



Department for
Business, Energy
& Industrial Strategy

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

8th November 2021

To: All holders of an electricity supply licence or gas supply licence with non-domestic smart meter mandate sites

Dear Colleague,

**SMART METERING IMPLEMENTATION PROGRAMME: DIRECTION TO
CONFIRM SMART ENERGY GB MICROBUSINESS CAMPAIGN FUNDING
MECHANISM**

1. Smart Energy GB is the Central Delivery Body responsible for carrying out the role of consumer engagement in relation to Smart Metering Systems. In 2019, BEIS extended Smart Energy GB's remit to include Relevant Designated Premises (microbusiness non-domestic premises).
2. As set out in standard conditions of the Electricity Supply (SLC 45A.44) and Gas Supply Licences (SLC 39A.44), non-domestic energy suppliers are required to meet the costs of Smart Energy GB's non-domestic activity.
3. Capital costs for the microbusiness campaigns are shared amongst large non-domestic suppliers. Fixed operating costs are shared amongst large and small non-domestic suppliers. Both are weighted by market share of the total non-domestic market.
4. Smart Energy GB's first dedicated microbusiness activity following the extension of their remit was launched in August 2020. Since then, a range of activities have helped to increase awareness of smart metering amongst microbusiness consumers and encouraged uptake amongst businesses. The campaign is driving core messaging, particularly that smart meters are available for businesses and that they can help to save money and reduce consumption. Industry partners are helping to raise awareness, advocating for, and communicating the benefits of smart meters to their respective communities.
5. In 2020, Government confirmed its intention to amend Smart Energy GB's objectives to ensure they remain relevant for the next phase of the smart meter rollout post-2020. In addition to broader objectives to drive uptake and encourage behaviour change, Smart Energy GB retained a specific objective to continue raising awareness amongst microbusiness consumers in a way that recognises the value of smart meter data to a range of diverse businesses.

6. As standard conditions 45A of the Electricity Supply (SLC 45A) and 39A of the Gas Supply Licences (SLC 39A) came into effect on the 30th June 2021 to support the target framework, we consider it a timely opportunity to formalise the existing non-domestic Smart Energy GB funding arrangements, providing certainty to industry, Smart Energy GB and consumers.
7. As per standard conditions 45A.45 and 45A.48 of the Electricity Supply Licence and standard conditions 39A.45 and 39A.48 of the Gas Supply Licence, the direction below confirms the existing mechanism for allocating costs relating to Smart Energy GB's non-domestic activity.

Direction

This direction is issued to all holders of a licence granted or treated as granted under section 6(1)(d) of the Electricity Act 1989 (an "Electricity Supply Licence") and to all holders of a licence granted or treated as granted under section 7A(1) of the Gas Act 1986 (a "Gas Supply Licence") that supply gas, or electricity, or both to Designated Energy Premises.

This direction is made pursuant to standard conditions 45A.45 and 45A.48 of the Electricity Supply Licence and standard conditions 39A.45 and 39A.48 of the Gas Supply Licence.

The Secretary of State hereby directs that for the purpose of meeting the requirements of standard conditions 45A.44 and 45A.47 of the Electricity Supply Licence and standard conditions 39A.44 and 39A.47 of the Gas Supply Licence, the licensee must apply the following mechanism for allocating costs:

Mechanism

Where the licensee is a Large Non-Domestic Supplier, the proportion of the Capital Costs allocated to the licensee is x%, where:

$$x = \left(\frac{A}{B} \right) \times 100$$

Where the licensee is a Large Non-Domestic Supplier or a Small Non-Domestic Supplier, the proportion of the Fixed Operating Costs allocated to the licensee is y%, where:

$$y = \left(\frac{A}{C} \right) \times 100$$

A is the total number of Energy Meter Points at Designated Energy Premises supplied by the licensee on the relevant date;

B is the total number of Energy Meter Points at Designated Energy Premises supplied by all Large Non-Domestic Suppliers on the relevant date; and

C is the total number of Energy Meter Points at Designated Energy Premises supplied by all Large Non-Domestic Suppliers and Small Non-Domestic Suppliers on the relevant date.

The relevant date is to be determined by the Central Delivery Body. Different relevant dates may apply in respect of different cases or circumstances.

A, B and C are to be calculated by the Central Delivery Body using data (broken down by Energy Meter Point and, where relevant, profile class) provided to it by the DCC.

In this direction:

“Capital Costs” means the costs of the Central Delivery Body as referred to in standard condition 45A.44(a) of the Electricity Supply Licence and standard condition 39A.44(a) of the Gas Supply Licence;

“Central Delivery Body”, “Designated Energy Premises”, “Large Non-Domestic Supplier” and “Small Non-Domestic Supplier” have the meanings given in standard condition 45A of the Electricity Supply Licence and standard condition 39A of the Gas Supply Licence;

“Energy Meter Point” means (a) in relation to the supply of electricity, a Metering Point as defined in the Retail Energy Code; or (b) in relation to the supply of gas, a Supply Meter Point as defined in the Uniform Network Code;

“Fixed Operating Costs” means the costs of the Central Delivery Body as referred to in standard conditions 45A.44(b) and 45A.47 of the Electricity Supply Licence and standard conditions 39A.44(b) and 39A.47 of the Gas Supply Licence;

This direction is to have effect from 8th November 2021.

Except where stated otherwise, words and expressions used in this direction shall be interpreted in accordance with the Definitions and Interpretation set out in the standard conditions of Electricity Supply and Gas Supply Licences.

This direction is also being notified to the Authority (OFGEM) and the Central Delivery Body responsible for carrying out the role of consumer engagement in relation to Smart Metering Systems in respect of its activities regarding Energy Consumers at Relevant Designated Premises (Smart Energy GB).

Yours faithfully,

A handwritten signature in black ink, appearing to be 'Steven Daniels', written over a horizontal line.

Steven Daniels

Deputy Director of Benefits Realisation
Smart Metering Implementation Programme

(An official of the Department for Business, Energy & Industrial Strategy authorised to act on behalf of the Secretary of State)