



Making a positive difference
for energy consumers

Ian Anthony
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Programme
Department of Energy and
Climate Change

Your Ref:
Direct I
Email:

Date: 17 January 2014

Dear Ian,

Ofgem's response to the Department of Energy and Climate Change's (DECC) consultation on modifications to the Smart Meter Communication Licence (the Licence) for the financing of communications hubs.

This response sets out our views on the Smart Meter Communications Licence modifications DECC has proposed to support its policy proposals on the financing of the first set of communications hubs that Smart DCC Ltd (DCC) will procure in the northern communications region.

Ofgem regulates the gas and electricity markets in Great Britain. Our regulatory role in relation to smart metering includes monitoring the compliance of DCC with the Licence.

Your consultation seeks views on whether the proposed changes are necessary to align the Licence with the communications hub financing provisions in the Smart Energy Code (SEC). We believe the proposed changes are necessary.

We think a small refinement should be made to the proposed drafting of condition 11.12 to avoid widening the scope of the SEC arrangement beyond the financing of communications hubs.

We suggest deleting 'procuring, providing or operating' from your proposed condition 11.12 and from the additional text in conditions 27 and 35. This will help clarify your policy intent to not mandate the wider application of these arrangements. It will also mean DCC can revisit the approach before it is extended to future hubs. DCC will have a role in ensuring that this arrangement is economic and efficient compared to other options and Ofgem will keep DCC's approach to financing communications hubs under review.

The proposed amendments to condition 11 must also ensure that the intent of the existing condition is retained where DCC has in place different arrangements with other communications service providers.

We look forward to continuing our engagement with DECC on any licence refinements needed as a result of consultation responses. We would also welcome the chance to comment on future licence changes proposed to achieve alignment with the SEC.

If you would like to discuss this response, please

Yours sincerely,