with all appropriate advice that is:

- (a) concerned with the means by which it can most efficiently and effectively achieve its objectives; and
- (b) procured from such persons, as selected by it, who have widely recognised expertise in matters that are relevant to, and will assist in, the efficient and effective achievement of its objectives.

Part A4. Functions of the Central Delivery Body

39.12 The functions of the Central Delivery Body shall be to:

- (a) produce and maintain a plan for achieving its objectives (the Consumer Engagement Plan) which meets the requirements of paragraphs 39.13 to 39.16;
- (b) implement the Consumer Engagement Plan in accordance with paragraph 39.17;

- (c) develop and produce an annual budget for the delivery of the Consumer Engagement Plan which meets the requirements of paragraphs 39.18 and 39.19 (the Annual Budget);
- (d) produce a report on at least an annual basis (the Annual Report) which meets the requirements of paragraphs 39.20 and 39.21; and
- (e) publish the Consumer Engagement Plan, the Annual Budget and the Annual Report in accordance with paragraphs 39.22 and 39.23.

The Consumer Engagement Plan

39.13 The Consumer Engagement Plan must be in writing and must:

- (a) constitute a plan which is designed to ensure that the Central Delivery Body takes all appropriate steps to achieve its objectives;
- (b) describe the activities that the Central Delivery Body proposes to carry out for that purpose;
- (c) describe how the Central Delivery Body has taken into account the need to:
 - (i) co-ordinate its consumer engagement activities with consumer engagement activities undertaken by other parties in relation to Smart Metering Systems;
 - (ii) undertake a co-ordinated delivery of consumer engagement activities that reflects and takes into account the need to adopt different activities for the purpose of meeting the consumer engagement requirements of any class or classes of Energy Consumer, including Energy Consumers:
 - (A) paying by different payment methods;
 - (B) residing in different geographical areas;
 - (C) occupying different types of Domestic Energy Premises and Relevant Designated Premises; and
 - (D) carrying on commercial activities at Relevant Designated Premises in respect of different sectors of the economy;
 - (iii) provide additional assistance and consumer engagement activities that may be required by particular categories of Energy Consumers, including in particular Energy Consumers with low incomes or who may encounter additional barriers in

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being able to access the benefits of Smart Metering Systems due to their particular circumstances or characteristics; and

- (d) be designed to ensure that in carrying out its activities the Central Delivery Body does not restrict, distort or prevent competition in the supply of gas or electricity or in any commercial activities connected with Smart Metering Systems.

39.14 The Consumer Engagement Plan must be produced by no later than 31 December 2013.

39.15 The Central Delivery Body must keep the Consumer Engagement Plan under review, and must:

- (a) make appropriate amendments to it from time to time so that it continues to be accurate, up to date, and fit for purpose; and
- (b) in particular produce an amended version of the Consumer Engagement Plan which satisfies the requirements of sub-paragraph (a) within the period that commences on 4th July 2019 and ends on the date which is three months later.

39.16 In producing, and Prior to making any subsequent amendment to, the Consumer Engagement Plan, the Central Delivery Body:

- (a) must seek the advice of, and have due regard to the advice given by, the persons with whom it has made arrangements in accordance with the provisions of paragraph 39.11; and
- (b) may consult with, and have regard to the representations of, any other interested parties.

39.17 The Central Delivery Body must take such steps and do such things as are within its power:

- (a) to implement the Consumer Engagement Plan in accordance with its terms (as amended from time to time); and
- (b) to do so in an efficient and cost-effective manner that achieves value for money in the performance of its activities.

Annual Budget

39.18 The Central Delivery Body must:

- (a) by 31 December 2013, develop and produce the first Annual Budget in respect of the calendar year commencing on 1 January 2014; and

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- (b) thereafter by 31 December in each subsequent year, develop and produce an Annual Budget in respect of the calendar year which commences immediately following that date.

39.19 Each Annual Budget must comprise a detailed statement of the best estimate of the Central Delivery Body, made in good faith, of all costs that it expects to incur for the purpose of undertaking its activities during the calendar year to which that Annual Budget relates.

Annual Report

39.20 The Central Delivery Body must:

- (a) by 31 March 2014, produce the first Annual Report in respect of the calendar year that commenced on 1 January 2013; and
- (b) thereafter by 31 March in each subsequent year, produce an Annual Report in respect of the calendar year that commenced on 1 January in the previous year.

39.21 Each Annual Report must in particular:

- (a) report on:
 - (i) the Central Delivery Body's performance; and
 - (ii) the extent to which, in the opinion of the Board, the steps taken by the Central Delivery Body to implement the Consumer Engagement Plan (as applicable during the period to which the Annual Report relates) have contributed to the achievement of its objectives during the period to which the Annual Report relates; and
- (b) set out the expenditure of the Central Delivery Body during that period and report on the extent to which, in the opinion of the Board, such expenditure represents value for money.

Publication

39.22 The Central Delivery Body must ensure that up to date copies of:

- (a) the Consumer Engagement Plan;
- (b) the Annual Budget; and
- (c) the Annual Report,

are at all times made available by it in a form that is readily accessible to most Energy Consumers.

39.23 In complying with paragraph 39.22 the Central Delivery Body:

- (a) must exclude from each document, so far as practicable, any information which would or might seriously prejudice the interests of any individual or body to which it relates; and
- (b) may exclude from each document any information that would, or would be likely to, prejudice the commercial interests of any person (including the Central Delivery Body itself).

Part A5. Costs of the Central Delivery Body

39.24 The licensee must:

- (a) together with all other Relevant Suppliers, take such steps and do such things as are within its power to meet:
 - (i) the capital costs of establishing the Central Delivery Body; and
 - (ii) all costs, excluding Domestic Fixed Operating Costs, that are reasonably incurred by the Central Delivery Body in undertaking its activities in respect of Energy Consumers at Domestic Energy Premises and operating in an efficient and cost-effective manner that achieves value for money; and
- (b) together with all other Relevant Suppliers and Small Domestic Suppliers, take such steps and do such things as are within its power to meet all Domestic Fixed Operating Costs that are reasonably incurred by the Central Delivery Body operating in an efficient and cost-effective manner that achieves value for money.

39.25 For the purpose of meeting the requirements of paragraph 39.24, the licensee must, together with all other Relevant Suppliers and Small Domestic Suppliers, establish a mechanism to allocate:

- (a) between Relevant Suppliers the costs of the Central Delivery Body, as referred to in paragraph 39.24(a), on the basis of their respective shares of the markets for gas and electricity supply; and

- (b) between Relevant Suppliers and Small Domestic Suppliers the costs of the Central Delivery Body as referred to in paragraph 39.24(b), on the basis of their respective shares of the markets for gas and electricity supply to Domestic Premises.

Part A6. Other Duties of Relevant Suppliers

General Duty

39.26 The licensee, together with all other Relevant Suppliers, must take such steps and do such things as are within its power to ensure that:

- (a) the Central Delivery Body achieves its objectives; and
- (b) in achieving its objectives the Central Delivery Body acts in a manner which is transparent, impartial, cost-effective and represents value for money.

The Domestic Performance Management Framework

39.27 The licensee must, together with all other Relevant Suppliers, produce and maintain a performance framework (the **Domestic Performance Management Framework**) which meets the requirements of paragraphs 39.28 to 39.31.

39.28 The Domestic Performance Management Framework must:

- (a) set out the standards, including key performance indicators and targets, which have been determined by the Relevant Suppliers as standards against which they will measure the performance of the Central Delivery Body in achieving its objectives in respect of Energy Consumers at Domestic Energy Premises; and
- (b) include such provisions as will enable any person, including in particular the Relevant Suppliers, the Secretary of State and the Authority, to assess:
 - (i) the Central Delivery Body's performance against the specified standards;
 - (ii) the effectiveness of the steps taken by the Central Delivery Body for the purpose of achieving the relevant objectives; and
 - (iii) the extent to which the Central Delivery Body has, in accordance with paragraph 39.16, amended the Consumer Engagement Plan to take into account information received in respect of its performance.

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- 39.29 The Domestic Performance Management Framework must be produced by no later than 31 December 2013.
- 39.30 The licensee, together with all other Relevant Suppliers must keep the Domestic Performance Management Framework under review, and must make appropriate amendments to it from time to time so that it continues to be accurate, up to date, and fit for purpose.
- 39.31 In determining the standard to be set out, and the other provisions to be included, in the Domestic Performance Management Framework, the licensee, together with all other Relevant Suppliers, must consult with and take into account the views of, and information provided by, relevant interested parties, including in particular the Secretary of State.

Co-operation

- 39.32 The licensee must:
- (a) co-operate with the Central Delivery Body for the purposes of enabling the Central Delivery Body to undertake its activities; and
 - (b) take all reasonable steps to ensure that in carrying out its consumer engagement activities in relation to, and communicating with Energy Consumers about, Smart Metering Systems it does not act inconsistently with the activities of the Central Delivery Body.

PART B. REQUIREMENTS APPLICABLE TO THE LICENSEE WHERE IT IS A SMALL DOMESTIC SUPPLIER

- 39.33 The licensee must, together with all Relevant Suppliers and other Small Domestic Suppliers, take such steps and do such things as are within its power to:
- (a) meet the Domestic Fixed Operating Costs that are reasonably incurred by the Central Delivery Body operating in an efficient and cost-effective manner that achieves value for money; and
 - (b) establish a mechanism to allocate between Relevant Suppliers and Small Domestic Suppliers the costs referred to in sub-paragraph (a), on the basis of their respective shares of the markets for gas and electricity supply to Domestic Premises.

- 39.34 The licensee must:
- (a) co-operate with:

- (i) Relevant Suppliers for the purposes of ensuring the establishment of the Central Delivery Body in accordance with Part A1 of this condition; and
 - (ii) the Central Delivery Body for the purposes of enabling the Central Delivery Body to undertake its activities; and
- (b) take all reasonable steps to ensure that in carrying out its consumer engagement activities in relation to, and communicating with Energy Consumers about, Smart Metering Systems it does not act inconsistently with the activities of the Central Delivery Body.

PART C. REQUIREMENTS APPLICABLE TO THE LICENSEE WHERE IT IS A LARGE NON-DOMESTIC SUPPLIER

Costs of the Central Delivery Body

39.35 The licensee must:

- (a) together with all other Large Non-Domestic Suppliers, take such steps and do such things as are within its power to meet all costs, excluding Non-Domestic Fixed Operating Costs, that are reasonably incurred by the Central Delivery Body in undertaking its activities in respect of Energy Consumers at Relevant Designated Premises and operating in an efficient and cost-effective manner that achieves value for money; and
- (b) together with all other Large Non-Domestic Suppliers and Small Non-Domestic Suppliers, take such steps and do such things as are within its power to meet all Non-Domestic Fixed Operating Costs that are reasonably incurred by the Central Delivery Body operating in an efficient and cost-effective manner that achieves value for money.

39.36 For the purpose of meeting the requirements of paragraph 39.35, the licensee must apply the mechanism specified in a direction issued by the Secretary of State for allocating:

- (a) between Large Non-Domestic Suppliers the costs of the Central Delivery Body, as referred to in paragraph 39.35(a); and
- (b) between Large Non-Domestic Suppliers and Small Non-Domestic Suppliers the costs of the Central Delivery Body as referred to in paragraph 39.35(b),

in each case on the basis of their respective shares of the markets for gas and electricity supply to Designated Energy Premises.

The Non-Domestic Performance Management Framework

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- 39.37 The licensee must, together with all other Large Non-Domestic Suppliers, produce and maintain a performance framework (the Non-Domestic Performance Management Framework) which meets the requirements of paragraphs 39.38 to 39.41.
- 39.38 The Non-Domestic Performance Management Framework must:
- (a) set out the standards, including key performance indicators and targets, which have been determined by the Large Non-Domestic Suppliers as standards against which they will measure the performance of the Central Delivery Body in achieving its objectives in respect of Energy Consumers at Relevant Designated Premises; and
 - (b) include such provisions as will enable any person, including in particular the Large Non-Domestic Suppliers, the Secretary of State and the Authority, to assess:
 - (i) the Central Delivery Body's performance against the specified standards;
 - (ii) the effectiveness of the steps taken by the Central Delivery Body for the purpose of achieving the relevant objectives; and
 - (iii) the extent to which the Central Delivery Body has, in accordance with paragraph 39.16, amended the Consumer Engagement Plan to take into account information received in respect of its performance.
- 39.39 The Non-Domestic Performance Management Framework must be produced within the period that commences on 4th July 2019 and ends on the date which is three months later.
- 39.40 The licensee, together with all other Large Non-Domestic Suppliers must keep the Non-Domestic Performance Management Framework under review, and must make appropriate amendments to it from time to time so that it continues to be accurate, up to date, and fit for purpose.
- 39.41 In determining the standard to be set out, and the other provisions to be included, in the Non-Domestic Performance Management Framework, the licensee, together with all other Large Non-Domestic Suppliers, must consult with and take into account the views of, and information provided by, relevant interested parties, including in particular the Secretary of State.

Co-operation

- 39.42 The licensee must:

- (a) co-operate with the Central Delivery Body for the purposes of enabling the Central Delivery Body to undertake its activities; and
- (b) take all reasonable steps to ensure that in carrying out its consumer engagement activities in relation to, and communicating with Energy Consumers about, Smart Metering Systems it does not act inconsistently with the activities of the Central Delivery Body.

PART D. REQUIREMENTS APPLICABLE TO THE LICENSEE WHERE IT IS A SMALL NON-DOMESTIC SUPPLIER

39.43 The licensee must, together with all Large Non-Domestic Suppliers and other Small Non-Domestic Suppliers, take such steps and do such things as are within its power to meet the Non-Domestic Fixed Operating Costs that are reasonably incurred by the Central Delivery Body operating in an efficient and cost-effective manner that achieves value for money.

39.44 For the purpose of meeting the requirements of paragraph 39.43, the licensee must apply the mechanism specified in a direction issued by the Secretary of State for allocating between Large Non-Domestic Suppliers and Small Non-Domestic Suppliers the costs of the Central Delivery Body on the basis of their respective shares of the markets for gas and electricity supply to Designated Energy Premises.

39.45 The licensee must:

- (a) co-operate with the Central Delivery Body for the purposes of enabling the Central Delivery Body to undertake its activities; and
- (b) take all reasonable steps to ensure that in carrying out its consumer engagement activities in relation to, and communicating with Energy Consumers about, Smart Metering Systems it does not act inconsistently with the activities of the Central Delivery Body.

PART E. INTERPRETATION AND DEFINITIONS

39.46 In this condition:

Designated Energy Premises	means premises which (with respect to the supply of gas) are Designated Premises, or (with respect to the supply of electricity) satisfy the definition of 'Designated Premises' at standard condition 1 of the Electricity Supply Licence.
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Domestic Energy Premises	means premises which (with respect to the supply of gas) are Domestic Premises, or (with respect to the supply of electricity) satisfy the definition of 'Domestic Premises' at standard condition 6 of the Electricity Supply Licence.
Domestic Fixed Operating Costs	<p>means the costs of:</p> <ul style="list-style-type: none">(a) renting and maintaining premises;(b) staff recruitment, salaries, and benefits; and(c) purchasing and maintaining office equipment, including IT and telephony equipment, <p>insofar as those costs relate to the activities carried out by the Central Delivery Body in respect of Energy Consumers at Domestic Energy Premises.</p>
Energy Consumer	means a consumer of gas or electricity (or both).
Energy Customer	means a person who is (with respect to the supply of gas) a Customer, or (with respect to the supply of electricity) a 'Customer' in accordance with the definition at standard condition 1 of the Electricity Supply Licence.
Energy Meter Point	<p>means:</p> <ul style="list-style-type: none">(a) in relation to the supply of electricity, a Metering Point as defined in the Master Registration Agreement; or(b) in relation to the supply of gas, a Supply Meter Point as defined in the Uniform Network Code.
Large Non-Domestic Supplier	means a gas or electricity supplier which supplies gas, or electricity, or both to Energy Consumers at Designated Energy Premises via more than 100,000 Energy Meter Points.

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Master Agreement	Registration	has the meaning given to it in accordance with the definition at standard condition 1 of the Electricity Supply Licence.
Micro Business Consumer	Energy	<p>means an Energy Consumer that is a Micro Business Consumer in accordance with:</p> <ul style="list-style-type: none">(a) the meaning given to the term Micro Business Consumer in standard condition 7A (Supply to Micro Business Consumers); or(b) the meaning given to the term Micro Business Consumer in standard condition 7A of the Gas Supply Licence.
Network Operator		<p>means any person holding:</p> <ul style="list-style-type: none">(a) a licence granted under section 6(1)(b) or 6(1)(c) of the Electricity Act 1989; or(b) a licence granted under section 7 of the Gas Act 1986.
Non-Domestic Fixed Operating Costs		<p>means the costs of:</p> <ul style="list-style-type: none">(a) renting and maintaining premises;(b) staff recruitment, salaries, and benefits; and(c) purchasing and maintaining office equipment, including IT and telephony equipment, <p>insofar as those costs relate to the activities carried out by the Central Delivery Body in respect of Energy Consumers at Designated Energy Premises.</p>
Non-Domestic-Only Supplier		means a Non-Domestic Supplier which does not also supply gas or electricity to any Domestic Energy Premises.
Non-Domestic Supplier		means either a Large Non-Domestic Supplier or a Small Non-Domestic Supplier.

Relevant Designated Premises means:

- (a) Designated Energy Premises at which the Energy Consumer is a Micro Business Energy Consumer; and
- (b) such additional categories of Designated Energy Premises as may be specified in a direction issued by the Secretary of State.

Relevant Supplier means a gas or electricity supplier which:

- (a) is authorised by its licence to supply gas or electricity to Domestic Energy Premises; and
- (b) supplies either gas or electricity (or both) to more than 250,000 Energy Customers at Domestic Energy Premises.

Small Domestic Supplier means a gas or electricity supplier which:

- (a) is authorised by its licence to supply gas or electricity to Domestic Energy Premises; and
- (b) supplies gas or electricity to, in each case, no more than 250,000 Energy Customers at Domestic Energy Premises.

Small Non-Domestic Supplier means a gas or electricity supplier which supplies gas or electricity (or both) to Designated Energy Premises and which is not a Large Non-Domestic Supplier.

Condition 39A. Smart Metering Consumer Engagement

Introduction

39A.1 This condition provides for holders of electricity and gas supply licences to ensure that there is at all times established and maintained a body which will carry out the role of consumer engagement in relation to Smart Metering Systems, and to support and monitor the work of that body.

Application

39A.2 This condition shall:

- (a) apply with effect on and from 30 June 2021, or any later date up to (but not later than) 31 December 2021 that may be specified in a direction issued by the Secretary of State, save that any such direction may be issued only where:
 - (i) at the same time the Secretary of State also issues a direction under paragraph 39.2(b) of Condition 39 (Smart Metering Consumer Engagement); and
 - (ii) the date specified in each such direction is the same;
- (b) apply to the licensee only to the extent specified in paragraph 39A.3; and
- (c) cease to apply from such date as may be specified in a direction issued by the Secretary of State.

39A.3 Where the licensee is:

- (a) a Relevant Supplier, it is required to comply with Part A;
- (b) a Small Domestic Supplier, it is required to comply with Part B;
- (c) a Large Non-Domestic Supplier, it is required to comply with Part C;
- (d) a Small Non-Domestic Supplier, it is required to comply with Part D.

PART A. REQUIREMENTS APPLICABLE TO THE LICENSEE WHERE IT IS A RELEVANT SUPPLIER

Duty to establish and maintain the Central Delivery Body

39A.4 The licensee, together with all other Relevant Suppliers, must take such steps and do such things as are within its power:

- (a) to ensure that there is at all times a body corporate established and maintained to carry out the role of consumer engagement in relation to Smart Metering Systems (referred to in this condition as the **Central Delivery Body**);
- (b) to provide that the Central Delivery Body is constituted and governed so as to ensure that it:
 - (i) has the characteristics set out at Part A1;
 - (ii) has the objectives set out at Part A2;
 - (iii) procures the advice of experts as set out at Part A3; and
 - (iv) fulfils the functions set out at Part A4;
- (c) to provide for the costs of the Central Delivery Body to be met as set out at Part A5, Part C and Part D.

Part A1. Characteristics of the Central Delivery Body

Constitution

39A.5 The articles of association of the Central Delivery Body must as a minimum provide that:

- (a) it is a not-for-profit body;
- (b) its board of directors (the **Board**) is at all times constituted so as to reflect the provisions of paragraph 39A.6;
- (c) the Secretary of State has a right of veto in respect of the appointment of any person as the Chair of the Board;
- (d) the members of the Board, other than the Chair and the Chief Executive Officer of the Central Delivery Body, shall be appointed in accordance with the provisions of paragraph 39A.10;
- (e) any person nominated by and representing:
 - (i) the Secretary of State;
 - (ii) all Network Operators;
 - (iii) Citizens Advice and Citizens Advice Scotland.

is entitled to attend, but not vote at, a meeting of the Board;

(f) the Board will exercise independent judgment and reach its decisions in accordance with the requirements of paragraph 39A.11;

(g) its business shall be (and shall be limited to):

(i) achieving the objectives set out at Part A2;

(ii) achieving those objectives by taking such steps as are reasonably necessary and appropriate for carrying out the activities set out at Parts A3 and A4.

Composition of the Board

39A.6 The Board shall comprise:

(a) a Chair appointed by the Relevant Suppliers;

(b) six directors representing the interests of Energy Suppliers;

(c) four directors representing the interests of Energy Consumers; and

(d) any person who is, from time to time, appointed as Chief Executive Officer of the Central Delivery Body.

39A.7 The Chair of the Board must be independent of any Energy Supplier and of any person or body representing the interests of Energy Consumers.

39A.8 All members of the Board must be persons possessing suitable skills, knowledge, experience and personal qualities with regard to the requirement for the Central Delivery Body to achieve the objectives set out at Part A2.

39A.9 Any person may be a director representing the interests of Energy Suppliers and where any such person is employed by an Energy Supplier they may nominate themselves to be considered for appointment to that role but otherwise they can only be nominated by an Energy Supplier for that purpose.

39A.10 A decision on the appointment to the Board of any director representing the interests of Energy Suppliers or of Energy Consumers shall be made, following such selection process as it may determine to be appropriate, by a committee comprised of:

(a) the Chair of the Board;

- (b) the Chief Executive Officer of the Central Delivery Body; and
- (c) such other persons representing parties with relevant interests as are chosen by the Chair of the Board and Chief Executive Officer of the Central Delivery Body (acting jointly) to be members of the committee.

Decision-Making

39A.11 A decision made by the Board must be made in accordance with a voting procedure which provides for:

- (a) each director, other than the Chair, to exercise a single vote on each decision to be taken;
- (b) decisions to be made by a simple majority; and
- (c) the Chair to be able to exercise a casting vote, but only where the number of votes for and against a decision are equal.

Board Meetings

39A.12 The Board shall arrange for:

- (a) a record to be maintained of each meeting of the Board, to include in particular:
 - (i) the date and time of, and agenda for, the meeting;
 - (ii) the name of each member of the Board in attendance at the meeting (or any part of the meeting);
 - (iii) the name of each organisation represented by any other person in attendance at the meeting (or any part of the meeting); and
 - (iv) each resolution voted on by the Board, and the outcome of that vote; and
- (b) a copy of that record to be at all times made available by it in a form that is readily accessible to most Energy Consumers.

39A.13 In complying with paragraph 39A.12(b) the Central Delivery Body:

- (a) must exclude from the record, so far as practicable, any information which would or might seriously prejudice the interests of any individual or body to which it relates; and

- (b) may exclude from the record any information that would, or would be likely to, prejudice the commercial interests of any person (including the Central Delivery Body itself).

Part A2. Objectives of the Central Delivery Body

Objectives

39A.14 The objectives of the Central Delivery Body set out in paragraph 39A.15 are, unless otherwise stated, to apply in respect of Energy Consumers at Domestic Energy Premises and at Relevant Designated Premises.

39A.15 The objectives of the Central Delivery Body are to:

- (a) increase consumer demand for and acceptance of Smart Metering Systems, including by increasing consumer confidence in their installation by gas and electricity suppliers;
- (b) in respect of Energy Consumers at Relevant Designated Premises, build consumer awareness and understanding of Smart Metering Systems and their benefits, including the benefits to be derived from the data that may be obtained through the use of Smart Metering Systems;
- (c) increase the willingness of Energy Consumers to use Smart Metering Systems to change their behaviour so as to enable them to more effectively and efficiently manage their use of energy;
- (d) in respect of Energy Consumers at Domestic Energy Premises who have low incomes or prepayment meters, or who due to their particular circumstances or characteristics may encounter additional barriers in being able to realise the benefits of Smart Metering Systems:
 - (i) build their awareness and understanding of Smart Metering Systems; and
 - (ii) assist them to realise the benefits of Smart Metering Systems while continuing to maintain an adequate level of warmth and meet their other energy needs; and
- (e) establish and maintain an administrative framework for facilitating the co-ordination of consumer engagement activities in respect of Smart Metering Systems that are carried on (or proposed to be carried on) by individual Energy Suppliers.

Part A3. Arrangements for Obtaining Expert Advice

39A.16 The Central Delivery Body shall establish arrangements for the purpose of ensuring that it is regularly provided with all appropriate advice that is:

- (a) concerned with the means by which it can most efficiently and effectively achieve its objectives; and
- (b) procured from such persons, as selected by it, who have widely recognised expertise in matters that are relevant to, and will assist in, the efficient and effective achievement of its objectives.

Part A4. Functions of the Central Delivery Body

39A.17 The functions of the Central Delivery Body shall be to:

- (a) produce and maintain a management framework (the **Performance Management Framework**) which meets the requirements of paragraphs 39A.18 to 39A.21;
- (b) for the purposes of consultation and of obtaining advice in respect of the Performance Management Framework, establish and maintain two advisory groups (the **Advisory Groups**) in accordance with paragraphs 39A.22 to 39A.24;
- (c) maintain a plan for achieving its objectives (the **Consumer Engagement Plan**) which meets the requirements of paragraphs 39A.25 to 39A.27;
- (d) implement the Consumer Engagement Plan in accordance with paragraph 39A.28;
- (e) develop and produce each year an annual budget for the delivery of the Consumer Engagement Plan which meets the requirements of paragraphs 39A.29 and 39A.31 (the **Annual Budget**);
- (f) produce a report on at least an annual basis (the **Annual Report**) which meets the requirements of paragraphs 39A.32 and 39A.33; and
- (g) publish the Consumer Engagement Plan, the Annual Budget and the Annual Report in accordance with paragraphs 39A.34 and 39A.35.

The Performance Management Framework

39A.18 The Performance Management Framework must:

- (a) set out the standards, including key performance indicators and targets, which have been determined and adopted by the Board as standards against which it will measure the performance of the Central Delivery Body in achieving its objectives;
- (b) set out separate standards, of the type described in sub-paragraph (a), in respect of each of the following:
 - (i) Energy Consumers at Domestic Energy Premises; and
 - (ii) Energy Consumers at Relevant Designated Premises; and
- (c) include such provisions as will enable any person, including in particular Energy Suppliers, the Secretary of State and the Authority, to assess:
 - (i) the Central Delivery Body's performance against the specified standards;
 - (ii) the effectiveness of the steps taken by the Central Delivery Body for the purpose of achieving the relevant objectives; and
 - (iii) the extent to which the Central Delivery Body has, in accordance with paragraph 39A.26, amended the Consumer Engagement Plan to take into account information received in respect of its performance.

39A.19 The initial Performance Management Framework must be produced by the Central Delivery Body by no later than 31 December 2021.

39A.20 The Central Delivery Body must keep the Performance Management Framework under review, and must make appropriate amendments to it from time to time so that it continues to be accurate, up to date, and fit for purpose.

39A.21 Prior to producing, and making any subsequent amendment to, the Performance Management Framework, the Central Delivery Body:

- (a) must seek the advice of, and have due regard to the advice given by, the persons with whom it has made arrangements in accordance with the provisions of Part A3;
- (b) for the purpose of determining the standards to be set out, and other provisions to be included, in the Performance Management Framework, must consult with and take into account the views of, and information provided by, each of the Advisory Groups; and

- (c) may consult with, and have regard to the representations of, any other relevant interested parties (including the Secretary of State).

The Advisory Groups

39A.22 The Advisory Groups shall have the purpose of ensuring that the Central Delivery Body is provided with appropriate information and advice on the standards to be set out, and the other provisions to be included, in the Performance Management Framework, and any other related matter as the Board may from time to time determine.

39A.23 The Advisory Groups must consist of:

- (a) a **Domestic Consumer Advisory Group** which shall comprise:
- (i) a chairperson, who is also a member of the Board as a director representing the interests of Energy Suppliers, appointed by the Board; and
 - (ii) such number of other persons as the Board may consider appropriate, appointed by the Board for the purpose of advising on the standards to be set out, and other provisions to be included, in the Performance Management Framework in order to measure the performance of the Central Delivery Body in achieving its objectives in respect of Energy Consumers at Domestic Energy Premises; and
- (b) a **Micro Business Consumer Advisory Group** which shall comprise:
- (i) a chairperson, who is also a member of the Board as a director representing the interests of Energy Suppliers, appointed by the Board;
 - (ii) such number of other persons as the Board may consider appropriate, appointed by the Board for the purpose of advising on the standards to be set out and other provisions to be included in the Performance Management Framework in order to measure the performance of the Central Delivery Body in achieving its objectives in respect of Energy Consumers at Relevant Designated Premises.

39A.24 The persons appointed by the Board to be members of each Advisory Group must be persons possessing suitable skills, knowledge, experience and personal qualities having regard to the purpose of that Advisory Group, and must (except for the chairperson) include an appropriate number of persons representing parties with relevant interests.

The Consumer Engagement Plan

39A.25 The Consumer Engagement Plan must be in writing and must:

- (a) constitute a plan which is designed to ensure that the Central Delivery Body takes all appropriate steps to achieve its objectives;
- (b) describe the activities that the Central Delivery Body proposes to carry out for that purpose;
- (c) describe how the Central Delivery Body has taken into account the need to:
 - (i) co-ordinate its consumer engagement activities with consumer engagement activities undertaken by Energy Suppliers and by any other parties in relation to Smart Metering Systems;
 - (ii) undertake a co-ordinated delivery of consumer engagement activities that reflects and takes into account the need to adopt different activities for the purpose of meeting the consumer engagement requirements of any class or classes of Energy Consumer, including Energy Consumers:
 - (A) paying by different payment methods;
 - (B) residing in different geographical areas;
 - (C) occupying different types of Domestic Energy Premises and Relevant Designated Premises; and
 - (D) carrying on commercial activities at Relevant Designated Premises in respect of different sectors of the economy;
 - (iii) provide additional assistance and consumer engagement activities that may be required by particular categories of:
 - (A) Energy Suppliers; and
 - (B) Energy Consumers, including in particular Energy Consumers who have low incomes or prepayment meters, or who due to their particular circumstances or characteristics may encounter additional barriers in being able to realise the benefits of Smart Metering Systems; and

- (d) be designed to ensure that in carrying out its activities the Central Delivery Body does not restrict, distort or prevent competition in the supply of gas or electricity or in any commercial activities connected with Smart Metering Systems.

39A.26 The Central Delivery Body must keep the Consumer Engagement Plan under review, and must:

- (a) make appropriate amendments to it from time to time so that it continues to be accurate, up to date, and fit for purpose; and
- (b) in particular produce an amended version of the Consumer Engagement Plan which satisfies the requirements of sub-paragraph (a) following Commencement and by no later than 31 December 2021.

39A.27 Prior to making any amendment to the Consumer Engagement Plan, the Central Delivery Body:

- (a) must seek the advice of, and have due regard to the advice given by, the persons with whom it has made arrangements in accordance with the provisions of Part A3; and
- (b) may consult with, and have regard to the representations of, any other interested parties (including the Secretary of State).

39A.28 The Central Delivery Body must take such steps and do such things as are within its power:

- (a) to implement the Consumer Engagement Plan in accordance with its terms (as amended from time to time); and
- (b) to do so in an efficient and cost-effective manner that achieves value for money in the performance of its activities.

Annual Budget

39A.29 The Central Delivery Body must, by 31 December in each year, develop and produce an Annual Budget in respect of the calendar year which commences immediately following that date.

39A.30 In developing each Annual Budget in accordance with paragraph 39A.29, the Central Delivery Body must consult with Energy Suppliers on a draft budget, and take into account the responses received for the purposes of the Annual Budget produced in accordance with that paragraph.

39A.31 Each Annual Budget must comprise a detailed statement of the best estimate of the Central Delivery Body, made in good faith, of all costs that it expects to incur for the purpose of undertaking its activities during the calendar year to which that Annual Budget relates.

Annual Report

39A.32 The Central Delivery Body must by 31 March in each year, produce an Annual Report in respect of the calendar year that commenced on 1 January in the previous year.

39A.33 Each Annual Report must in particular:

- (a) report on:
 - (i) the Central Delivery Body's performance; and
 - (ii) the extent to which, in the opinion of the Board, the steps taken by the Central Delivery Body to implement the Consumer Engagement Plan (as applicable during the period to which the Annual Report relates) have contributed to the achievement of its objectives during the period to which the Annual Report relates; and
- (b) set out the expenditure of the Central Delivery Body during that period and report on the extent to which, in the opinion of the Board, such expenditure represents value for money.

Publication

39A.34 The Central Delivery Body must ensure that up to date copies of:

- (a) the Consumer Engagement Plan;
- (b) the Annual Budget; and
- (c) the Annual Report,
- (d) are at all times made available by it in a form that is readily accessible to most Energy Consumers.

39A.35 In complying with paragraph 39A.34 the Central Delivery Body:

- (a) must exclude from each document, so far as practicable, any information which would or might seriously prejudice the interests of any individual or body to which it relates; and
- (b) may exclude from each document any information that would, or would be likely to, prejudice the commercial interests of any person (including the Central Delivery Body itself).

Part A5. Costs of the Central Delivery Body

39A.36 The licensee must:

- (a) together with all other Relevant Suppliers, take such steps and do such things as are within its power to meet all costs, excluding Domestic Fixed Operating Costs, that are reasonably incurred by the Central Delivery Body in undertaking its activities in respect of Energy Consumers at Domestic Energy Premises and operating in an efficient and cost-effective manner that achieves value for money; and
- (b) together with all other Relevant Suppliers and Small Domestic Suppliers, take such steps and do such things as are within its power to meet all Domestic Fixed Operating Costs that are reasonably incurred by the Central Delivery Body operating in an efficient and cost-effective manner that achieves value for money.

39A.37 For the purpose of meeting the requirements of paragraph 39A.36, the licensee must take such steps and do such things as are within its power, together with all other Relevant Suppliers and Small Domestic Suppliers, to maintain a mechanism (the **Domestic Funding Mechanism**) to allocate:

- (a) between Relevant Suppliers the costs of the Central Delivery Body, as referred to in paragraph 39A.36(a), on the basis of their respective shares of the markets for gas and electricity supply; and
- (b) between Relevant Suppliers and Small Domestic Suppliers the costs of the Central Delivery Body as referred to in paragraph 39A.36(b), on the basis of their respective shares of the markets for gas and electricity supply to Domestic Premises.

39A.38 The licensee must take such steps and do such things as are within its power, together with all other Relevant Suppliers and Small Domestic Suppliers, to:

- (a) produce an amended version of the Domestic Funding Mechanism which is accurate, up to date and fit for purpose following Commencement, such that the amended version takes effect from 31 December 2021; and
- (b) keep the Domestic Funding Mechanism under review and make appropriate amendments to it from time to time so that it continues to be accurate, up to date, and fit for purpose.

39A.39 For the purposes of paragraphs 39A.36(a) and 39A.37(a), all references to Relevant Suppliers meeting the costs of the Central Delivery Body shall, in respect of any such costs relating to the period prior to 31 December 2021, be construed as a reference to ‘Relevant Suppliers’ as defined

in standard condition 39 immediately prior to the date that standard condition 39 ceased to have effect.

Part A6. Other Duties of Relevant Suppliers

General Duty

39A.40 The licensee, together with all other Relevant Suppliers, must take such steps and do such things as are within its power to ensure that:

- (a) the Central Delivery Body achieves its objectives; and
- (b) in achieving its objectives the Central Delivery Body acts in a manner which is transparent, impartial, cost-effective and represents value for money.

Co-operation

39A.41 The licensee must:

- (a) co-operate with the Central Delivery Body for the purposes of enabling the Central Delivery Body to undertake its activities; and
- (b) take all reasonable steps to ensure that in carrying out its consumer engagement activities in relation to, and communicating with Energy Consumers about, Smart Metering Systems it does not act inconsistently with the activities of the Central Delivery Body.

PART B. REQUIREMENTS APPLICABLE TO THE LICENSEE WHERE IT IS A SMALL DOMESTIC SUPPLIER

Costs of the Central Delivery Body

39A.42 The licensee must take such steps and do such things as are within its power, together with all Relevant Suppliers and other Small Domestic Suppliers, to:

- (a) meet the Domestic Fixed Operating Costs that are reasonably incurred by the Central Delivery Body operating in an efficient and cost-effective manner that achieves value for money;
- (b) maintain the Domestic Funding Mechanism in accordance with the provisions of paragraph 39A.37; and
- (c) keep the Domestic Funding Mechanism under review, and amend it, in accordance with the provisions of paragraph 39A.38.

Co-operation

39A.43 The licensee must:

- (a) co-operate with:
 - (i) Relevant Suppliers for the purposes of ensuring the maintenance of the Central Delivery Body in accordance with Part A1 of this condition; and
 - (ii) the Central Delivery Body for the purposes of enabling the Central Delivery Body to undertake its activities; and
- (b) take all reasonable steps to ensure that in carrying out its consumer engagement activities in relation to, and communicating with Energy Consumers about, Smart Metering Systems it does not act inconsistently with the activities of the Central Delivery Body.

PART C. REQUIREMENTS APPLICABLE TO THE LICENSEE WHERE IT IS A LARGE NON-DOMESTIC SUPPLIER

Costs of the Central Delivery Body

39A.44 The licensee must:

- (a) together with all other Large Non-Domestic Suppliers, take such steps and do such things as are within its power to meet all costs, excluding Non-Domestic Fixed Operating Costs, that are reasonably incurred by the Central Delivery Body in undertaking its activities in respect of Energy Consumers at Relevant Designated Premises and operating in an efficient and cost-effective manner that achieves value for money; and
- (b) together with all other Large Non-Domestic Suppliers and Small Non-Domestic Suppliers, take such steps and do such things as are within its power to meet all Non-Domestic Fixed Operating Costs that are reasonably incurred by the Central Delivery Body operating in an efficient and cost-effective manner that achieves value for money.

39A.45 For the purpose of meeting the requirements of paragraph 39A.44, the licensee must apply the mechanism specified in a direction issued by the Secretary of State for allocating:

- (a) between Large Non-Domestic Suppliers the costs of the Central Delivery Body, as referred to in paragraph 39A.44(a); and
- (b) between Large Non-Domestic Suppliers and Small Non-Domestic Suppliers the costs of the Central Delivery Body as referred to in paragraph 39A.44(b).

in each case on the basis of their respective shares of the markets for gas and electricity supply to Designated Energy Premises.

Co-operation

39A.46 The licensee must:

- (a) co-operate with the Central Delivery Body for the purposes of enabling the Central Delivery Body to undertake its activities; and
- (b) take all reasonable steps to ensure that in carrying out its consumer engagement activities in relation to, and communicating with Energy Consumers about, Smart Metering Systems it does not act inconsistently with the activities of the Central Delivery Body.

PART D. REQUIREMENTS APPLICABLE TO THE LICENSEE WHERE IT IS A SMALL NON-DOMESTIC SUPPLIER

Costs of the Central Delivery Body

39A.47 The licensee must, together with all Large Non-Domestic Suppliers and other Small Non-Domestic Suppliers, take such steps and do such things as are within its power to meet the Non-Domestic Fixed Operating Costs that are reasonably incurred by the Central Delivery Body operating in an efficient and cost-effective manner that achieves value for money.

39A.48 For the purpose of meeting the requirements of paragraph 39A.47, the licensee must apply the mechanism specified in a direction issued by the Secretary of State for allocating between Large Non-Domestic Suppliers and Small Non-Domestic Suppliers the costs of the Central Delivery Body on the basis of their respective shares of the markets for gas and electricity supply to Designated Energy Premises.

Co-operation

39A.49 The licensee must:

- (a) co-operate with the Central Delivery Body for the purposes of enabling the Central Delivery Body to undertake its activities; and
- (b) take all reasonable steps to ensure that in carrying out its consumer engagement activities in relation to, and communicating with Energy Consumers about, Smart Metering Systems it does not act inconsistently with the activities of the Central Delivery Body.

PART E. INTERPRETATION AND DEFINITIONS

39A.50 In this condition:

Commencement

means the point in time at which this condition first applies, as determined in accordance with paragraph 39A.2.

Designated Energy Premises

means premises which (with respect to the supply of gas) are Designated Premises, or (with respect to the supply of electricity) satisfy the definition of 'Designated Premises' at standard condition 1 of the Electricity Supply Licence.

Domestic Energy Premises

means premises which (with respect to the supply of gas) are Domestic Premises, or (with respect to the supply of electricity) satisfy the definition of 'Domestic Premises' at standard condition 6 of the Electricity Supply Licence.

Domestic Fixed Operating Costs

means the costs of:

- (a) renting and maintaining premises;
- (b) staff recruitment, salaries, and benefits; and
- (c) purchasing and maintaining office equipment, including IT and telephony equipment,

insofar as those costs relate to the activities carried out by the Central Delivery Body in respect of Energy Consumers at Domestic Energy Premises.

Energy Consumer

means a consumer of gas or electricity (or both).

Energy Customer

means a person who is (with respect to the supply of gas) a Customer, or (with respect to the supply of electricity) a 'Customer' in accordance with the definition at standard condition 1 of the Electricity Supply Licence.

Energy Meter Point

means:

- (a) in relation to the supply of electricity, a Metering Point as defined in the Master Registration Agreement; or

(b) in relation to the supply of gas, a Supply Meter Point as defined in the Uniform Network Code.

Energy Supplier

means the holder of an Electricity Supply Licence and/or a Gas Supply Licence which supplies gas, or electricity, or both to Energy Consumers at Domestic Energy Premises or Designated Energy Premises.

Large Non-Domestic Supplier

means a gas or electricity supplier which supplies gas, or electricity, or both to Energy Consumers at Designated Energy Premises via more than 100,000 Energy Meter Points.

Master Registration Agreement

has the meaning given to it in accordance with the definition at standard condition 1 of the Electricity Supply Licence.

Micro Business Energy Consumer

means an Energy Consumer that is a Micro Business Consumer in accordance with:

(a) the meaning given to the term Micro Business Consumer in standard condition 7A (Supply to Micro Business Consumers); or

(b) the meaning given to the term Micro Business Consumer in standard condition 7A of the Gas Supply Licence.

Network Operator

means any person holding:

(a) a licence granted under section 6(1)(b) or 6(1)(c) of the Electricity Act 1989; or

(b) a licence granted under section 7 of the Gas Act 1986.

Non-Domestic Fixed Operating Costs

means the costs of:

(a) renting and maintaining premises;

(b) staff recruitment, salaries, and benefits; and

(c) purchasing and maintaining office equipment, including IT and telephony equipment,

insofar as those costs relate to the activities carried out by the Central Delivery Body in respect of Energy Consumers at Designated Energy Premises.

Relevant Designated Premises

means:

(a) Designated Energy Premises at which the Energy Consumer is a Micro Business Energy Consumer; and

(b) such additional categories of Designated Energy Premises as may be specified in a direction issued by the Secretary of State.

Relevant Supplier

means a gas or electricity supplier which:

(a) is authorised by its licence to supply gas or electricity to Domestic Energy Premises; and

(b) supplies either gas or electricity (or both) to more than 150,000 Energy Customers at Domestic Energy Premises.

Small Domestic Supplier

means a gas or electricity supplier which:

(a) is authorised by its licence to supply gas or electricity to Domestic Energy Premises; and

(b) supplies gas or electricity to, in each case, no more than 150,000 Energy Customers at Domestic Energy Premises.

Small Non-Domestic Supplier

means a gas or electricity supplier which supplies gas or electricity (or both) to Designated Energy Premises and which is not a Large Non-Domestic Supplier.

