

## **ENERGY**

### **SMART METERS**

#### **DRAFT MODIFICATIONS TO THE STANDARD CONDITIONS OF ELECTRICITY AND GAS SUPPLY LICENCES, THE STANDARD CONDITIONS OF ELECTRICITY DISTRIBUTION LICENCES, THE STANDARD CONDITIONS OF GAS TRANSPORTERS LICENCES, THE SMART METER COMMUNICATION LICENCES, AND THE SMART ENERGY CODE (SMART METERS No. [4] of 2020)**

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

*Draft modifications to the Electricity and Gas Supply Licences, the Electricity Distribution Licences, the Gas Transporters Licences, 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 licence modifications not be made.*

## ENERGY

### SMART METERS

#### **DRAFT MODIFICATIONS TO THE STANDARD CONDITIONS OF ELECTRICITY AND GAS SUPPLY LICENCES, THE STANDARD CONDITIONS OF ELECTRICITY DISTRIBUTION LICENCES, THE STANDARD CONDITIONS OF GAS TRANSPORTERS LICENCES, THE SMART METER COMMUNICATION LICENCES, AND THE SMART ENERGY CODE (SMART METERS No. [4] of 2020)**

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 21 of the smart meter communication licences;
- (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 standard conditions of electricity supply licences**

2 The standard conditions of electricity supply licences granted or treated as granted under section 6(1)(d) of the Electricity Act 1989 are modified, in accordance with paragraphs 3 to 11 below, with effect from the day after the day on which this instrument is made.

3 In standard condition 1, in paragraph 1.3, delete, in its entirety, the existing definition of **Smart Metering System** and insert a new definition as follows –

- |                          |                 |  |
|--------------------------|-----------------|--|
| <b>"Smart<br/>System</b> | <b>Metering</b> | means, in respect of any Domestic Premises or Designated Premises: <ul style="list-style-type: none"><li>(a) a system installed at such premises for the purposes of the supply of electricity to those premises which on the Installation Date:</li></ul> |
|--------------------------|-----------------|--|

- (i) consists of an Electricity Meter and any associated or ancillary devices identified in a Version of the ESME Technical Specification which is:
    - (A) within its Installation Validity Period; and
    - (B) the same Version in respect of all such devices;
  - (ii) as a minimum, has the functional capability specified by and complies with the other requirements of that Version of the ESME Technical Specification; and
  - (iii) where the premises is a Domestic Premises, except where that Version of the ESME Technical Specification has 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 electricity to those premises which on the Installation Date:
- (i) consists of an Electricity Meter and any associated or ancillary devices identified in a Version of the ESME 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 ESME 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."

4 In standard condition 2 –

- (a) in paragraph 2.12, after "under standard condition" delete "1, 12, 39, 40, 45, 46, 49, 53 or 55" and insert "1, 12, 39, 40, 45, 45A, 46, 49, 53, 54 or 55";
- (b) in paragraph 2.13, after "under standard condition" delete "1, 12, 39, 40, 45, 46, 49, 53 or 55" and insert "1, 12, 39, 40, 45, 45A, 46, 49, 53, 54 or 55";
- (c) in paragraph 2.14, after "under standard condition" delete "12, 39, 40, 45, 46, 49 or 55" and insert "12, 39, 40, 45, 45A, 46, 49, 54 or 55"; and
- (d) in paragraph 2.15, after "in relation to standard condition" delete "1, 12, 39, 40, 45, 46, 49, 53 or 55" and insert "1, 12, 39, 40, 45, 45A, 46, 49, 53, 54 or 55".

5 In standard condition 12, in paragraph 12.27, before "the licensee must not" delete "31 December 2020," and insert "the ARS Specified Date,".

6 In standard condition 28AD, in paragraph 28AD.40, in the definition of "**Smart Metering Pass-Through Net Cost Change**", in paragraph (b) of the definition after "in accordance with" delete "condition 45.24" and insert "(as applicable) condition 45.24 or condition 45A.36".

- 7 In standard condition 39 –
- (a) in paragraph 39.1, after "steps to ensure that a" insert "Relevant";
  - (b) in paragraph 39.7 –
    - (i) in sub-paragraph (a), after "to be installed forms part of a" insert "Relevant"; and
    - (ii) in sub-paragraph (b), after "to be installed forms part of a" insert "Relevant";
  - (c) before existing paragraph 39.22, insert a new paragraph 39.22 as follows –
 

"39.22 For the purposes of Part A and Part B of this condition:

|  |   |
|--|---|
| <p><b>Relevant Smart<br/>Metering System</b></p> | <p>means, in respect of any Domestic Premises or Designated Premises a system installed at such premises for the purposes of the supply of electricity to those premises which on the Installation Date:</p> <ul style="list-style-type: none"> <li>(a) consists of an Electricity Meter and any associated or ancillary devices identified in a Version of the ESME Technical Specification which is:               <ul style="list-style-type: none"> <li>(i) within its Installation Validity Period; and</li> <li>(ii) the same Version in respect of all such devices;</li> </ul> </li> <li>(b) as a minimum, has the functional capability specified by and complies with the other requirements of that Version of the ESME Technical Specification; and</li> <li>(c) where the premises is a Domestic Premises, except where that Version of the ESME Technical Specification has a Principal Version number of 1, includes a Relevant Communications Hub.";</li> </ul> |
|--|---|
  - (d) renumber existing paragraph 39.22 as paragraph 39.23.
- 8 In standard condition 43, in paragraph 43.12, delete, in its entirety, the existing definition of **"Consumer Engagement Plan"** and insert a new definition as follows –
- "Consumer Engagement Plan** has:
- (a) prior to the date that standard condition 45A (Smart Metering Consumer Engagement) takes effect, the meaning given to it in standard condition 45 (Smart Metering Consumer Engagement); and
  - (b) on and after the date that standard condition 45A (Smart Metering Consumer Engagement) takes effect, the meaning given to it in standard condition 45A (Smart Metering Consumer Engagement).".
- 9 In standard condition 45, in paragraph 45.2, delete, in its entirety, existing sub-paragraph (b) and insert a new sub-paragraph (b) as follows –
- "(b) cease to 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 45A.2(a) of Condition 45A (Smart Metering Consumer Engagement); and
  - (ii) the date specified in each such direction is the same."
- 10 After existing standard condition 45, insert new standard condition 45A as set out in Schedule 1 of this instrument.
- 11 In standard condition 52 –
  - (a) in paragraph 52.15, in sub-paragraph (a)(ii), after "as associated with" delete "an Import MPAN that relates to that premises" and insert "the Import MPAN and/or the Export MPAN that relates to the Metering Point of the Base Electricity Meter";
  - (b) in paragraph 52.16 –
    - (i) after "'Device Security Credentials'," insert "'Export MPAN','"; and
    - (ii) after "'Import MPAN'" insert ", 'Metering Point'"; and
  - (c) after paragraph 52.16, insert a new paragraph 52.17 as follows –
 

"52.17 In this condition:

|                               |   |
|-------------------------------|---|
| <b>Base Electricity Meter</b> | means, in respect of a premises at which there is installed an Additional Electricity Smart Meter and/or a Standalone Auxiliary Proportional Controller, the Electricity Meter that: <ul style="list-style-type: none"> <li>(a) is used for the purposes of determining (whether in whole or in part) the quantity of electricity supplied to the premises and/or exported from the premises; and</li> <li>(b) also measures (as a minimum) the quantity of electricity that is consumed by and/or exported through the installed Additional Electricity Smart Meter and/or the Standalone Auxiliary Proportional Controller."</li> </ul> |
|-------------------------------|---|

#### Modifications to the standard conditions of gas supply licences

- 12 The standard conditions of gas supply licences granted or treated as granted under section 7A(1) of the Gas Act 1986 are modified, in accordance with paragraphs 13 to 20 below, with effect from the day after the day on which this instrument is made.
- 13 In standard condition 1, delete in its entirety, the existing definition of "**Smart Metering System**" and insert a new definition as follows –
 

|                               |   |
|-------------------------------|---|
| <b>"Smart Metering System</b> | means, in respect of any Domestic Premises or Designated Premises: <ul style="list-style-type: none"> <li>(a) a system installed at such premises for the purposes of the supply of gas to those premises which on the Installation Date:               <ul style="list-style-type: none"> <li>(i) consists of a Gas Meter and any associated or ancillary devices identified in a Version of the GSME Technical Specification which is:                   <ul style="list-style-type: none"> <li>(A) within its Installation Validity Period; and</li> </ul> </li> </ul> </li> </ul> |
|-------------------------------|---|

- (B) the same Version in respect of all such devices;
  - (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
  - (iii) 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, 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."

- 14 In standard condition 2 –
  - (a) in paragraph 2.12, after "under standard condition" delete "1, 12, 33, 34, 39, 40, 43, 47 or 49" and insert "1, 12, 33, 34, 39, 39A, 40, 43, 47, 48 or 49";
  - (b) in paragraph 2.13, after "under standard condition" delete "'1, 12, 33, 34, 39, 40, 43, 47 or 49" and insert "1, 12, 33, 34, 39, 39A, 40, 43, 47, 48 or 49";
  - (c) in paragraph 2.14, after "under standard condition" delete "12, 33, 34, 39, 40, 43 or 49" and insert "12, 33, 34, 39, 39A, 40, 43, 48 or 49"; and
  - (d) in paragraph 2.15, after "in relation to standard condition" delete "1, 12, 33, 34, 39, 40, 43, 47 or 49" and insert "1, 12, 33, 34, 39, 39A, 40, 43, 47, 48 or 49".
- 15 In standard condition 12, in paragraph 12.30, before "the licensee must" delete "31 December 2020," and insert "the ARS Specified Date,".
- 16 In standard condition 28AD, in paragraph 28AD.33, in the definition of "**Smart Metering Pass-Through Net Cost Change**", in paragraph (b) of the definition after "in accordance with" delete "condition 39.24" and insert "(as applicable) condition 39.24 or condition 39A.36".
- 17 In standard condition 33 –
  - (a) in paragraph 33.1, after "steps to ensure that a" insert "Relevant";

- (b) in paragraph 33.7 –
  - (i) in sub-paragraph (a), after "to be installed forms part of a" insert "Relevant"; and
  - (ii) in sub-paragraph (b), after "to be installed forms part of a" insert "Relevant";
- (c) before existing paragraph 33.22, insert a new paragraph 33.22 as follows –
 

"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."; and

- (d) renumber existing paragraph 33.22 as paragraph 33.23.

- 18 In standard condition 37.12, delete, in its entirety, the existing definition of "**Consumer Engagement Plan**" and insert a new definition as follows –

**"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).".

- 19 In standard condition 39 –

- (a) in paragraph 39.2, delete, in its entirety, existing sub-paragraph (b) and insert a new sub-paragraph (b) as follows –
 

"(b) cease to 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 39A.2(a) of Condition 39A (Smart Metering Consumer Engagement); and
    - (ii) the date specified in each such direction is the same."; and
  - (b) in paragraph 39.9, after "set out in" insert "paragraph".
- 20 After existing standard condition 39, insert a new standard condition 39A as set out in Schedule 2 to this instrument.

#### **Modifications to the Smart Meter Communication Licences**

- 21 The conditions of the smart meter communication licences are modified, in accordance with paragraphs 22 and 23 below, with effect from the day after the day on which this instrument is made.
- 22 After existing condition 13A, insert a new condition 13B as set out in Schedule 3 to this instrument.
- 23 In condition 45, in paragraph 45.12, in the definition of "**Central Delivery Body**" –
- (a) after "in accordance with Standard Licence Condition 45" insert "or as the case may be with Standard Licence Condition 45A"; and
  - (b) after "Standard Licence Condition 39" insert "or as the case may be with Standard Licence Condition 39A".

#### **Modifications to the Smart Energy Code**

- 24 The Smart Energy Code is modified, in accordance with paragraph 25 below, with effect from the day after the day on which this instrument is made.
- 25 In Section A, in Section A1, in Section A1.1 –
- (a) in the definition of "**Electricity Smart Meter**", after "or a device" insert "(other than a SMETS1 ESME)"; and
  - (b) in the definition of "**Gas Smart Meter**", after "or a device" insert "(other than a SMETS1 GSME)".

#### **Modifications to the standard conditions of Electricity Distribution Licences**

- 26 The standard conditions of electricity distribution licences granted or treated as granted under section 6(1)(c) of the Electricity Act 1989 are modified, in accordance with paragraph 27 below, with effect from the day after the day on which this instrument is made.
- 27 In standard condition 6A –
- (a) in paragraph 6A.9, after "date which is", delete "12 months after the date specified in paragraph 39.1 of standard condition 39 of the Standard Conditions for Electricity Supply Licences" and insert "five years after the ARS Specified Date"; and
  - (b) in paragraph 6A.10, insert (in alphabetical order) the following new definition –
 

|                            |   |
|----------------------------|---|
| <b>"ARS Specified Date</b> | has the meaning given to it in standard condition 1 of the Standard Conditions of Electricity Supply Licences." |
|----------------------------|---|

#### **Modifications to the standard conditions of Gas Transporters Licences**

- 28 The standard conditions of gas transporters licences granted or treated as granted under section 7(2) of the Gas Act 1986 are modified, in accordance with paragraph 29 below, with effect from the day after the day on which this instrument is made.
- 29 In standard condition 26 –



- (a) in paragraph 26.9, after "date which is", delete "12 months after the date specified in paragraph 33.1 of standard condition 33 of the Standard Conditions for Gas Supply Licences" and insert "five years after the ARS Specified Date"; and
- (b) in paragraph 26.10, insert (in alphabetical order) the following new definition –  
  
    "**ARS Specified Date** has the meaning given to it in standard condition 1 of the Standard Conditions of Gas Supply Licences."

*Name*

Parliamentary Under Secretary of State

Department for Business, Energy and Industrial Strategy

Date

## **SCHEDULE 1**

### **NEW STANDARD CONDITION 45A TO BE INCLUDED IN ELECTRICITY SUPPLY LICENCES (AFTER EXISTING STANDARD CONDITION 45)**

#### **"Condition 45A. Smart Metering Consumer Engagement"**

##### **Introduction**

45A.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**

45A.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 45.2(b) of Condition 45 (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 45A.3; and
- (c) cease to apply from such date as may be specified in a direction issued by the Secretary of State.

45A.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**

45A.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**

45A.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 45A.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 45A.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 45A.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**

45A.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.

45A.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.

45A.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.

45A.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.

45A.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**

45A.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**

45A.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.

45A.13 In complying with paragraph 45A.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**

45A.14 The objectives of the Central Delivery Body set out in paragraph 45A.15 are, unless otherwise stated, to apply in respect of Energy Consumers at Domestic Energy Premises and at Relevant Designated Premises.

45A.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**

45A.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**

45A.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 45A.18 to 45A.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 45A.22 to 45A.24;
- (c) maintain a plan for achieving its objectives (the **Consumer Engagement Plan**) which meets the requirements of paragraphs 45A.25 to 45A.27;
- (d) implement the Consumer Engagement Plan in accordance with paragraph 45A.28;
- (e) develop and produce each year an annual budget for the delivery of the Consumer Engagement Plan which meets the requirements of paragraphs 45A.29 and 45A.31 (the **Annual Budget**);
- (f) produce a report on at least an annual basis (the **Annual Report**) which meets the requirements of paragraphs 45A.32 and 45A.33; and
- (g) publish the Consumer Engagement Plan, the Annual Budget and the Annual Report in accordance with paragraphs 45A.34 and 45A.35.

### **The Performance Management Framework**

45A.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 45A.26, amended the Consumer Engagement Plan to take into account information received in respect of its performance.

45A.19 The initial Performance Management Framework must be produced by the Central Delivery Body by no later than 31 December 2021.

45A.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.

45A.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**

45A.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.

45A.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.

45A.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**

45A.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.

45A.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.

45A.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).

45A.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**

45A.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.

45A.30 In developing each Annual Budget in accordance with paragraph 45A.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.

45A.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**

45A.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.

45A.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**

45A.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,

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

45A.35 In complying with paragraph 45A.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**

45A.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.

45A.37 For the purpose of meeting the requirements of paragraph 45A.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 45A.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 45A.36(b), on the basis of their respective shares of the markets for gas and electricity supply to Domestic Premises.

45A.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.

45A.39 For the purposes of paragraphs 45A.36(a) and 45A.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 45 immediately prior to the date that standard condition 45 ceased to have effect.

## **Part A6. Other Duties of Relevant Suppliers**

### **General Duty**

45A.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**

45A.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**

45A.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 45A.37; and
- (c) keep the Domestic Funding Mechanism under review, and amend it, in accordance with the provisions of paragraph 45A.38.

### **Co-operation**

45A.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**

45A.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.

45A.45 For the purpose of meeting the requirements of paragraph 45A.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 45A.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 45A.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**

45A.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**

45A.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.

45A.48 For the purpose of meeting the requirements of paragraph 45A.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**

45A.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**

45A.50 In this condition:

|                                       |  |
|---------------------------------------|--|
| <b>Commencement</b>                   | means the point in time at which this condition first applies, as determined in accordance with paragraph 45A.2.   |
| <b>Designated Energy Premises</b>     | means premises which (with respect to the supply of electricity) are Designated Premises, or (with respect to the supply of gas) satisfy the definition of 'Designated Premises' at standard condition 1 of the Gas Supply Licence.  |
| <b>Domestic Energy Premises</b>       | means premises which (with respect to the supply of electricity) are Domestic Premises, or (with respect to the supply of gas) satisfy the definition of 'Domestic Premises' at standard condition 6 of the Gas Supply Licence.  |
| <b>Domestic Fixed Operating Costs</b> | <p>means the costs of:</p> <ul style="list-style-type: none"> <li>(a) renting and maintaining premises;</li> <li>(b) staff recruitment, salaries, and benefits; and</li> <li>(c) purchasing and maintaining office equipment, including IT and telephony equipment,</li> </ul> <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> |
| <b>Energy Consumer</b>                | means a consumer of gas or electricity (or both).  |
| <b>Energy Customer</b>                | means a person who is (with respect to the supply of electricity) a Customer, or (with respect to the supply of gas)   |

a 'Customer' in accordance with the definition at standard condition 1 of the Gas 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.

**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.

**Uniform Network Code**

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

**SCHEDULE 2**  
**NEW STANDARD CONDITION 39A TO BE INCLUDED IN GAS SUPPLY LICENCES**  
**(AFTER EXISTING STANDARD CONDITION 39)**

**"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,

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:

|                                       |   |
|---------------------------------------|---|
| <b>Commencement</b>                   | means the point in time at which this condition first applies, as determined in accordance with paragraph 39A.2.  |
| <b>Designated Energy Premises</b>     | 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.                         |
| <b>Domestic Energy Premises</b>       | 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.                             |
| <b>Domestic Fixed Operating Costs</b> | means the costs of: <ul style="list-style-type: none"><li>(a) renting and maintaining premises;</li><li>(b) staff recruitment, salaries, and benefits; and</li><li>(c) purchasing and maintaining office equipment, including IT and telephony equipment,</li></ul> |

|   |  |  |
|---|--|--|
|   |  | insofar as those costs relate to the activities carried out by the Central Delivery Body in respect of Energy Consumers at Domestic Energy Premises.   |
| <b>Energy Consumer</b>                    |  | means a consumer of gas or electricity (or both).  |
| <b>Energy Customer</b>                    |  | 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.   |
| <b>Energy Meter Point</b>                 |  | means: <ul style="list-style-type: none"> <li>(a) in relation to the supply of electricity, a Metering Point as defined in the Master Registration Agreement; or</li> <li>(b) in relation to the supply of gas, a Supply Meter Point as defined in the Uniform Network Code.</li> </ul>  |
| <b>Energy Supplier</b>                    |  | 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.   |
| <b>Large Non-Domestic Supplier</b>        |  | 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.   |
| <b>Master Registration Agreement</b>      |  | has the meaning given to it in accordance with the definition at standard condition 1 of the Electricity Supply Licence.   |
| <b>Micro Business Energy Consumer</b>     |  | means an Energy Consumer that is a Micro Business Consumer in accordance with: <ul style="list-style-type: none"> <li>(a) the meaning given to the term Micro Business Consumer in standard condition 7A (Supply to Micro Business Consumers); or</li> <li>(b) the meaning given to the term Micro Business Consumer in standard condition 7A of the Gas Supply Licence.</li> </ul>  |
| <b>Network Operator</b>                   |  | means any person holding: <ul style="list-style-type: none"> <li>(a) a licence granted under section 6(1)(b) or 6(1)(c) of the Electricity Act 1989; or</li> <li>(b) a licence granted under section 7 of the Gas Act 1986.</li> </ul>   |
| <b>Non-Domestic Fixed Operating Costs</b> |  | means the costs of: <ul style="list-style-type: none"> <li>(a) renting and maintaining premises;</li> <li>(b) staff recruitment, salaries, and benefits; and</li> <li>(c) purchasing and maintaining office equipment, including IT and telephony equipment,</li> </ul> insofar as those costs relate to the activities carried out by the Central Delivery Body in respect of Energy Consumers at Designated Energy Premises. |
| <b>Relevant Designated Premises</b>       |  | 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."

### **SCHEDULE 3**

#### **NEW CONDITION 13B TO BE INCLUDED IN THE SMART METER COMMUNICATION LICENCES (AFTER EXISTING CONDITION 13A)**

##### **"Condition 13B. Network Evolution Arrangements**

###### **Introduction**

- 13B.1 This condition enables the Secretary of State to make appropriate provision under this Licence and the Smart Energy Code for the purpose of facilitating the achievement of efficient, economical, co-ordinated and timely Network Evolution Arrangements.

###### **Part A: Production of Plans for the Network Evolution Arrangements**

- 13B.2 Where the Secretary of State gives a direction to the Licensee under this paragraph 13B.2, the Licensee must, by no later than the date specified in the direction, prepare and submit to the Secretary of State, for approval, a plan (or plans) for the design, development, and implementation of the systems, processes, and procedures intended to comprise any part or the whole of the Network Evolution Arrangements, as may be specified in any such direction.
- 13B.3 For the purpose of producing and submitting the plan (or plans) required under paragraph 13B.2, the Licensee must first:
- (a) issue the plan in draft to the SEC Panel and all SEC Parties;
  - (b) consult with those persons about the proposed content of the plan; and
  - (c) have due regard to the responses to the consultation in determining whether, and if so how, to amend the plan before submitting it to the Secretary of State for approval.
- 13B.4 The Licensee must, as soon as practicable following the consultation undertaken in accordance with paragraph 13B.3(b), submit its proposed plan to the Secretary of State for approval, together with:
- (a) a fair and accurate summary of the comments received by the Licensee in the course of the consultation; and
  - (b) an explanation of how and to what extent (if any) the Licensee has taken account of such comments in the plan submitted for approval.
- 13B.5 Where the Secretary of State does not approve the Licensee's proposed plan, the Secretary of State may issue a direction to the Licensee:
- (a) to make such modifications, or modifications of such nature or purpose or effect, to the plan as are specified in the direction;
  - (b) for that purpose to comply with any requirements with respect to process and timeframe as may be specified in the direction; and
  - (c) to resubmit a proposed plan to the Secretary of State for approval by such date as may be specified in the direction.
- 13B.6 The Secretary of State may give a direction under paragraph 13B.5 in respect of any plan submitted to it under paragraph 13B.4 or paragraph 13B.5(c).
- 13B.7 The Secretary of State may, following any such consultation as he considers appropriate with SEC Parties and such other persons as he considers appropriate, approve a plan submitted to him under paragraph 13B.4 or 13B.5(c) (as the case may be).

###### **Part B: Implementing approved plans**

- 13B.8 The Licensee must take all reasonable steps to give effect to the plan (or plans) approved by the Secretary of State, and such steps:

- (a) must include:
  - (i) working in conjunction and cooperation with SEC Parties, the SEC Panel and, where applicable, SECCo Ltd and any other relevant persons, with a view to achieving that purpose in accordance with such timescales as are specified; and
  - (ii) making changes to existing Relevant Service Capability and/or procuring additional Relevant Service Capability, in each case to such extent as may be required for that purpose; and
- (b) may include the establishing of processes and procedures to be followed by SEC Parties, including the Licensee, for the orderly and co-ordinated delivery and implementation of, and transition and/or migration to, the Network Evolution Arrangements and notifying SEC Parties of such processes and procedures.

### **Part C: Powers to direct and approve production of new plans**

- 13B.9 This Part C applies if the Secretary of State is of the opinion that the plan (or plans) established by virtue of Part A above is no longer suitable for the purpose of facilitating the implementation of the Network Evolution Arrangements.
- 13B.10 If this Part C applies, the Secretary of State may direct the Licensee to produce a new plan (or plans), covering the same matters as those for which paragraph 13B.2 provides and any additional matters specified in the direction, which will be more suitable for the purposes of facilitating the implementation of the Network Evolution Arrangements.
- 13B.11 A direction given under paragraph 13B.10 may include requirements for the new plan (or plans) to replace, in whole or in part, the plan (or plans) already established by virtue of Part A above, or to add to the provisions of any such plan (or plans).
- 13B.12 In complying with a direction given under paragraph 13B.10, the Licensee must do so in accordance with the provisions of paragraphs 13B.3 to 13B.5.
- 13B.13 Where any new plan (or plans) produced under this Part C has been approved by the Secretary of State pursuant to paragraph 13B.4 or paragraph 13B.5(c) (as the case may be), the Licensee must implement the approved plan (or plans) (with any amendments that may have been specified in the approval) in the same terms as apply to the Licensee under paragraph 13B.8.

### **Part D: Interpretation**

- 13B.14 In this Condition:

**Network Evolution Arrangements**

means arrangements for:

- (a) utilising the newer forms of next-generation wireless mobile telecommunications technology for the secure telecommunication platform used (or to be used) for the purposes of communicating with Smart Metering Systems;
- (b) ensuring, including by way of re-procurement where required, continuity in the provision of data services with respect to Smart Metering Systems;
- (c) delivering further automated testing of system changes required for implementation of changes proposed and/or made to the Smart Energy Code; and
- (d) ensuring, including by way of re-procurement where required, continuity in the provision of the SMKI Service,

and any other arrangements which the Secretary of State reasonably considers are materially associated with or required to support the arrangements referred to in paragraphs (a) to (d) above."