



18 January 2018

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

Decision on SMETS1 and Advanced Meter Exception end-dates

SMETS1 end-date

In my letter of 11 August 2017, I set out my minded-to position that the SMETS1 end-date should occur 13 months after the release of R1.3 into end-to-end testing, namely Friday 13 July 2018. In that letter, I also committed to keep the SMETS1 end-date under review until January 2018 in case any industry-wide impediments to the transition emerged.

We have sought evidence from energy suppliers most active in the transition to SMETS2 as well as from Smart DCC Limited. Having appraised this, it is clear that significant progress has been made in testing and trialling the SMETS2 system. We have concluded that on balance there are no industry-wide impediments preventing the transition. End-to-end functionality has been proven through extensive user testing and multiple energy suppliers have successfully installed meters on the DCC production system. Residual issues remain including remaining code defects and inconsistent experience of the operation of the production solution in the North region, but we anticipate that these are likely to be satisfactorily addressed by July.

It is however evident that, despite considerable efforts by most to progress their plans, no large energy supplier will be able to complete the transition by July without significant risk. Issues remain with some meters and there is insufficient time in most plans for controlled pilots to identify residual issues that could compromise full scale deployments if not identified and redressed.

Consumers, and the reputation of smart metering, would bear the consequences of these risks materialising with the prospect of a slowdown in the rollout, or unsatisfactory installations for consumers, if SMETS2 systems were deployed before remaining issues were identified and resolved.

In the light of this, I have determined that it is appropriate to move the SMETS1 end-date by 12 weeks to provide additional time for field testing and piloting. Therefore, the SMETS1 end-date will now be **Friday 5 October 2018**. We expect all SMETS1-capable meters to have been made compliant by this date.

Subject to Parliament, we intend to grant derogations to successful applicants according to the process recently undertaken and these will permit successful applicants to roll out a limited number of SMETS1 meters after the revised 5 October end-date. Given the additional time provided for trialling we will not, however, adjust the size of the derogations or move the backstop date for the use of this flexibility which will remain as 13 January 2019.

We will consult in due course on the proposed re-designation of the Technical Specification (TS) Applicability Tables in the Smart Energy Code to give legal effect to the SMETS1 end-date.

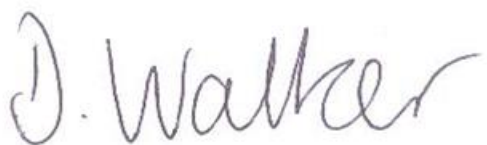
Advanced Meter Exception (AME) end-dates

In my letter of 11 August 2017, I also committed to keep the AME end-dates under review. On 21 December 2017, we confirmed that the large and small supplier AME end-dates would move to 13 July 2018 and that the final AME end-date would be confirmed alongside the SMETS1 end-date in January. As both the AME and SMETS1 end-dates are subject to similar considerations in respect of the readiness of SMETS2 alternatives, the AME end-date will also move by 12 weeks and will now be **Friday 5 October 2018**.

The accompanying direction letter gives legal effect to the AME end-dates.

I do not envisage any further movement in either the SMETS1 end-date or AME end-date and it is for energy suppliers to manage any remaining risks or emerging issues and to move over to SMETS2 meters by October 2018.

Yours sincerely,

A handwritten signature in blue ink that reads "D. Walker". The signature is written in a cursive, slightly slanted style.

DARON WALKER
Senior Responsible Owner
Smart Metering Implementation Programme