SECTION Z: THE ALT HAN ARRANGEMENTS

All references to "Communications Hubs" in this Section Z are references to "SMETS2+ Communications Hubs".

Z1 THE ALT HAN FORUM

Establishment of the Alt HAN Forum

Z1.1 The Alt HAN Forum (the **Forum**) is hereby established.

Z1.2 The Forum shall:

(a) pursue the objectives, carry out the functions and have the powers set out in Sections Z1.3 to Z1.6;

(b) have the composition described in Sections Z1.7 to Z1.13;

(c) conduct its activities in accordance with the procedures set out in Sections Z1.14 to Z1.41;

(d) have the ability to establish, and to delegate its duties, powers and functions to, Sub-Groups in accordance with Sections Z1.42 to Z1.60,

and appeals from decisions of the Forum may be made to the Authority in accordance with Sections Z1.61 to Z1.67.

Forum Objectives, Functions and Powers

Forum Objectives

Z1.3 The Forum shall, in the performance of its functions and exercise of its powers, always act in a manner designed to achieve the objectives (the **Forum Objectives**) that:

(a) by virtue of the operation of this Section Z, Relevant Supplier Parties are able to comply with their obligations under Standard Condition 55.2 of the Electricity Supply Licence and Standard Condition 49.2 of the Gas Supply Licence;

(b) the Alt HAN Arrangements are given effect so as:

(i) to facilitate the economic and efficient carrying out of the Alt HAN Activities and provision of the Alt HAN Services;

(ii) to facilitate competition between persons engaged in, or in Commercial Activities connected with, the Supply of Energy;

(iii) to ensure that Energy Consumers' experience of the installation of Alt HAN Equipment at their premises is consistent with their reasonable expectations;

(iv) to ensure that all activities undertaken by or on behalf of Relevant Supplier Parties in relation to the installation, operation, maintenance, removal and replacement of Alt HAN Equipment are carried out in a fair, transparent, appropriate and professional manner;

(v) to ensure the protection of Data and the security of Data and Systems used for the purpose of the carrying out of the Alt HAN Activities and provision of the Alt HAN Services; and

(vi) to ensure that the Alt HAN Arrangements are administered in an economic, efficient and transparent manner; and

(c) the Forum conducts its affairs in an open and transparent manner.

Forum Functions

Z1.4 The Forum shall, in accordance with the provisions of this Section Z:

(a) make all decisions required for the purpose of carrying out the Alt HAN Activities and the making available and provision of the Alt HAN Services, except for any decisions which may from time to time be delegated by it to AltHANCo or any Forum Sub-Group;

(b) determine which (if any) decisions are to be delegated to AltHANCo or any Forum Sub-Group;

(c) give such directions to AltHANCo or any Forum Sub-Group as the Forum may consider appropriate (which may include directions in relation to any decisions otherwise delegated by the Forum);

(d) approve the annual budget of AltHANCo;

(e) determine any appeals made to it from decisions made by AltHANCo or a Forum Sub-Group; and

(f) make such other decisions as may from time to time be required in accordance with the provisions of this Section Z.

Z1.5 The Forum shall:

(a) provide to the Panel such report or other information as the Panel may request for the purpose of fulfilling its duty at Section C2.3(h) (Panel Duties); and

(b) (to the extent to which it reasonably considers that it is necessary to do so) liaise and exchange information with, provide advice to, and seek the advice of the Technical Architecture and Business Architecture Sub-Committee and the Security Sub-Committee on matters which fall within the scope of the activities of each of those Sub-Committees.

Forum Powers

Z1.6 Without prejudice to any other rights or powers granted to the Forum in this Section Z, the Forum shall, in accordance with the provisions of this Section Z, have the power to:

(a) make written representations in relation to the purpose or effect of any Modification Proposal which:

(i) is likely to affect this Section Z;

(ii) is likely to affect the provisions relating to the Alt HAN Charges at Section K (Charging Methodology);

(iii) relates to other parts of the Code, but may have a material effect on the Alt HAN Arrangements;

(b) appoint and remove professional advisers;

(c) consider, approve and authorise the entering into by AltHANCo of contracts; and

(d) do anything else necessary for, or reasonably incidental to, the fulfilment of its functions under this Section Z.

Forum Membership

Appointment of Members

Z1.7 Each Relevant Supplier Party:

(a) shall nominate one person to represent it in the Forum; and

(b) may at any time nominate a different person for that purpose, in replacement for any person previously nominated,

where all such nominations shall be made in writing to the Alt HAN Secretariat, and the Forum shall be composed of each of the persons (**Forum Members**) who are from time to time so nominated by the Relevant Supplier Parties.

Z1.8 A person may be nominated as a Forum Member by, may represent, and may vote on behalf of any two or more Relevant Supplier Parties (but shall not be entitled to exercise any rights to vote in such manner as to vote for more than one outcome in respect of any resolution).

Z1.9 Each Forum Member must be an individual, and cannot be a body corporate, association or partnership.

Election of Forum Chair and Alternate Chair

Z1.10 The Forum Members:

(a) shall, as the first item of business at the first meeting of the Forum, elect one person to serve as chair of the Forum (the **Forum Chair**) and one person to serve as alternate to the chair of the Forum (the **Alternate Chair**); and

(b) may at any subsequent time elect a different person to either role, in replacement for any person previously elected.

Z1.11 The Forum Chair and Alternate Chair may each be a Forum Member or any other person on whose appointment to such role the Forum is resolved.

Z1.12 The Forum may decide that the person elected as the Forum Chair (or, where that person is in employment, his or her employer) shall be compensated for such time as he or she spends performing the role of the Forum Chair in such amount, or at such rate, as the Forum may determine.

Z1.13 Notwithstanding the provisions of Section Z1.26, the election of a Forum Chair and Alternate Chair shall be by a simple majority vote of Forum Members present at the meeting at which that election takes place, each Forum Member being entitled to exercise a single vote.

Proceedings of the Forum

Meetings of the Forum

Z1.14 The Forum shall hold meetings with such frequency as it may determine or the Forum Chair may direct, but in any event shall meet as often as necessary in order to ensure the efficient performance of its functions, and at least once in every two month period.

Z1.15 The location and timing of each meeting shall be determined by the Forum or, where no such determination has been made, by the Forum Chair.

Z1.16 Forum Members may attend a meeting by telephone conference or other technological means (provided that each Forum Member attending the meeting acknowledges that he or she can communicate with each of the others).

Z1.17 Subject to the other provisions of this Section Z, the Forum may regulate the conduct of its meetings as it sees fit.

Alternates

Z1.18 Each Forum Member may, in each case by notice in writing to the Alt HAN Secretariat, appoint another person from time to time to act as his or her alternate.

Z1.19 Where a Forum Member does not attend a Forum meeting, his or her alternate shall be entitled to attend (and count, in the capacity of alternate, towards the quorum at) that meeting, and to exercise all of the functions and powers of the Forum Member at that meeting.

Z1.20 A person appointed as an alternate by any Forum Member:

(a) shall immediately cease to be an alternate if the appointing person ceases to be a Forum Member; and

(b) may be removed or replaced by that Forum Member from time to time, by notice in writing to the Alt HAN Secretariat.

Z1.21 A person may be appointed as an alternate by:

(a) a Forum Member who represents two or more Relevant Supplier Parties; or

(b) two or more Forum Members,

but in either case shall not be entitled to exercise any rights to vote in such manner as to vote for more than one outcome in respect of any resolution.

Z1.22 Unless the context otherwise requires, any reference in this Section Z to:

(a) a Forum Member shall be construed as including a reference to that Forum Member's alternate;

(b) the Forum Chair shall be construed as including, where the Forum is Chair is unable to be available to perform his or her role, a reference to the Alternate Chair.

Quorum and Attendance of the Forum Chair

Z1.23 No decision may be made at any meeting of the Forum unless:

(a) that meeting is quorate, which shall be treated as being the case only if either:

(i) at least one half of all Forum Members nominated at that time are present at that meeting; or

(ii) the Forum Members who are present at that meeting are entitled to exercise at least two-thirds of the votes available to be cast; and

(b) the Forum Chair is present at that meeting.

Forum Chair

Z1.24 The Forum Chair shall preside at every meeting of the Forum and, if he or she is

unable to attend any meeting, shall ensure that the Alternate Chair attends the meeting to act as Forum Chair.

Voting

Z1.25 Each Forum Member shall be entitled to attend, and to speak and vote, at every meeting of the Forum.

Z1.26 All decisions of the Forum shall be by resolution. Subject to Section Z1.13, in order for a resolution of the Forum to be passed at a meeting, a weighted majority of Forum Members present at that meeting must vote in favour of that resolution.

Z1.27 For these purposes:

(a) a number of votes shall be attributed to each Relevant Supplier Party in accordance with Sections Z1.28 to Z1.30 (the **Supplier Weighted Vote**); and

(b) each Forum Member shall be entitled to exercise a number of votes corresponding to the aggregate of the Supplier Weighted Votes of the Relevant Supplier Parties which that Forum Member represents.

Z1.28 Where one or more Supplier Parties have been notified by the DCC that Alt HAN Charges are payable in respect of all or any part of the Relevant Preceding Period, the Supplier Weighted Vote for each Relevant Supplier Party shall be calculated as follows:

$$SWV_p = \frac{AHC_{RPP}}{TAHC_{RPP}} \times 1000$$

Where:

SWV_p means the Supplier Weighted Vote for that Relevant Supplier Party;

AHC_{RPP} means the Alt HAN Charges that were payable by that Relevant Supplier Party in respect of the Relevant Preceding Period, as calculated by the DCC in accordance with the Charging Methodology;

$TAHC_{RPP}$ means the total amount of the Alt HAN Charges that were payable by all Relevant Supplier Parties in respect of the Relevant Preceding Period, as calculated by the DCC in accordance with the Charging Methodology.

Z1.29 Where the circumstances described in Section Z1.28 do not apply, the Supplier Weighted Vote for each Relevant Supplier Party shall be calculated as follows:

$$SWV_p = \frac{MPxN_p}{MPxN_{All_p}} \times 1000$$

Where:

SWV_p means the Supplier Weighted Vote for that Relevant Supplier Party;

$MPxN_p$ means the total number of MPANs and MPRNs related to Domestic Premises for which the Relevant Supplier Party was the Responsible Supplier at 24:00 on the last day of the Relevant Preceding Period;

$MPxN_{All_p}$ means the sum of the values of $MPxN_p$ for all Relevant Supplier Parties.

Z1.30 For the purposes of Sections Z1.28 and Z1.29:

(a) in calculating the Supplier Weighted Vote, any fraction of a number of votes shall be rounded to the nearest whole number (and 0.5 of a vote shall be rounded upwards);

(b) the Supplier Weighted Vote shall never have a value less than 1 (one);

(c) the **Relevant Preceding Period** shall be:

(i) in relation to any vote at a Forum meeting taking place in the period between 16 May and 15 November (inclusive) in any year, the month of April falling immediately prior to the start of that period; and

(ii) in relation to any vote at a Forum meeting taking place in the period between 16 November in any year and 15 May in the following year, the month of October falling immediately prior to the start of that

period; and

(d) any information provided by the DCC for the purposes of calculating the Supplier Weighted Vote shall be deemed to be accurate unless and until the contrary is proved.

Z1.31 A resolution put to a vote at a Forum meeting shall be passed if the number of votes in favour of that resolution correspond to more than 50% of the total number of votes which all Forum Members attending that meeting are entitled to exercise.

Z1.32 The voting process, counting of votes, and calculation of Supplier Weighted Votes in respect of all resolutions which are required to be passed by a weighted majority of Forum Members shall take place in accordance with the Forum Voting Protocol. The Forum Voting Protocol may specify obligations on the DCC or any Party to provide information, or otherwise take any steps, for the purpose of facilitating that process, count or calculation.

Meeting Notice and Papers

Z1.33 Each meeting that the Forum determines, or the Forum Chair directs, is to be held shall be convened by the Alt HAN Secretariat. Such meeting shall be convened on at least 5 Working Days' advance notice (or such shorter period as the Forum may approve). Such notice shall be given to:

(a) each of the Forum Members (and any appointed alternates);

(b) each of the persons referred to in Section Z1.37; and

(c) each of the Relevant Supplier Parties.

Z1.34 The notice of each Forum meeting shall contain or be accompanied by a statement of the following:

(a) the time, date and location of the meeting;

(b) the arrangements for those wishing to attend the meeting by telephone conference or other technological means; and

(c) an agenda and any supporting papers.

Z1.35 The agenda for each Forum meeting shall include any such matters as:

(a) the Forum has determined;

(b) the Forum Chair has directed, or

(c) any two or more Relevant Supplier Parties (not being Parties which have the same ultimate holding company) have requested for inclusion.

Z1.36 The proceedings of a Forum meeting shall not be invalidated by the accidental omission to give notice of the meeting to (or non-receipt of that notice by) any person entitled to receive it.

Attendance by Other Persons

Z1.37 One representative from each of the following persons shall be entitled to attend and speak (but not vote) at any meeting of the Forum:

(a) the Secretary of State;

(b) the Authority; and

(c) any other person that the Forum determines, or the Forum Chair directs, should be invited to attend.

Z1.38 The Forum Chair may (at his or her discretion on grounds of confidentiality) exclude from any part of a Forum meeting any person admitted pursuant to Section Z1.37(c).

Minutes of Forum Meetings

Z1.39 The Alt HAN Secretariat shall, within 10 Working Days of each Forum meeting, circulate copies of the minutes of that meeting to each of the Forum Members, the Secretary of State and the Authority.

Z1.40 If any Forum Member, the Secretary of State or the Authority disagrees with any item in the minutes, he or she shall at the next Forum meeting notify the Forum Chair of the matters which are the cause of the disagreement, and those matters shall be discussed at that meeting.

Z1.41 The Alt HAN Secretariat shall maintain a record of all resolutions voted on by the

Forum, which shall indicate how each Forum Member voted on each resolution and (where applicable) what voting share was attributable to that Forum Member at that meeting, and shall make such record available on request to any Relevant Supplier Party, the Secretary of State and the Authority.

Forum Sub-Groups

Establishing Forum Sub-Groups

Z1.42 The Forum may establish committees (**Forum Sub-Groups**) for the purposes of doing or assisting the Forum in doing anything to be done by the Forum pursuant to this Section Z.

Z1.43 The Forum may establish a Forum Sub-Group on a standing basis or for a fixed period or a finite purpose.

Z1.44 The Forum may decide that any Forum Sub-Group is to be dissolved.

Z1.45 The Forum may delegate to any Forum Sub-Group such of the duties, powers and functions of the Forum as the Forum may specify.

Membership of Forum Sub-Groups

Z1.46 Each Forum Sub-Group shall be composed of such persons of suitable experience and qualifications as the Forum shall decide and as are willing to serve thereon (**Forum Sub-Group Members**), which may include any Forum Member.

Z1.47 Each Forum Sub-Group Member must be an individual, and cannot be a body corporate, association or partnership.

Z1.48 Before establishing any Forum Sub-Group, the Forum shall invite (by such means as it considers appropriate) applications from individuals who wish to serve on the Forum Sub-Group.

Z1.49 Once a Forum Sub-Group has been established, the Forum may admit such additional persons as Forum Sub-Group Members, or remove any person from being a Forum Sub-Group Member, as the Forum considers appropriate (including on the application of any Relevant Supplier Party or any existing Forum Sub-Group Member).

Z1.50 Each Forum Sub-Group Member shall, when acting in that capacity:

(a) act independently, not as a delegate, and without undue regard to the interests of any Related Person; and

(b) act in a manner designed to facilitate the performance by the Forum of its duties under this Section Z.

Z1.51 Each person appointed as a Forum Sub-Group Member must confirm in writing to the Alt HAN Secretariat (for the benefit of AltHANCo and each Relevant Supplier Party) that that person:

(a) agrees to act as a Forum Sub-Group Member in accordance with this Section Z, including the requirements of Section Z1.50; and

(b) will be available as reasonably required throughout his or her term of office both to attend Forum Sub-Group meetings and to undertake work outside those meetings as may reasonably be required.

Z1.52 The Forum may, either generally or in relation to specific cases, approve:

(a) the payment to a Forum Sub-Group Member (or, where that person is in employment, his or her employer) of compensation for such time as he or she spends performing the role of a Forum Sub-Group Member; and

(b) the amount, rate, or means of calculation of such payment.

Terms of Reference and Procedure of Forum Sub-Groups

Z1.53 The Forum shall set out in writing any such duties, powers and functions of the Forum as it has delegated to each Forum Sub-Group.

Z1.54 The Forum shall specify in writing the terms of reference and procedural rules that are to be followed by each Forum Sub-Group (which may be revised from time to time by the Forum).

Z1.55 Save to the extent otherwise specified by the Forum, a Forum Sub-Group shall conduct its business in such manner as it considers appropriate.

Z1.56 No Forum Sub-Group may delegate any of its duties, powers or functions unless it has

been expressly authorised to do so by the Forum.

Z1.57 Any resolutions of a Forum Sub-Group shall:

(a) only have binding effect as a decision of the Forum if the Forum has formally delegated the required decision-making power to that Forum Sub-Group; and

(b) within 10 Working Days of the date of the resolution be notified by the Forum Sub-Group, by means of the Alt HAN Secretariat, to each Relevant Supplier Party.

Appeals from Decisions of a Forum Sub-Group

Z1.58 A Relevant Supplier Party may appeal to the Forum any decision of a Forum Sub-Group which otherwise has binding effect as a decision of the Forum.

Z1.59 An appeal under Section Z1.58 will only be validly made if it is notified to the Alt HAN Secretariat within 20 Working Days of the date on which the Forum Sub-Group made the decision which is subject to appeal.

Z1.60 Where a decision of a Forum Sub-Group is appealed:

(a) the decision shall be treated as having no effect; and

(b) the Forum shall make the decision afresh, which shall then have effect for the purposes of this Section Z in substitution for the decision of the Forum Sub-Group.

Appeals from Decisions of the Forum

Z1.61 A Relevant Supplier Party may appeal to the Authority any decision of the Forum on the ground that it is inconsistent with the Forum Objectives.

Z1.62 An appeal under Section Z1.61 will only be validly made if:

(a) it is notified to the Authority within 30 Working Days of the date on which the Forum made the decision which is subject to appeal;

(b) a copy of the notice is given to the Alt HAN Secretariat on the same date on which it is sent to the Authority; and

(c) the notice specifies why the Relevant Supplier Party which is bringing the appeal considers that the decision which is subject to appeal is inconsistent with the Forum Objectives.

Z1.63 Where the Alt HAN Secretariat is notified of an appeal, it shall arrange for a copy of the notice of appeal to be provided to all Relevant Supplier Parties.

Z1.64 The Authority may adopt such process and procedure as it thinks fit in relation to the determination of any appeal, and may give interim directions as to the effect of the decision being appealed prior to the appeal being determined.

Z1.65 The Forum shall provide such information, support and assistance to the Authority in relation to the determination of any appeal as the Authority may reasonably request.

Z1.66 Where the Authority considers that the Relevant Supplier Party which brought the appeal:

(a) has failed to establish that the decision being appealed is inconsistent with the Forum Objectives, it shall uphold the decision; or

(b) has established that the decision being appealed is inconsistent with the Forum Objectives, it may:

(i) quash the decision;

(ii) remit the decision to be remade by the Forum; and/or

(iii) substitute its own decision for that of the Forum, which shall then have effect for the purposes of this Section Z as if it had been a decision of the Forum.

Z1.67 Any decision of the Authority in relation to a matter appealed to it under Section Z1.61 shall be final and binding for the purposes of this Section Z.

Z2 THE ALT HAN COMPANY

Establishment of AltHANCo

Z2.1 The Alt HAN Company (**AltHANCo**) shall be established in accordance with the Annex to this Section Z.

Z2.2 AltHANCo shall act as a corporate vehicle in relation to the business of the Forum, including entering into any contractual arrangements in order to give effect to any resolution of the Forum which it is necessary or desirable to implement by means of a binding contract.

Z2.3 AltHANCo shall pursue the objectives, fulfil the duties and have the powers set out in Sections Z2.5 to Z2.7, and all decisions on behalf of AltHANCo shall be made by the board of directors of AltHANCo (the **Board**).

Z2.4 The Board shall:

(a) have the membership described in Sections Z2.8 to Z2.22; and

(b) conduct its activities in accordance with the procedures set out in Sections Z2.23 to Z2.45,

and appeals from decisions of the Board may be made to the Forum in accordance with Sections Z2.46 to Z2.48.

AltHANCo Objectives, Duties and Powers

AltHANCo Objectives

Z2.5 AltHANCo shall, in the discharge of its duties and exercise of its powers, always act in a manner designed to achieve the objectives (the **AltHANCo Objectives**) that:

(a) the Forum Objectives are achieved;

(b) this Section Z is given effect in a fair manner without undue discrimination between the Relevant Supplier Parties or classes of Relevant Supplier Party; and

(c) AltHANCo conducts its affairs in an open, transparent and efficient manner.

AltHANCo Duties

Z2.6 AltHANCo shall, in accordance with the provisions of this Section Z:

(a) make all such decisions as may be delegated to it from time to time by the Forum;

(b) undertake such activities as are necessary for the purpose of giving effect to the decisions of the Forum;

(c) comply with any directions given to it by the Forum; and

(d) undertake such other activities and make such other decisions as may from time to time be required in accordance with the provisions of this Section Z.

AltHANCo Powers

Z2.7 Without prejudice to any other rights or powers granted to AltHANCo in this Section Z, AltHANCo shall, in accordance with the provisions of this Section Z, have the power:

(a) where the Forum has so resolved, to pay compensation to the Forum Chair (or to his or her employer) for such time as he or she spends performing the role of the Forum Chair in such amount, or at such rate, as the Forum has determined;

(b) where the Forum has approved the payment of compensation to any Forum Sub-Group Member (or his or her employer) for time spent performing the role of a Forum Sub-Group Member, to pay compensation to that Forum Sub-Group Member (or his or her employer) in such amount, at such rate or in accordance with such means of calculation as the Forum has approved;

(c) to appoint and remove professional advisers;

(d) to enter into contracts; and

(e) to do anything else necessary for, or reasonably incidental to, the discharge of its duties under this Section Z.

Board Membership

Board Composition

Z2.8 The Board shall be composed of no fewer than three persons (each a **Board Member**).

Z2.9 Each Board Member must be an individual, and cannot be a body corporate, association or partnership.

Election of Board Members

Z2.10 The first Board Members to be appointed shall be the persons elected following an election process administered by the Secretary of State prior to this Section Z coming into effect.

Z2.11 Of the persons appointed in accordance with Section Z2.10:

(a) one of them shall retire 12 months after this Section Z comes into effect; and

(b) two of them shall retire 24 months after this Section Z comes into effect,

as specified by the Secretary of State in a notice informing them of their appointment as Board Members following the election process referred to in that Section.

Z2.12 Each Board Member shall serve as such until his or her retirement in accordance with Section Z2.16 or resignation or removal in accordance with Sections Z2.17 and Z2.18.

Z2.13 The Board shall produce, and submit to the Forum, the draft of a document setting out the process by which Board Members are to be elected following the retirement, resignation or removal of those appointed in accordance with Section Z2.10.

Z2.14 The Forum:

(a) shall, subject to such amendments as it may determine, adopt the document produced by the Board which (in the form in which it is adopted) shall be known as the **AltHANCo Election Protocol**; and

(b) may from time to time determine to modify the AltHANCo Election Protocol in such manner as it may consider appropriate.

Z2.15 The election of Board Members following the retirement, resignation or removal of

those appointed in accordance with Section Z2.10 shall be conducted in accordance with the version of the AltHANCo Election Protocol which is in effect at that time.

Retirement of Board Members

Z2.16 Subject to earlier resignation or removal from office in accordance with Sections Z2.17 and Z2.18, and without prejudice to his or her ability to stand for re-election, each Board Member shall retire (at which point his or her office shall become vacant) as follows:

(a) a Board Member appointed in accordance with Section Z2.10 shall retire in accordance with the terms of the appointment specified by the Secretary of State under Section Z2.11; and

(b) a Board Member appointed following a subsequent election shall retire 24 months after that appointment took effect.

Resignation and Removal of Board Members

Z2.17 A Board Member may:

(a) resign his or her office on giving 10 Working Days' notice in writing to the Alt HAN Secretariat;

(b) be removed from office by the AltHANCo Chair on notice to the Alt HAN Secretariat if the Board Member fails to attend in person at least half of the Board meetings held in any period of 12 months; or

(c) be removed from office by the other Board Members (acting unanimously) on notice to the Alt HAN Secretariat if those other Board Members consider that he or she is in breach of the confirmation that was given in accordance with Section Z2.20.

Z2.18 A Board Member shall automatically be removed from office if he or she:

(a) dies;

(b) is admitted to hospital in pursuance of an application under the Mental Health Act 1983 or the Mental Health (Care and Treatment) (Scotland) Act 2003, or

an order is made by a court with competent jurisdiction in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person with respect to his or her property or affairs;

(c) becomes bankrupt or makes any arrangement or composition with his or her creditors;

(d) becomes prohibited by law from being a director of a company under the Companies Act 2006; or

(e) is convicted of an indictable criminal offence.

Duties of Board Members

Z2.19 A person appointed as a Board Member, when acting in that capacity, shall:

(a) act independently, not as a delegate, and without undue regard to the interests of any Related Person;

(b) exercise reasonable skill and care to the standard reasonably expected of a director of a company under the Companies Act 2006; and

(c) act in a manner designed to facilitate the performance by AltHANCo of its duties under this Section Z.

Board Member Confirmation

Z2.20 Each person elected as a Board Member must confirm in writing to the Alt HAN Secretariat (for the benefit of AltHANCo and each Relevant Supplier Party) that that person:

(a) agrees to act as a Board Member in accordance with this Section Z, including the requirements of Section Z2.19;

(b) agrees to accept appointment as a director of AltHANCo, and to act in such capacity in accordance with this Section Z; and

(c) will be available as reasonably required throughout his or her term of office both to attend Board meetings and to undertake work outside those meetings as may reasonably be required,

and must further complete any and all forms required to be completed by law in order for that person to become a director of AltHANCo.

Z2.21 The appointment of a person who would otherwise be a Board Member shall lapse (and the relevant office shall become vacant) if that person does not comply with the requirements of Section Z2.20 within 20 Working Days after a request from the Alt HAN Secretariat to do so.

Notification of Related Persons

Z2.22 Each Board Member shall, as soon as reasonably practicable after his or her election and upon any later relevant change in circumstance, disclose in writing to the Alt HAN Secretariat, the name of each Related Person who is a Relevant Supplier Party or is otherwise likely to be materially affected by the Alt HAN Arrangements (other than in the capacity of Energy Consumer).

Proceedings of the Board

Appointment of the Chair

Z2.23 The Board Members:

(a) shall, as the first item of business at the first meeting of the Board, elect from among them one person to serve as chair of AltHANCo (the **Chair**); and

(b) may at any subsequent time elect from among them a different person for that purpose, in replacement for any person previously elected.

Meetings of the Board

Z2.24 The Board shall hold meetings with such frequency as it may determine or the Chair may direct, but in any event shall meet as often as necessary in order to ensure the efficient discharge of its duties, and at least once in every two month period.

Z2.25 The location and timing of each meeting shall be determined by the Board or, where no such determination has been made, by the Chair.

Z2.26 Board Members may attend a meeting by telephone conference or other technological means (provided that each Board Member attending the meeting acknowledges that he

or she can communicate with each of the others).

Z2.27 Subject to the other provisions of this Section Z (including the Annex), the Board may regulate the conduct of its meetings as it sees fit.

Alternates

Z2.28 The Chair shall, and each other Board Member may, in each case by notice in writing to the Alt HAN Secretariat, appoint another person from time to time to act as his or her alternate.

Z2.29 Where a Board Member does not attend a Board meeting, his or her alternate shall be entitled to attend (and count, in the capacity of alternate, towards the quorum at) that meeting, and to exercise all of the functions and powers of the Board Member at that meeting.

Z2.30 A person appointed as an alternate by any Board Member:

(a) shall immediately cease to be an alternate if the appointing person ceases to be a Board Member; and

(b) may be removed or replaced by that Board Member from time to time, by notice in writing to the Alt HAN Secretariat.

Z2.31 Unless the context otherwise requires, any reference in this Section Z to a Board Member shall be construed as including a reference to that Board Member's alternate.

Quorum

Z2.32 No decision may be made at any meeting of the Board unless a quorum is present, and the quorum at each meeting of the Board shall be two, at least one of whom must be the Chair.

The Chair

Z2.33 The Chair shall preside at every meeting of the Board and, if he or she is unable to attend any meeting, shall ensure that his or her alternate attends the meeting to act as Chair.

Voting

Z2.34 Each Board Member shall be entitled to attend, and to speak and vote, at every meeting of the Board.

Z2.35 All decisions of the Board shall be by ordinary resolution, passed by a simple majority of Board Members present at the meeting at which the vote takes place.

Z2.36 For these purposes the Chair shall be entitled to vote, and if the votes are tied shall have a second and casting vote.

Meeting Notice and Papers

Z2.37 Each meeting that the Board determines, or the Chair directs, is to be held shall be convened by the Alt HAN Secretariat. Such meeting shall be convened on at least 5 Working Days' advance notice (or such shorter period as the Board may approve). Such notice shall be given to:

(a) each of the Board Members (and any appointed alternates);

(b) each of the persons referred to in Section Z2.40; and

(c) each Relevant Supplier Party.

Z2.38 The notice of each Board meeting shall contain or be accompanied by a statement of the following:

(a) the time, date and location of the meeting;

(b) the arrangements for those wishing to attend the meeting by telephone conference or other technological means; and

(c) an agenda and any supporting papers.

Z2.39 The proceedings of a Board meeting shall not be invalidated by the accidental omission to give notice of the meeting to (or non-receipt of that notice by) any person entitled to receive it.

Attendance by Other Persons

Z2.40 One representative from each of the following persons shall be entitled to attend and speak (but not vote) at any meeting of the Board:

(a) the Secretary of State;

(b) the Authority; and

(c) any other person that the Board determines, or the Chair directs, should be invited to attend.

Z2.41 Any Relevant Supplier Party shall be entitled to send a representative to attend a Board meeting provided that the Relevant Supplier Party gives the Alt HAN Secretariat notice of its intention to do so at least 3 Working Days' notice in advance of that meeting (or such shorter period of notice as the Chair may approve). Such a representative shall be entitled to attend and (at the Chair's invitation) speak (but in no circumstances vote) at the meeting.

Z2.42 The Chair may (at his or her discretion on grounds of confidentiality) exclude from any part of a Forum meeting any person admitted pursuant to Section Z2.40(c).

Minutes of Board Meetings

Z2.43 The Alt HAN Secretariat shall, within 10 Working Days of each Board meeting, circulate copies of the minutes of that meeting to each of the Board Members, each Relevant Supplier Party, the Secretary of State and the Authority.

Z2.44 If any Board Member disagrees with any item in the minutes, he or she shall at the next Board meeting notify the Chair of the matters which are the cause of the disagreement, and those matters shall be discussed at that meeting.

Z2.45 The Alt HAN Secretariat shall maintain a record of all resolutions voted on by the Board, which shall indicate how each Board Member voted on each resolution, and shall make such record available on request to any Relevant Supplier Party.

Appeals from Decisions of the Board

Z2.46 A Relevant Supplier Party may appeal to the Forum any decision of the Board.

Z2.47 An appeal under Section Z2.46 will only be validly made if it is notified to the Alt HAN Secretariat within 20 Working Days of the date on which the Board made the decision which is subject to appeal.

Z2.48 Where a decision of the Board is appealed:

(a) the decision shall be treated as having no effect; and

(b) the Forum shall make the decision afresh, which shall then have effect for the purposes of this Section Z in substitution for the decision of the Board.

Z3 ALT HAN SECRETARIAT

Z3.1 ALtHANCo shall, from time to time, appoint and remove, or make arrangements for the appointment and removal of, one or more persons to be known as the **Alt HAN Secretariat**.

Z3.2 The Alt HAN Secretariat shall perform those tasks and functions expressly ascribed to it under this Section Z, and any other tasks and functions that either the Forum or AltHANCo may assign to it from time to time. In particular, the Alt HAN Secretariat shall:

(a) support the election of Board Members in accordance with the provisions of the AltHANCo Election Protocol;

(b) support the voting of Forum Members in accordance with the Forum Voting Protocol;

(c) provide such other support to the proceedings of the Forum, any Forum Sub-Group and the Board as each of them may respectively require; and

(d) provide or procure such facilities and services in connection with the operation of the Forum, any Forum Sub-Group and the Board as each of them may respectively require.

Z3.3 AltHANCo shall be responsible for ensuring that the Alt HAN Secretariat undertakes its tasks and functions in respect of this Section Z. In particular, AltHANCo shall ensure that the arrangements under which the Alt HAN Secretariat is appointed oblige it to undertake such tasks and functions on terms no less onerous than those provided for by this Code.

Z3.4 Subject to the other requirements of this Section Z3, the Alt HAN Secretariat shall be appointed by AltHANCo on such terms and conditions and in return for such remuneration as AltHANCo sees fit.

Z3.5 The person appointed as the Alt HAN Secretariat may be the person appointed to carry out the role of Code Administrator and/or the Secretariat.

Z4 ALT HAN COSTS AND BUDGETS

General

Z4.1 The costs and expenses incurred by (or on behalf of) the Forum in exercising its powers, performing its functions and discharging its duties in respect of this Section Z shall be incurred by AltHANCo, and the DCC shall provide AltHANCo:

(a) with the funds necessary to meet such costs and expenses; and

(b) with the funds necessary to meet all other costs and expenses incurred by AltHANCo in the exercise of its duties, powers and functions under this Section Z.

Alt HAN Costs and Expenses

Z4.2 The costs and expenses capable of recovery under this Section Z4 (the **Alt HAN Costs**) shall be all the reasonable costs and expenses incurred:

(a) subject to Section Z4.3, by the Forum Chair, Alternate Chair, Forum Members, Board Members and Forum Sub-Group Members in their capacities as such;

(b) by AltHANCo under or in connection with contracts that AltHANCo has entered into in accordance with this Section Z, including in particular any contracts for:

(i) the acquisition of any services which comprise or form a part of the Alt HAN Activities;

(ii) the provision of any Alt HAN Services;

(iii) the appointment of the Forum Chair;

(iv) the appointment of Forum Sub-Group Members;

(v) the appointment of the Alt HAN Secretariat; and

(vi) the appointment of advisers; and

(c) by AltHANCo under or in connection with any provision of this Section Z,

(in each case) provided that such costs or expenses are provided for in, or otherwise consistent with, an Alt HAN Budget.

Z4.3 Subject to the terms of those contracts referred to in Section Z4.2(b):

(a) the Forum Chair, Alternate Chair, Forum Members, Board Members and Forum Sub-Group Members shall be entitled to recover all reasonable travel expenses properly incurred by them in their roles as such (and the Board shall adopt a policy that sets out guidelines regarding what constitutes reasonable travel expenses);

(b) no Alternate Chair, Forum Member or Board Member shall be entitled to a salary in respect of his or her role as such, or to any payment in respect of the time he or she spends in performing that role; and

(c) no Forum Sub-Group Member shall be entitled to a salary in respect of his or her role as such, or to any payment in respect of the time he or she spends in performing that role, except to the extent that the Forum has approved any such payment.

Z4.4 Where the Forum Chair, Alternate Chair or any Forum Member, Board Member or Forum Sub-Group Member wishes to recover any cost or expense (excepting, in the case of the Forum Chair, any regular payment of salary for which no claim is required to be made) he or she shall submit evidence of the cost or expense in question to the Board (or a named person approved by the Board) for approval.

Z4.5 Any cost or expenses referred to in Section Z4.4 shall only be approved to the extent that it is an Alt HAN Cost, and only if the evidence is submitted in a timely manner (and in any event on or before the 20th Working Day following the end of the relevant Regulatory Year). Once approved, the evidence of the Alt HAN Cost shall be submitted to AltHANCo for payment.

Z4.6 Within 20 Working Days following receipt of evidence of an Alt HAN Cost that has been approved in accordance with Section Z4.5, AltHANCo shall pay the relevant amount to the Forum Chair, Alternate Chair, Forum Member, Board Member or Forum Sub-Group Member making the claim.

Alt HAN Costs to be Reimbursed by the DCC

Z4.7 The Alt HAN Costs incurred by AltHANCo shall be reimbursed to AltHANCo by the DCC.

Z4.8 AltHANCo may periodically invoice the DCC for the Alt HAN Costs incurred, or reasonably expected to be incurred, by AltHANCo in accordance with the Approved Alt HAN Budget, provided that AltHANCo shall deduct from such invoice any amounts that represent previous overpayments by the DCC (due to the inaccuracy of AltHANCo estimates, or otherwise).

Z4.9 The DCC shall pay each invoice submitted by AltHANCo in accordance with Section Z4.7 within 10 Working Days of receipt of such invoice by the DCC.

Z4.10 It is acknowledged that the DCC is entitled to recover amounts paid by it to AltHANCo in accordance with this Section Z4 through the Charges (subject to the requirements of the DCC Licence).

Z4.11 In the event that the DCC does not pay AltHANCo in accordance with Section Z4.9, and subject to prior approval from the Authority, AltHANCo may invoice the Relevant Supplier Parties for the unpaid amount (and those Parties shall pay the invoiced amounts to AltHANCo as if they were Charges).

Z4.12 Where Section Z4.11 applies, the amount to be paid by each Relevant Supplier Party shall, unless the Authority approves or directs the use of an alternative methodology, be the same as the amount that the Relevant Supplier Party would have paid in Fixed Alt HAN Charges and in Explicit Charges under Section K7.6(j), calculated in accordance with the Charging Methodology, had the amounts been recovered by the DCC through the Charges.

Z4.13 Any amounts paid by a Relevant Supplier Party in accordance with Section Z4.12 shall be reimbursed by AltHANCo to that Relevant Supplier Party (plus interest at the Non-Default Interest Rate) at such time as the Authority may determine.

Budgets and Work Plans

<u>Timetable</u>

Z4.14 The Board shall take all reasonable steps to give effect to the provisions of Sections Z4.15 to Z4.19 so that a copy of each Approved Alt HAN Budget is provided to the DCC by no later than 1 December in the year prior to the commencement of the first Regulatory Year to which that Approved Alt HAN Budget relates.

Draft Budgets and Work Plans

Z4.15 The Board shall during each Regulatory Year prepare and circulate to all Relevant Supplier Parties, the Secretary of State and the Authority a draft budget in respect of Alt HAN Costs for the next two Regulatory Years commencing thereafter (a **Draft Alt HAN Budget**).

Z4.16 Each Draft Alt HAN Budget:

(a) shall set out the Board's good-faith estimate of the Alt HAN Costs that it anticipates will be incurred (or committed to) during each of the relevant Regulatory Years;

(b) shall set out how that estimate is composed of the Board's estimates of the total costs and expenses that it anticipates will be incurred (or committed to) during each of the relevant Regulatory Years in relation to:

(i) the carrying out of the Alt HAN Activities;

(ii) the provision of Alt HAN Services in respect of:

(A) Smart Metering Systems that will use (or be capable of using) installed Shared Solution Alt HAN Equipment;

(B) Smart Metering Systems that will use (or be capable of using) installed Point-to-Point Alt HAN Equipment; and

(C) Point-to-Point Alt HAN Equipment that is provided to, but not installed by, Relevant Supplier Parties;

(c) shall be accompanied by a detailed work plan showing the activities and projects to which the relevant costs and expenses relate; and

(d) may make reasonable provision for contingencies.

Z4.17 Each Draft Alt HAN Budget must provide for limits (both individually and in the aggregate) on costs and expenses not expressly provided for in the budget which can be incurred without having to amend the budget.

Approval of Budgets

Z4.18 In relation to the Draft Alt HAN Budget circulated in any Regulatory Year in respect of the next two Regulatory Years commencing thereafter, the Board shall:

(a) arrange for the circulation to all the Relevant Supplier Parties of the comments received from each Relevant Supplier Party regarding the Draft Alt HAN Budget during the 20 Working Days following the date of its circulation;

(b) consider and respond to those comments, and circulate its responses to all Relevant Supplier Parties;

(c) to the extent that it considers it appropriate to do so, amend the Draft Alt HAN Budget and/or the accompanying work plan in the light of those comments; and

(d) submit that Draft Alt HAN Budget to the Forum for its approval, subject to any amendments that the Forum may determine,

and the Draft Alt HAN Budget in such form as it may be approved by the Forum shall be the **Approved Alt HAN Budget** for the relevant Regulatory Year.

Z4.19 The Board shall, promptly upon its approval by the Forum, provide the DCC with a copy of the Approved Alt HAN Budget together with such supporting information as may reasonably be requested by the DCC.

Amendments to Budgets

Z4.20 The Approved Budget relating to each Regulatory Year may be amended from time to time (whether before, during or after that Regulatory Year, and including in respect of Alt HAN Costs already incurred), provided that:

(a) the Board has first followed the procedure set out in Section Z4.18 in relation to the amendment as if it were a Draft Alt HAN Budget; and

(b) the Forum has approved either the proposed amendment or such alternative amendment as it may determine.

Provision of Information to the DCC

Timetable

Z4.21 The Board shall take all reasonable steps to give effect to the provisions of Sections Z4.22 to Z4.29 so that a copy of each set of Approved Alt HAN Charging Data is provided to the DCC by no later than 1 December in the year prior to the commencement of the first Regulatory Year to which that Approved Alt HAN Charging Data relates.

Draft Alt HAN Charging Data

Z4.22 The Board shall during each Regulatory Year prepare and circulate to all Relevant Supplier Parties, the Secretary of State and the Authority draft information in respect of the Explicit Charges for Alt HAN Equipment for the next Regulatory Year commencing thereafter (the **Draft Alt HAN Charging Data**).

Z4.23 Each set of Draft Alt HAN Charging Data shall consist of the information:

(a) referred to in Section Z4.24 in respect of Smart Metering Systems that will use (or be capable of using) installed Central Shared Solution Alt HAN Equipment;

(b) referred to in Section Z4.25 in respect of Smart Metering Systems that will use (or be capable of using) installed Central Point-to-Point Alt HAN Equipment; and

(c) referred to in Section Z4.26 in respect of Central Point-to-Point Alt HAN Equipment that is provided to, but not installed by, Relevant Supplier Parties.

Shared Solution Alt HAN Equipment

Z4.24 The information referred to in this Section Z4.24 is the Board's best estimate of:

(a) the total annual incremental cost of the provision of Alt HAN Services in the relevant Regulatory Year in respect of Smart Metering Systems that will use

(or be capable of using) installed Central Shared Solution Alt HAN Equipment;

(b) the average number of Smart Metering Systems during the relevant Regulatory Year that will use (or be capable of using) installed Central Shared Solution Alt HAN Equipment (excluding any in relation to which the Responsible Supplier has elected to use Opted-out Alt HAN Equipment); and

(c) the average monthly incremental cost (expressed in £ per Smart Metering System per month) of the provision of Alt HAN Services in the relevant Regulatory Year in respect of each Smart Metering System that will use (or be capable of using) installed Central Shared Solution Alt HAN Equipment during that Regulatory Year (excluding any in relation to which the Responsible Supplier has elected to use Opted-out Alt HAN Equipment).

Point-to-Point Alt HAN Equipment

Z4.25 The information referred to in this Section Z4.25 is the Board's best estimate of:

(a) the total annual incremental cost of the provision of Alt HAN Services in the relevant Regulatory Year in respect of Smart Metering Systems that will use (or be capable of using) installed Central Point-to-Point Alt HAN Equipment;

(b) the average number of Smart Metering Systems during the relevant Regulatory Year that will use (or be capable of using) installed Central Point-to-Point Alt HAN Equipment (excluding any in relation to which the Responsible Supplier has elected to use Opted-out Alt HAN Equipment); and

(c) the average monthly incremental cost (expressed in £ per Smart Metering System) of the provision of Alt HAN Services in the relevant Regulatory Year in respect of each Smart Metering System that will use (or be capable of using) installed Central Point-to-Point Alt HAN Equipment during that Regulatory Year (excluding any in relation to which the Responsible Supplier has elected to use Opted-out Alt HAN Equipment).

Stock Level Point-to-Point Alt HAN Equipment

Z4.26 The information referred to in this Section Z4.26 is the Board's best estimate of:

(a) the total annual incremental cost of the provision of Alt HAN Services in the relevant Regulatory Year in respect of Central Point-to-Point Alt HAN Equipment that will be provided to, but not installed by, Relevant Supplier Parties during that Regulatory Year;

(b) the total number of sets of Central Point-to-Point Alt HAN Equipment that will be provided to, but not installed by, Relevant Supplier Parties during that Regulatory Year; and

(c) the average monthly incremental cost (expressed in £ per set of Point-to-Point Alt HAN Equipment) of the provision of Alt HAN Services in the relevant Regulatory Year in respect of each set of Point-to-Point Alt HAN Equipment that will be provided to, but not installed by, Relevant Supplier Parties during that Regulatory Year.

Z4.27 The incremental costs referred to in Sections Z4.24 to Z4.26 shall include all the costs of making available and providing the relevant Alt HAN Services but shall not include any costs or expenses in relation to the carrying out of the Alt HAN Activities.

Approved Alt HAN Charging Data

Z4.28 In relation to the Draft Alt HAN Charging Data circulated in any Regulatory Year in respect of the next Regulatory Year commencing thereafter, the Board shall:

(a) arrange for the circulation to all the Relevant Supplier Parties of the comments received from each Relevant Supplier Party regarding the Draft Alt HAN Charging Data during the 20 Working Days following the date of its circulation;

(b) consider and respond to those comments, and circulate its responses to all Relevant Supplier Parties;

(c) to the extent that it considers it appropriate to do so (consistent with Section Z4.27) amend the Draft Alt HAN Charging Data; and

(d) submit that Draft Alt HAN Charging Data to the Forum for its approval, subject to any amendments that the Forum may (consistent with Section

Z4.27) determine,

and the Draft Alt HAN Charging Data in such form as it may be approved by the Forum shall be the **Approved Alt HAN Charging Data** for the relevant Regulatory Year.

Z4.29 The Board shall, promptly upon its approval by the Forum, for the purposes of the determination by the DCC of Explicit Charges under Section K7.6(j), provide the DCC with a copy of the Approved Alt HAN Charging Data together with such supporting information as may reasonably be requested by the DCC.

The Alt HAN Inventory

Establishment and Maintenance of the Alt HAN Inventory

Z4.30 The Forum shall ensure that a database (the **Alt HAN Inventory**) is established and at all times maintained which shall include data in respect of:

(a) Central Shared Solution Alt HAN Equipment and Central Point-to-Point Alt HAN Equipment which has been installed at premises, and the MPANs and MPRNs associated with Smart Metering Systems (whether already installed or to be installed) which are capable of using such equipment;

(b) Opted-out Alt HAN Equipment which has been installed at premises, and the MPANs and MPRNs associated with Smart Metering Systems (whether already installed or to be installed) which are capable of using such equipment; and

(c) where Opted-out Alt HAN Equipment has been installed at premises, whether any Relevant Supplier Party which is the Responsible Supplier for a Smart Metering System that is capable of using that Opted-out Alt HAN Equipment has elected to use it in respect of an MPAN or MPRN with which it is associated.

Z4.31 Each Relevant Supplier Party shall ensure that the Alt HAN Inventory is promptly updated upon:

(a) the installation at premises of Alt HAN Equipment which is capable of being

used by a Smart Metering System in respect of which that Party is the Responsible Supplier;

(b) that Party electing either:

(i) to use any Opted-out Alt HAN Equipment which is capable of being used by a Smart Metering System in respect of which it is the Responsible Supplier; or

(ii) to cease to use any such Opted-out Alt HAN Equipment.

Z4.32 When a Relevant Supplier Party ensures that the Alt HAN Inventory is updated in accordance with Section Z4.31(a), it shall also ensure that the Alt HAN Inventory records whether the Alt HAN Equipment which has been installed is Opted-out Alt HAN Equipment or otherwise.

Z4.33 The information contained on the Alt HAN Inventory at any time shall be treated as conclusive evidence of whether a Relevant Supplier Party has elected at that time to use any Opted-out Alt HAN Equipment in respect of an MPAN or MPRN.

Z4.34 The Forum shall ensure that all Relevant Supplier Parties have available to them a means by which they can ensure that the Alt HAN Inventory is updated in accordance the requirements of Sections Z4.31 and Z4.32.

Provision of Information to the DCC

Z4.35 In each month of each year, the Board shall provide to the DCC the information set out in Section Z4.36, so that the information is:

(a) obtained by extracting it from the Alt HAN Inventory on the 15th day of that month; and

(b) provided to the DCC within five Working Days of being obtained.

Z4.36 The information set out in this Section Z4.36 is:

(a) for the purposes of the Explicit Charging Metric referred to at Section K7.5(t) ('shared solution Alt HAN Equipment'), a list of MPANs and MPRNs at premises associated with a Smart Metering System which is using (or is

capable of using) installed Central Shared Solution Alt HAN Equipment (including where such equipment has been installed but not commissioned, but excluding any MPAN or MPRN associated with a Smart Metering System in relation to which the Responsible Supplier has elected to use Opted-out Alt HAN Equipment);

(b) for the purposes of the Explicit Charging Metric referred to at Section K7.5(u) ('point-to-point solution Alt HAN Equipment'), a list of MPANs and MPRNs at premises associated with a Smart Metering System which is using (or is capable of using) installed Central Point-to-Point Alt HAN Equipment to which the Alt HAN Services relate (including where such equipment has been installed but not commissioned, but excluding any MPAN or MPRN associated with a Smart Metering System in relation to which the Responsible Supplier has elected to use Opted-out Alt HAN Equipment); and

(c) for the purposes of the Explicit Charging Metric referred to at Section K7.5(v) ('stock level point-to-point solution Alt HAN Equipment'):

(i) a list of Relevant Supplier Parties which have been provided with, but have not installed, Central Point-to-Point Alt HAN Equipment; and

(ii) a statement of the number of items of Central Point-to-Point Alt HAN Equipment which have been provided to, but not installed by, each such Relevant Supplier Party.

Reports

Z4.37 The Board shall, as soon as is reasonably practicable following the end of each Regulatory Year, produce and circulate to:

(a) the Relevant Supplier Parties; and

(b) on request, the Secretary of State and the Authority,

a report on the Alt HAN Costs incurred (or committed to) during that Regulatory Year and the activities and projects to which those Alt HAN Costs relate.

Audit

Z4.38 The Board shall arrange for the monies paid by and to AltHANCo pursuant to this Section Z4 during each Regulatory Year to be audited by a firm of chartered accountants on an annual basis in order to verify whether the requirements of this Section Z4 have been met.

Z4.39 The Board shall send a copy of such auditor's report to all Relevant Supplier Parties and to the Authority within 10 Working Days of its receipt by the Board.

Z4.40 The Authority may from time to time require the Board to provide any information in relation to the Alt HAN Costs that the Authority may specify or describe in a notice given to the Board in accordance with this Section Z4.40, and the Board shall ensure that all such information is provided to the Authority by any date and in any format that the Authority may specify for that purpose.

Z4.41 The Authority may arrange for any such audit of the accounts and financial information of AltHANCo as it may consider appropriate for the purpose of verifying whether or not the Alt HAN Costs have been economically and efficiently incurred, and where it does so the Board shall co-operate fully with the Authority and any person acting on its behalf in order to ensure that any such audit is effective for that purpose.

Z5 TRANSITIONAL PROVISIONS

Forum Members

Z5.1 Where, prior to the coming into force of this Section Z, a Relevant Supplier Party:

(a) nominated a person to represent it in the Forum; and

(b) did not at a later date nominate any different person for that purpose in replacement for the person previously nominated,

the person so nominated shall be treated as being a Forum Member on the date on which this Section Z comes into force.

Z5.2 For the purposes of this Section Z5, a person shall be treated as having been nominated by a Relevant Supplier Party if:

(a) that nomination was made in writing to the Secretary of State; and

(b) the nominating Party is a Relevant Supplier Party on the date on which this Section Z comes into force.

Forum Decisions

Z5.3 Where, prior to the coming into force of this Section Z, a decision was made:

(a) at a meeting of persons who were, at the date of that meeting, nominated by Relevant Supplier Parties to represent their interests in the Forum;

(b) in circumstances in which that meeting would be quorate if it took place on the day on which this Section Z comes into force;

(c) in relation to a matter on which a decision could be made by the Forum in accordance with this Section Z if it were made on the date on which this Section Z comes into force;

(d) in accordance with a process which could properly be followed by the Forum if it were followed on the date on which this Section Z comes into force;

(e) in a manner that is substantially consistent with the Forum Voting Protocol applicable on the date on which this Section Z comes into force;

(f) such that, if each person exercising a vote in respect of the relevant resolution at that meeting did so in the same way at a meeting taking place on the day on which this Section Z comes into force, the decision would be the same,

then that decision shall be treated as a decision of the Forum made on the date on which this Section Z comes into force, and for the purposes of this Section Z5 shall be referred to as a **Transitional Decision**.

Contrary Decisions

Z5.4 The making of a Transitional Decision shall not preclude the Forum from making any contrary decision on or after the date on which this Section Z comes into force, in which case the later decision shall prevail.

Forum Sub-Groups

Z5.5 By virtue of one or more Transitional Decisions, a Forum Sub-Group may be treated on the date on which this Section Z comes into force as being established and having duties, powers or functions delegated to it by the Forum, but no decision that was made by any Forum Sub-Group Members in any meeting prior to this Section Z coming into force shall be treated as having any binding effect.

Appeals

Z5.6 A Transitional Decision shall be capable of appeal, and the provisions of Sections Z1.61 to Z1.67 (Appeals from Decisions of the Forum) shall apply to it as they do to any other decision of the Forum.

Board Decisions

Z5.7 Where:

(a) prior to the coming into effect of this Section Z, any decision was made by the Board; and

(b) by virtue of paragraph 3 of the Annex to this Section Z, that decision has effect on and from the date on which this Section Z comes into effect,

that decision shall be capable of appeal, the provisions of Sections Z2.46 to Z2.48

(Appeals from Decisions of the Board) shall apply in relation to it as they do to any other decision of the Board, and for the purposes of those Sections the decision shall be treated as if it were made on the date on which this Section Z comes into effect.

Z6 DEFINITIONS

Z6.1 For the purpose of this Section Z, unless the context otherwise requires, the following words shall have the meaning given to them below:

Alt HAN Activities	has the meaning given to that expression in Standard Condition 55.6 of the Electricity Supply Licence and Standard Condition 49.6 of the Gas Supply Licence
Alt HAN Costs	has the meaning given to that expression in Section Z4.2 (Alt HAN Costs and Expenses).
Alt HAN Equipment	has the meaning given to that expression in Standard Condition 55.8 of the Electricity Supply Licence and Standard Condition 49.8 of the Gas Supply Licence.
Alt HAN Inventory	has the meaning given to that expression in Section Z4.30 (Establishment and Maintenance of the Alt HAN Inventory).
Alt HAN Secretariat	has the meaning given to that expression in Section Z3.1 (Alt HAN Secretariat).
Alt HAN Services	has the meaning given to that expression in Standard Condition 55.7 of the Electricity Supply Licence and Standard Condition 49.7 of the Gas Supply Licence.
Alternate Chair	has the meaning given to that expression in Section Z1.10 (Election of Forum Chair and Alternate Chair).
AltHANCo	has the meaning given to that expression in Section Z2.1 (Establishment of AltHANCo).

AltHANCo Election Protocol	has the meaning given to that expression in Section Z2.14 (Election of Board Members).
AltHANCo Objectives	has the meaning given to that expression in Section Z2.5 (AltHANCo Objectives).
Approved Alt HAN Budget	has the meaning given to that expression in Section Z4.18 (Approval of Budgets).
Approved Alt HAN Charging Data	has the meaning given to that expression in Section Z4.28 (Approved Alt HAN Charging Data).
Board	has the meaning given to that expression in Section Z2.3 (Establishment of AltHANCo).
Board Member	has the meaning given to that expression in Section Z2.8 (Board Composition).
Central Point-to-Point Alt HAN Equipment	means Point-to-Point Alt HAN Equipment which is not Opted-out Alt HAN Equipment.
Central Shared Solution Alt HAN Equipment	means Shared Solution Alt HAN Equipment which is not Opted-out Alt HAN Equipment.
Chair	has the meaning given to that expression in Section Z2.23 (Appointment of the Chair).
DCC Licence	means the licence for the provision of a smart meter communication service granted pursuant to sections 6(1A) and (1C) of the Electricity Act 1989.
Draft Alt HAN Budget	has the meaning given to that expression in Section Z4.15 (Draft Budgets and Work Plans).
Draft Alt HAN Charging Data	has the meaning given to that expression in Section Z4.22 (Draft Alt HAN Charging Data).

Explicit Charges	has the meaning given to that expression in Section K11.1 (Definitions).
Explicit Charging Metrics	has the meaning given to that expression in Section K11.1 (Definitions).
Forum Chair	has the meaning given to that expression in Section Z1.10 (Election of Forum Chair and Alternate Chair).
Forum Member	has the meaning given to that expression in Section Z1.7 (Appointment of Members).
Forum Objectives	has the meaning given to that expression in Section Z1.3 (Forum Objectives).
Forum Sub-Group	has the meaning given to that expression in Section Z1.42 (Establishing Forum Sub-Groups).
Forum Sub-Group Member	has the meaning given to that expression in Section Z1.46 (Membership of Forum Sub-Groups).
Forum Voting Protocol	means the SEC Subsidiary Document of that name set out in Appendix [TBC].
Opted-out Alt HAN Equipment	means Alt HAN Equipment which is installed and maintained at premises otherwise than under and in accordance with the arrangements set out at this Section Z.
Relevant Preceding Period	has the meaning given to that expression in Section Z1.30 (Voting).
Relevant Supplier Party	means a Supplier Party which is required in accordance with standard condition 39 of an Electricity Supply Licence or standard condition 33 of a Gas Supply Licence (in each case entitled

	'Smart Metering System – Roll-out, Installation and Maintenance') to install a Smart Metering System at any premises.
Supplier Weighted Vote	has the meaning given to that expression in Section Z1.27 (Voting).
Transitional Decision	has the meaning given to that expression in Section Z5.3 (Forum Decisions).

ANNEX – ALTHANCO

1 Background

1.1 Alt HAN Company Limited (registered in England and Wales with company number 10002859) ("**AltHANCo**") has been established on behalf of the Relevant Supplier Parties in order to fulfil the Objective (as defined below), and in doing so will act as the contracting body for the Forum.

1.2 It is intended that the shareholders of AltHANCo shall be limited to Relevant Supplier Parties in accordance with this Annex.

1.3 The Shareholders have agreed that their respective rights as Shareholders shall be regulated by the provisions of this Annex. The rights of the Relevant Supplier Parties as Shareholders are set out exclusively in this Annex. No other provision of this Code shall apply to the regulation of the rights and obligations of Shareholders in their capacity as Shareholders.

1.4 AltHANCo has agreed with the Shareholders to comply with the provisions of this Annex insofar as it relates to AltHANCo.

2 Additional Definitions and Interpretation

2.1 In this Annex, except where the context otherwise requires, the following words and expressions shall have the following meanings:

AltHANCo Chair	means the chairman of the Board from time to time.
AltHANCo Secretary	means the company secretary of AltHANCo from time to time.
Articles	means the articles of association of AltHANCo, as amended from time to time.
Board	means the board of directors of AltHANCo at the relevant time.

Director	means a director of AltHANCo from time to time.
Objective	means acting as a corporate vehicle to assist the Forum in exercising its powers, duties and functions (including entering into contracts where necessary or desirable in order to implement any Forum decision) and carrying out such other duties, powers and functions as may be allocated to it from time to time in accordance with the Code.
Retiring Shareholder	means a Shareholder that ceases to be a Relevant Supplier Party.
Share	means an ordinary share of £1 each in the share capital of AltHANCo.
Shareholder	means a person from time to time registered as a holder of a Share.
Subscribing Shareholders	means each Relevant Supplier Party that has agreed (prior to Section Z of this Code coming into effect) to become a Shareholder on Section Z of this Code coming into effect.

2.2 Words and expressions defined elsewhere in this Code shall have the same meaning in this Annex unless the context otherwise requires.

3 Acknowledgement of Preliminary Matters Already Undertaken

3.1 It is acknowledged that resolutions of the Board and of the Shareholders were made prior to Section Z of this Code coming into effect, at which the business set out in [ref] to this Annex was undertaken. As set out in that [ref], such business is to have effect from Section Z of this Code coming into effect.

3.2 The consequence of the resolutions referred to above is that, with effect from Section Z of this Code coming into effect, each of the Subscribing Shareholders is a Shareholder and each of the Board Members is a Director.

4 AltHANCo's Objective

4.1 The Shareholders and AltHANCo acknowledge and agree that AltHANCo shall not undertake any activities other than those that are reasonably necessary for carrying out the Objective.

4.2 Each Shareholder acknowledges and agrees that AltHANCo will have complete independence from its Shareholders in its operations and undertakes not to take any action which obstructs or interferes with, or seeks to obstruct or interfere with, the carrying out of the Objective (provided that this Paragraph 4.2 shall not restrict the exercise of Shareholder rights in order to comply with the requirements of this Annex).

5 AltHANCo's Business

5.1 Each Shareholder agrees with each other Shareholder to exercise its rights under this Annex and as a Shareholder in AltHANCo so as to ensure that:

(a) AltHANCo performs and complies with all its obligations under this Code (including without limitation this Annex) and complies with the restrictions (if any) imposed on it by the Articles; and

(b) AltHANCo's activities are conducted in accordance with sound and good business practice with a view to achieving the Objective.

6 New Shareholders

6.1 Any Relevant Supplier Party, from time to time, which is not a Shareholder shall be deemed to have applied to the AltHANCo Secretary to become a Shareholder on the date on which Section Z of this Code comes into force or (if later) the accession of that Relevant Supplier Party to this Code pursuant to Section B (Accession). Upon any such application, the Directors shall either:

(a) procure the transfer to such Relevant Supplier Party of one Share then held by a nominee in accordance with Paragraph 7.2 or 7.3; or

(b) allot to such Relevant Supplier Party one Share.

6.2 For the purposes of Paragraph 6.1(b), the Shareholders agree that, where no Shares are otherwise available for issue, they will exercise the voting rights attaching to their Shares to procure that all necessary steps are taken to create and/or authorise the issue of further Shares.

7 Dealings with Shares

7.1 Otherwise than in accordance with the following provisions of this Paragraph 7, no Shareholder shall:

(a) pledge, mortgage (whether by way of fixed or floating charge) or otherwise encumber its legal or beneficial interest in its Shares; or

(b) sell, transfer or otherwise dispose of any of such Shares (or any legal or beneficial interest therein); or

(c) enter into any agreement in respect of the votes attached to Shares; or

(d) agree, whether or not subject to any condition precedent or subsequent, to do any of the foregoing.

7.2 Upon written notice by the Board requiring it to do so, a Retiring Shareholder shall pay up all amounts which remain unpaid on any Share held by it. The Retiring Shareholder will transfer its Shares at par to a nominee who will hold the Shares for and on behalf of all the other Shareholders. The nominee will be selected by the Directors. All costs and expenses of such transfer shall be for the account of the

Retiring Shareholder.

7.3 If a Retiring Shareholder fails or refuses to transfer any Shares in accordance with its obligations under Paragraph 7.2, the Retiring Shareholder irrevocably appoints by way of security for the failure to perform obligations under this Paragraph 7.3 any Director to execute and deliver a transfer of the Shares from the Retiring Shareholder to a nominee on behalf of the Retiring Shareholder. AltHANCo may accept the consideration for the transfer (subject to the Retiring Shareholder paying-up all amounts which remain unpaid on any Share) and hold it on trust for the Retiring Shareholder, which acceptance shall be a good discharge to the nominee, and may set off such amounts against the costs and expenses of the transfer. The Directors shall cause the nominee to be registered as the holder of such Share and, following the registration of the transfer, the validity of the proceedings shall not be questioned by AltHANCo or any Shareholder.

7.4 The nominee referred to in Paragraphs 7.2 and 7.3 shall hold Shares transferred to it until such time as it is directed by the Directors to transfer them (or some of them) in accordance with Paragraph 6.1(a) and for such period (and only for such period) as the nominee holds any Shares, all rights attaching to the Share shall be suspended, including:

(a) the right to receive income and/or capital;

(b) the right to attend and vote or appoint proxies to attend and vote at general meetings of AltHANCo (whether on a show of hands or on a poll and in the case of proxies only on a poll); and

(c) the right to appoint and remove a Director.

7.5 The Shareholders shall procure that, save in the case of any nominee for the purposes of Paragraphs 7.2 and 7.3:

(a) no person who is not a Relevant Supplier Party may at any time become a Shareholder; and

(b) no Relevant Supplier Party shall hold more than one Share at any time,

and the Directors shall be entitled to refuse to allot and/or to register any transfer of a

Share that would result in a breach of this Paragraph 7.5.

8 Composition and Proceedings of the Board

8.1 AltHANCo and the Shareholders acknowledge that Section Z of this Code contains detailed provisions regarding the composition of the Board, and that it is the intention of AltHANCo and the Shareholders that the composition of the Board is identical to that specified under the Code. The Shareholders shall, accordingly, procure that:

(a) each of the Board Members from time to time shall be appointed as a Director; and

(b) the Chair from time to time shall be appointed as the AltHANCo Chair.

8.2 AltHANCo and the Shareholders acknowledge that this Code contains detailed provisions regarding the procedural rules of the Board, and that it is the intention of AltHANCo and the Shareholders that these procedural rules are followed by the Board. The remaining provisions of this Paragraph 8 shall therefore have effect subject to the procedural rules of the Board set out in Section Z2 (The Alt HAN Company); save only to any extent that such procedural rules applicable are incompatible with Laws and Directives stipulating procedural rules for company boards of directors.

8.3 Each Director shall be deemed to have appointed his or her alternate as his or her alternate Director, and shall be deemed to have removed such person from such position on that person ceasing to be his or her alternate. Any such alternate Director shall be entitled to receive notice of all Board meetings and attend and vote as such at any meeting at which the appointing Director is not present and generally in the absence of his or her appointor to do all the things which his or her appointor is authorised or empowered to do. A Director who is also an alternate is entitled, in the absence of his or her appointor:

(a) to a separate vote on behalf of his or her appointor in addition to his or her own vote; and

(b) to be counted as part of the quorum of the Board on his or her own account and also in respect of the Director for whom he or she is the alternate.

8.4 If a Director ceases to be a Board Member, the Shareholders shall exercise their powers to ensure that such person ceases to be a Director. The Relevant Supplier Parties shall jointly and severally indemnify AltHANCo against all Liabilities which AltHANCo may suffer or incur by reason of any claim by that person in connection with his removal from office as a Director.

8.5 The AltHANCo Chair shall chair any Board meeting. If the AltHANCo Chair is unable to be present at a Board meeting, the AltHANCo Chair's alternate appointed in accordance with Paragraph 8.3 may act as chair of that Board meeting.

8.6 The person appointed from time to time as the Secretariat shall be appointed as the AltHANCo Secretary.

8.7 All resolutions of the Board shall be made by simple majority of those Directors present at the meeting. Each Director (including the AltHANCo Chair in his or her capacity as a Director) shall have one vote, and in the case of an equality of votes the AltHANCo Chair shall have a second and casting vote.

8.8 The Board shall meet at intervals of not less than once in any period of two months unless otherwise agreed by the Directors. A meeting of the Board may be convened at any reasonable time at the request of any Director by written notice to the AltHANCo Secretary.

8.9 Meetings of the Board may be held by means of any telecommunications equipment provided that each of the Directors attending the meeting acknowledges that he or she can communicate with each other. In any such case, the meeting shall be deemed to take place in the location of the AltHANCo Chair during such meeting.

8.10 Each of the Directors shall be given notice by the AltHANCo Secretary of each meeting of the Board setting out details of the time, date and place of meeting at least five Working Days prior to the date of such meeting (provided that such period of notice may be shortened for particular meetings by unanimous written consent of all Directors entitled to attend and vote at the meeting).

8.11 The quorum for each meeting of the Board is one half of all Directors appointed at the relevant time, at least one of whom must be the AltHANCo Chair (or his or her alternate as such).

8.12 A written resolution signed by a majority of the Directors shall be as valid and effective as a resolution passed by a meeting of the Board properly convened and constituted in accordance with the terms of this Annex and the Articles.

8.13 As soon as reasonably practicable and in any event no later than five Working Days after each Board meeting, the AltHANCo Secretary shall circulate minutes of that meeting to each of the Directors.

8.14 The Board may delegate any of its powers to committees of the Board consisting of such persons as the Board may resolve. Any such committee shall exercise only powers expressly delegated to it and shall comply with any regulations imposed on it by the Board.

9 Expenditure and Working Capital

9.1 The Shareholders intend that AltHANCo should be run on a "break even" basis and shall procure that any surplus working capital shall, rather than being distributed to Shareholders, be retained by AltHANCo and applied to subsequent expenditure.

9.2 None of the Shareholders shall be obliged to provide any finance to AltHANCo or to provide any guarantee, indemnity or other security which third parties may require to secure the obligations of AltHANCo.

9.3 The Shareholders shall exercise the rights attaching to their Shares with a view to ensuring that AltHANCo does not incur costs unless authorised to do so in accordance with Section Z4 (Alt HAN Charges), except insofar as is necessary in order to comply with legally binding obligations to which AltHANCo is subject.

10 Accounts

10.1 As soon as reasonably practicable following the end of each Regulatory Year, AltHANCo shall procure that an account shall be taken of all the assets and liabilities of AltHANCo and of all the dealings and transactions of AltHANCo during such Regulatory Year.

10.2 The Board shall prepare a report and accounts in accordance with the Companies Act 2006 to be audited within three months after the end of each Regulatory Year.

11 Conflict with the Articles

11.1 In the event of any ambiguity created by or discrepancy between the provisions of this Annex and the Articles, it is the intention that the provisions of this Annex shall prevail and accordingly the Shareholders shall exercise all voting and other rights and powers available to them so as to give effect to the provisions of this Annex and shall further, if necessary, procure any required amendment to the Articles.

11.2 Any Shareholder failing to comply with the provisions of Paragraph 11.1 shall be deemed to have appointed AltHANCo as its lawful attorney for the purpose of signing any written resolution (or receiving notices of and attending and voting at all meetings) of the members of the AltHANCo to give effect to the provisions of Paragraph 11.1 and to effect any required amendment to the Articles (including to conform the Articles to this Annex), and this power of attorney (which is given by way of security to secure the performance of obligations owed by the Shareholder to the AltHANCo under Paragraph 11.1) shall be irrevocable.

12 Further Assurance

12.1 Each Shareholder shall co-operate with the other Shareholders and execute and deliver to the other Shareholders such other instruments and documents and take such other actions as may be reasonably requested from time to time in order to carry out, evidence and confirm their rights under, and the intended purpose of, this Annex.

13 Duration and Termination

13.1 This Annex shall continue in full force and effect, save in respect of any antecedent breach, until the earlier of:

(a) the provisions of Section Z of this Code ceasing to have effect;

(b) the termination of this Code;

(c) the date on which an effective resolution is passed, or a binding order is made, for the winding up of AltHANCo,

provided, however, that this Annex shall cease to have effect as regards any Relevant Supplier Party who, having been entitled under the terms of this Annex to hold

Shares, ceases to hold any Shares.