

## ENERGY

### SMART METERS

#### **MODIFICATIONS TO THE STANDARD CONDITIONS OF ELECTRICITY AND GAS SUPPLY LICENCES, ELECTRICITY DISTRIBUTION LICENCES AND GAS TRANSPORTER LICENCES (No. 1 of 2013)**

The Secretary of State makes the following licence modifications in exercise of the powers conferred by section 88(1) of the Energy Act 2008 (“the Act”).

The Secretary of State has consulted the holders of any licence being modified, the Gas and Electricity Markets Authority and such other persons as the Secretary of State considered appropriate in accordance with section 89(1) of the Act.

A draft of these licence modifications has been laid before Parliament in accordance with section 89(3) of the Act. Neither House of Parliament resolved, within the 40-day period referred to in section 89(4) of the Act, that the Secretary of State should not make the licence modifications.

#### **Modifications to the standard conditions of electricity supply licences**

1. The standard conditions of electricity supply licences granted, or treated as granted, under section 6(1)(d) of the Electricity Act 1989 are with effect from 14 July 2013, modified in accordance with paragraphs 2 and 3.
2. In standard condition 2—
  - (a) in paragraph 2.12, replace “standard condition 1, 12, 39, 40, 45 or 46 of this licence” with “standard condition 1, 12, 39, 40, 45, 46 or 49 of this licence”;
  - (b) in paragraph 2.13 replace “standard condition 1, 12, 39, 40, 45 or 46 of this licence” with “standard condition 1, 12, 39, 40, 45, 46 or 49 of this licence”;
  - (c) in paragraph 2.14, replace “standard condition 12, 39, 40, 45 or 46 of this licence” with “standard condition 12, 39, 40, 45, 46 or 49 of this licence”; and
  - (d) in paragraph 2.15, replace “standard condition 1, 12, 39, 40, 45 or 46 of this licence” with “standard condition 1, 12, 39, 40, 45, 46 or 49 of this licence”.
3. After standard condition 47, insert—

#### **“Condition 48: The Smart Energy Code”**

##### **Party to the Code**

48.1 The licensee must:

- (a) by no later than the Commencement Date, be a party to the Smart Energy Code; and
- (b) thereafter remain a party to and comply with the Smart Energy Code.

**Derogation**

- 48.2 The Authority, following consultation with the licensee and where appropriate any other person likely to be materially affected and after having regard to any guidance issued by it in accordance with paragraph 48.3, may give a direction (“a derogation”) to the licensee that relieves it of its obligations under the Smart Energy Code in respect of such parts of the Smart Energy Code, to such extent, for such period of time and subject to such conditions as may be specified in the direction.
- 48.3 The Authority may issue, and may from time to time revise, guidance regarding the manner in which it will exercise its powers under paragraph 48.2.
- 48.4 The guidance issued in accordance with paragraph 48.3 may, in particular, set out:
  - (a) the process for requesting the Authority to grant a derogation under paragraph 48.2;
  - (b) the type of information that is likely to be required by the Authority as part of that process; and
  - (c) the criteria the Authority would have regard to in considering whether and to what extent to exercise its power to give a direction under paragraph 48.2.

**Interpretation**

- 48.5 For the purposes of this Condition the licensee’s obligation to comply with the Smart Energy Code is an obligation to comply with the provisions of the Smart Energy Code so far as they are applicable to the licensee.

**Definitions**

- 48.6 In this Condition:

**Commencement Date** means:

- (a) the date which is the SEC Designated Date; or

- (b) the date on which the licensee first starts to supply electricity to any Domestic Premises or Designated Premises under this licence,

whichever is the later.

|                            |  |
|----------------------------|--|
| <b>DCC Licence</b>         | 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.    |
| <b>Smart Energy Code</b>   | means the document of that name, as designated by the Secretary of State under Condition 22 of the DCC Licence.  |
| <b>SEC Designated Date</b> | means the date the Smart Energy Code is designated by the Secretary of State in a direction given for the purposes of Condition 22 of the DCC Licence. |

#### **Condition 49: Smart Metering Systems and In-Home Displays – Operational Requirements**

##### **Application of Part A**

- 49.1 Part A of this Condition applies to the licensee in respect of any Domestic Premises and any Designated Premises of Micro-Business Consumers at which:
- (a) it is the Relevant Electricity Supplier; and
  - (b) there is installed a Smart Metering System,  
(a relevant premises).
- 49.2 Part A of this Condition applies from:
- (a) the Effective Date in respect of any relevant premises where:
    - (i) the installation date of the Smart Metering System is a date after the Effective Date; or

- (ii) the installation date of the Smart Metering System is a date on or prior to the Effective Date and the Smart Metering System is enrolled into the Smart Metering Inventory in accordance with the Enrolment Service provided by the DCC; and
- (b) the date specified in paragraph 39.1 of standard condition 39 of this licence in respect of any relevant premises which are Domestic Premises and where:
  - (i) the installation date of the Smart Metering System is a date on or prior to the Effective Date; and
  - (ii) the Smart Metering System is not enrolled into the Smart Metering Inventory in accordance with the Enrolment Service provided by the DCC.

#### **Application of Part B**

- 49.3 Part B of this Condition applies to the licensee from the Effective Date in respect of any Domestic Premises at which:
- (a) it is the Relevant Electricity Supplier;
  - (b) there is installed a Smart Metering System; and
  - (c) the Smart Metering System was installed on or after the Effective Date,
- (a relevant IHD premises).

#### **Part A: Smart Metering Systems**

##### **Smart Metering System – Operational Requirement**

- 49.4 In respect of each relevant premises, the licensee must take all reasonable steps to ensure that:
- (a) there is established (whether directly, or indirectly through the DCC's Communications System), a Communications Link between the Smart Metering System and the licensee's Communications System;
  - (b) where the Communications Link established in accordance with paragraph (a) is not through the DCC's Communications System, it maintains the Communications Link;

- (c) where the Communications Link established in accordance with paragraph (a) is through the DCC's Communications System, it does not act in a manner that compromises the maintenance of the Communications Link;
- (d) the Smart Metering System is configured to operate in a way that enables the licensee, where requested to do so by the Customer at the relevant premises, to establish a Communications Link, through the HAN Interface, between the Smart Metering System and any Consumer Device (at the relevant premises) to which the Smart Metering System is capable of being connected (a **Relevant Consumer Device**);
- (e) on request of the Customer at the relevant premises, it establishes and thereafter maintains a Communications Link, through the HAN Interface, between the Smart Metering System and each Relevant Consumer Device, such that it enables the Customer at the relevant premises to access, at any time and in the case of the Domestic Customer free of charge, by means of each Relevant Consumer Device, information of the type specified in paragraph 49.9 (**Customer Information**) that:
  - (i) is capable of being stored in or held by the Smart Metering System (or any part of it); and
  - (ii) the Smart Metering System (or any part of it) is capable of sending to the Relevant Consumer Device.

49.5 The obligations in paragraph 49.4 are subject to paragraphs 49.6 and 49.7.

**Exception to SMS Operational Requirement – Premises of Micro-Business Consumers**

49.6 The obligations in paragraph 49.4 do not apply in respect of a Designated Premises of a Micro-Business Consumer where the Smart Metering System at the premises is not enrolled into the Smart Metering Inventory in accordance with the Enrolment Service provided by the DCC.

**Exception to SMS Operational Requirement – Domestic Premises**

49.7 Subject to paragraph 49.8, the obligations in paragraph 49.4 do not apply in respect of a Domestic Premises where that Smart Metering System at the premises was not installed or arranged to be installed by the licensee.

- 49.8 The exception in paragraph 49.7 applies only until the earlier of:
- (a) the date that the Smart Metering System installed at the premises is enrolled into the Smart Metering Inventory in accordance with the Enrolment Service provided by the DCC; or
  - (b) the date specified in paragraph 39.1 of standard condition 39 of this licence.

**Customer Information**

- 49.9 Customer Information is information which provides details of or relates to:
- (a) the quantity of electricity measured by the Electricity Meter as having been supplied by the licensee to the customer at the relevant premises;
  - (b) where applicable, the quantity of electricity measured by the Export Meter as having been Exported from the relevant premises or an installation at the relevant premises onto a distribution system or transmission system;
  - (c) Charges for the Supply of Electricity (including the standing charge (where applicable) and the unit rate (expressed where applicable in pence per kWh);
  - (d) where the Electricity Meter forming part of the Smart Metering System is a Prepayment Meter:
    - (i) the amount of credit (by reference to sums of money) that at any given time remains available for use by the customer;
    - (ii) the amount of Outstanding Charges (if any and by reference to sums of money being recovered through calibration of the Prepayment Meter), the level of such Outstanding Charges, and the period within which such Outstanding Charges are to be recovered.

**Part B: In-Home Displays**

**In-Home Display – Operational Requirement**

- 49.10 The licensee must ensure that any In-Home Display provided by it, pursuant to its obligations in Condition 40, to a Domestic Customer at any relevant IHD premises is during

the Relevant Period configured to operate in such a manner as to comply with the requirement of paragraph 49.12.

- 49.11 The obligation in paragraph 49.10 is subject to paragraph 49.14.
- 49.12 Subject to paragraph 49.13, the requirement of this paragraph is that the Domestic Customer can, at any time during the Relevant Period and free of charge, access by means of the In-Home Display all information:
- (a) which is communicated to it from the Smart Metering System through the HAN Interface; and
  - (b) which the In-Home Display is required to be capable of displaying in accordance with the requirements of the IHD Technical Specification applicable at the date that the In-Home Display is provided to the Domestic Customer.
- 49.13 Except where the Electricity Meter forming part of the Smart Metering System is a Prepayment Meter, the In-Home Display need not be configured to operate so as to enable the Domestic Customer to access information which provides details of or relates to:
- (a) the amount of credit (by reference to a sum of money) that may be, or is, available to the Domestic Customer; or
  - (b) Outstanding Charges.

**Exception to IHD Operational Requirement**

- 49.14 Where the Smart Metering System at the relevant IHD premises was not installed or arranged to be installed by the licensee, the obligation in paragraph 49.10 applies only from such date as is specified in a direction issued by the Secretary of State under this paragraph.

**Part C: Definitions**

**Definitions and Interpretation**

- 49.15 In this Condition:

**Consumer Device** means:

- (a) an In-Home Display; and
- (b) any other device which:
  - (i) is capable of providing the Domestic Customer or the Micro-Business Customer (as the case may be) with access (whether directly or indirectly) to Customer Information; and
  - (ii) is capable of being, and can be, connected to the Smart Metering System through the HAN Interface.

**Communications Link** has the meaning given to it in the SME Technical Specification.

**Communications System** means a system (or part of it) that can generate, send, receive, store, or otherwise process electronic communications from and to the Smart Metering System.

**DCC** means the holder of the DCC Licence.

**DCC Licence** means the licence for the provision of a smart meter communication service granted pursuant to section 6(1)(f) or 6(1A) of the Electricity Act 1989.

**Effective Date** means 14 July 2013.

**Enrolment Service** has the meaning give to that term from time to time in the DCC Licence.

**HAN Interface** has the meaning given to it in the SME Technical Specification.



**Micro-Business Consumer** has the meaning given to it in Standard Condition 7A of the Standard Conditions for Electricity Supply Licences.

**Relevant Period** means the period which commences on the date on which the Smart Metering System is installed at the relevant IHD premises and ends 12 months after that date.

**Smart Metering Inventory** has the meaning give to that term from time to time in the DCC Licence.”.

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

4. The standard conditions of gas supply licences granted, or treated as granted, under section 7A(1) of the Gas Act 1986 are with effect from 14 July 2013, modified in accordance with paragraphs 5 and 6.
5. In standard condition 2—
  - (a) in paragraph 2.12, replace “standard condition 1, 12, 33, 34, 39 or 40 of this licence” with “standard condition 1, 12, 33, 34, 39, 40 or 43 of this licence”;
  - (b) in paragraph 2.13 replace “with “standard condition 1, 12, 33, 34, 39 or 40 of this licence” with “standard condition 1, 12, 33, 34, 39, 40 or 43 of this licence”;
  - (c) in paragraph 2.14, replace “standard condition 12, 33, 34, 39 or 40 of this licence” with “standard condition 12, 33, 34, 39, 40 or 43 of this licence”; and
  - (d) in paragraph 2.15, replace “standard condition 1, 12, 33, 34, 39 or 40 of this licence” with “standard condition 1, 12, 33, 34, 39, 40 or 43 of this licence”.
6. After standard condition 41, insert—

### **“Condition 42: The Smart Energy Code**

#### **Party to the Code**

- 42.1 The licensee must:
- (a) by no later than the Commencement Date, be a party to the Smart Energy Code; and
  - (b) thereafter remain a party to and comply with the Smart Energy Code.

#### **Derogation**

- 42.2 The Authority, following consultation with the licensee and where appropriate any other person likely to be materially affected and after having regard to any guidance issued by it in accordance with paragraph 42.3, may give a direction (“a derogation”) to the licensee that relieves it of its obligations under the Smart Energy Code in respect of such parts of the Smart Energy Code, to such extent, for such period of time and subject to such conditions as may be specified in the direction.
- 42.3 The Authority may issue, and may from time to time revise, guidance regarding the manner in which it will exercise its powers under paragraph 42.2.
- 42.4 The guidance issued in accordance with paragraph 42.3 may, in particular, set out:

- (a) the process for requesting the Authority to grant a derogation under paragraph 42.2;
- (b) the type of information that is likely to be required by the Authority as part of that process; and
- (c) the criteria the Authority would have regard to in considering whether and to what extent to exercise its power to give a direction under paragraph 42.2.

**Interpretation**

42.5 For the purposes of this Condition the licensee’s obligation to comply with the Smart Energy Code is an obligation to comply with the provisions of the Smart Energy Code so far as they are applicable to the licensee.

**Definitions**

42.6 In this Condition:

**Commencement Date**

means:

- (a) the date which is the SEC Designated Date; or
- (b) the date on which the licensee first starts to supply gas to any Domestic Premises or Designated Premises under this licence,

whichever is the later.

**DCC Licence**

means the licences for the provision of a smart meter communication service granted pursuant to sections 7AB(2) and (4) of the Gas Act 1986.

**Smart Energy Code**

means the document of that name, as designated by the Secretary of State under Condition 22 of the DCC Licence.

**SEC Designated Date**

means the date the Smart Energy Code is designated by the Secretary of State in a direction given for the purposes of Condition 22 of the DCC Licence.

### **Condition 43: Smart Metering Systems and In-Home Displays – Operational Requirements**

#### **Application of Part A**

43.1 Part A of this Condition applies to the licensee in respect of any Domestic Premises and any Designated Premises of Micro-Business Consumers at which:

- (a) it is the Relevant Gas Supplier; and
- (b) there is installed a Smart Metering System,  
(a relevant premises).

43.2 Part A of this Condition applies from:

- (a) the Effective Date in respect of any relevant premises where:
  - (i) the installation date of the Smart Metering System is a date after the Effective Date; or
  - (ii) the installation date of the Smart Metering System is a date on or prior to the Effective Date and the Smart Metering System is enrolled into the Smart Metering Inventory in accordance with the Enrolment Service provided by the DCC; and
- (b) the date specified in paragraph 33.1 of standard condition 33 of this licence in respect of any relevant premises which are Domestic Premises and where:
  - (i) the installation date of the Smart Metering System is a date on or prior to the Effective Date; and
  - (ii) the Smart Metering System is not enrolled into the Smart Metering Inventory in accordance with the Enrolment Service provided by the DCC.

#### **Application of Part B**

43.3 Part B of this Condition applies to the licensee from the Effective Date in respect of any Domestic Premises at which:

- (a) it is the Relevant Gas Supplier;

- (b) there is installed a Smart Metering System; and
  - (c) the Smart Metering System was installed on or after the Effective Date,
- (a relevant IHD premises).

**Part A: Smart Metering Systems**

**Smart Metering System – Operational Requirement**

- 43.4 In respect of each relevant premises, the licensee must take all reasonable steps to ensure that:
- (a) there is established (whether directly, or indirectly through the DCC's Communications System), a Communications Link between the Smart Metering System and the licensee's Communications System;
  - (b) where the Communications Link established in accordance with paragraph (a) is not through the DCC's Communications System, it maintains the Communications Link;
  - (c) where the Communications Link established in accordance with paragraph (a) is through the DCC's Communications System, it does not act in a manner that compromises the maintenance of the Communications Link;
  - (d) the Smart Metering System is configured to operate in a way that enables the licensee, where requested to do so by the Customer at the relevant premises, to establish a Communications Link, through the HAN Interface, between the Smart Metering System and any Consumer Device (at the relevant premises) to which the Smart Metering System is capable of being connected (a **Relevant Consumer Device**);
  - (e) on request of the Customer at the relevant premises, it establishes and thereafter maintains a Communications Link, through the HAN Interface, between the Smart Metering System and each Relevant Consumer Device, such that it enables the Customer at the relevant premises to access, at any time and in the case of the Domestic Customer free of charge, by means of each Relevant Consumer Device, information of the type specified in paragraph 43.9 (**Customer Information**) that:
    - (i) is capable of being stored in or held by the Smart Metering System (or any part of it); and

- (ii) the Smart Metering System (or any part of it) is capable of sending to the Relevant Consumer Device.

43.5 The obligations in paragraph 43.4 are subject to paragraphs 43.6 and 43.7.

**Exception to SMS Operational Requirement – Premises of Micro-Business Consumers**

43.6 The obligations in paragraph 43.4 do not apply in respect of a Designated Premises of a Micro-Business Consumer where the Smart Metering System at the premises is not enrolled into the Smart Metering Inventory in accordance with the Enrolment Service provided by the DCC.

**Exception to SMS Operational Requirement – Domestic Premises**

43.7 Subject to paragraph 43.8, the obligations in paragraph 43.4 do not apply in respect of a Domestic Premises where that Smart Metering System at the premises was not installed or arranged to be installed by the licensee.

43.8 The exception in paragraph 43.7 applies only until the earlier of:

- (a) the date that the Smart Metering System installed at the premises is enrolled into the Smart Metering Inventory in accordance with the Enrolment Service provided by the DCC; or
- (b) the date specified in paragraph 33.1 of standard condition 33 of this licence.

**Customer Information**

43.9 Customer Information is information which provides details of or relates to:

- (a) the quantity of gas measured by the Gas Meter as having been supplied by the licensee to the customer at the relevant premises;
- (b) Charges for the Supply of Gas (including the standing charge (where applicable) and the unit rate (expressed where applicable in pence per kWh);
- (c) where the Gas Meter forming part of the Smart Metering System is a Prepayment Meter:
  - (i) the amount of credit (by reference to sums of money) that at any given time remains available for use by the customer;

- (ii) the amount of Outstanding Charges (if any and by reference to sums of money being recovered through calibration of the Prepayment Meter), the level of such Outstanding Charges, and the period within which such Outstanding Charges are to be recovered.

**Part B: In-Home Displays**

**In-Home Display – Operational Requirement**

- 43.10 The licensee must ensure that any In-Home Display provided by it, pursuant to its obligations in Condition 34, to a Domestic Customer at any relevant IHD premises is during the Relevant Period configured to operate in such a manner as to comply with the requirement of paragraph 43.12.
- 43.11 The obligation in paragraph 43.10 is subject to paragraph 43.14.
- 43.12 Subject to paragraph 43.13, the requirement of this paragraph is that the Domestic Customer can, at any time during the Relevant Period and free of charge, access by means of the In-Home Display all information:
  - (a) which is communicated to it from the Smart Metering System through the HAN Interface; and
  - (b) which the In-Home Display is required to be capable of displaying in accordance with the requirements of the IHD Technical Specification applicable at the date that the In-Home Display is provided to the Domestic Customer.
- 43.13 Except where the Gas Meter forming part of the Smart Metering System is a Prepayment Meter, the In-Home Display need not be configured to operate so as to enable the Domestic Customer to access information which provides details of or relates to:
  - (a) the amount of credit (by reference to a sum of money) that may be, or is, available to the Domestic Customer; or
  - (b) Outstanding Charges.

Exception to IHD Operational Requirement

- 43.14 Where the Smart Metering System at the relevant IHD premises was not installed or arranged to be installed by the licensee, the obligation in paragraph 43.10 applies only from such date as is specified in a direction issued by the Secretary of State under this paragraph.

**Part C: Definitions**

**Definitions and Interpretation**

- 43.15 In this Condition:

**Consumer Device**

means:

- (a) an In-Home Display; and
- (b) any other device which:
  - (i) is capable of providing the Domestic Customer or the Micro-Business Customer (as the case may be) with access (whether directly or indirectly) to Customer Information; and
  - (ii) is capable of being, and can be, connected to the Smart Metering System through the HAN Interface.

**Communications Link**

has the meaning given to it in the SME Technical Specification.

**Communications System**

means a system (or part of it) that can generate, send, receive, store, or otherwise process electronic communications from and to the Smart Metering System.

**DCC**

means the holder of the DCC Licence.

**DCC Licence**

means the licence for the provision of a smart meter



|                                 |   |
|---------------------------------|---|
|                                 | communication service granted pursuant to section 7AB of the Gas Act 1986.  |
| <b>Effective Date</b>           | means 14 July 2013.   |
| <b>Enrolment Service</b>        | has the meaning give to that term from time to time in the DCC Licence.   |
| <b>HAN Interface</b>            | has the meaning given to it in the SME Technical Specification.   |
| <b>Micro-Business Consumer</b>  | has the meaning given to it in Standard Condition 7A of the Standard Conditions for Gas Supply Licences.  |
| <b>Relevant Period</b>          | means the period which commences on the date on which the Smart Metering System is installed at the relevant IHD premises and ends 12 months after that date. |
| <b>Smart Metering Inventory</b> | has the meaning give to that term from time to time in the DCC Licence.”.   |

## Modifications to standard conditions of electricity distribution licences

7. The standard conditions of electricity distribution licences granted, or treated as granted, under section 6(1)(c) of the Electricity Act 1989 are, with effect from 14 July 2013, modified in accordance with paragraphs 8 and 9.

8. In standard condition 1, in paragraph 1.3 insert the following definition in the appropriate position—

**“Smart Metering System** has the meaning given to it in standard condition 1 of the Standard Conditions of Electricity Supply Licences.”

9. After standard condition 21, insert—

### **“Condition 21A. The Smart Energy Code**

#### **Party to the Code**

21A.1 The licensee must:

- (a) by no later than the Commencement Date, be a party to the Smart Energy Code; and
- (b) thereafter remain a party to and comply with the Smart Energy Code.

#### **Derogation**

21A.2 The Authority, following consultation with the licensee and where appropriate any other person likely to be materially affected and after having regard to any guidance issued by it in accordance with paragraph 21A.3, may give a direction (“a derogation”) to the licensee that relieves it of its obligations under the Smart Energy Code in respect of such parts of the Smart Energy Code, to such extent, for such period of time and subject to such conditions as may be specified in the direction.

21A.3 The Authority may issue, and may from time to time revise, guidance regarding the manner in which it will exercise its powers under paragraph 21A.2.

21A.4 The guidance issued in accordance with paragraph 21A.3 may, in particular, set out:

- (a) the process for requesting the Authority to grant a derogation under paragraph 21A.2;

- (b) the type of information that is likely to be required by the Authority as part of that process; and
- (c) the criteria the Authority would have regard to in considering whether and to what extent to exercise its power to give a direction under paragraph 21A.2.

**Interpretation**

21A.5 For the purposes of this Condition the licensee’s obligation to comply with the Smart Energy Code is an obligation to comply with the provisions of the Smart Energy Code so far as they are applicable to the licensee.

**Definitions**

21A.6 In this Condition:

|                            |  |
|----------------------------|--|
| <b>Commencement Date</b>   | means: <ul style="list-style-type: none"> <li>(a) the date which is the SEC Designated Date; or</li> <li>(b) where this Condition comes into force after the SEC Designated Date, the earlier of the date on which the licensee offers to distribute electricity or the date on which it begins to distribute electricity in Great Britain.</li> </ul> |
| <b>DCC Licence</b>         | 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.  |
| <b>Smart Energy Code</b>   | means the document of that name, as designated by the Secretary of State under Condition 22 of the DCC Licence.  |
| <b>SEC Designated Date</b> | means the date the Smart Energy Code is designated by the Secretary of State in a direction given for the purposes of Condition 22 of the DCC Licence.”.   |

## Modifications to standard conditions of gas transporters' licences

10. The standard conditions of gas transporters' licences granted, or treated as granted, under section 7(2) of the Gas Act 1986 are, with effect from 14 July 2013, modified in accordance with paragraphs 11 and 12.
11. In standard condition 1, in paragraph 1 insert the following definition in the appropriate position—

**“Smart Metering System**                      has the meaning given to it in standard condition 1 of the Standard Conditions of Gas Supply Licences;”.
12. After standard condition 9, replace standard condition 10 (which is not presently used) with the following standard condition 10—

### **“Condition 10. The Smart Energy Code**

#### **Party to the Code**

- 1     The licensee must:
  - (a)    by no later than the Commencement Date, be a party to the Smart Energy Code; and
  - (b)    thereafter remain a party to and comply with the Smart Energy Code.

#### **Derogation**

- 2     The Authority, following consultation with the licensee and where appropriate any other person likely to be materially affected and after having regard to any guidance issued by it in accordance with paragraph 3, may give a direction (“a derogation”) to the licensee that relieves it of its obligations under the Smart Energy Code in respect of such parts of the Smart Energy Code, to such extent, for such period of time and subject to such conditions as may be specified in the direction.
- 3     The Authority may issue, and may from time to time revise, guidance regarding the manner in which it will exercise its powers under paragraph 2.
- 4     The guidance issued in accordance with paragraph 3 may, in particular, set out:
  - (a)    the process for requesting the Authority to grant a derogation under paragraph 2;
  - (b)    the type of information that is likely to be required by the Authority as part of that process; and

- (c) the criteria the Authority would have regard to in considering whether and to what extent to exercise its power to give a direction under paragraph 2.

**Interpretation**

- 5 For the purposes of this Condition the licensee's obligation to comply with the Smart Energy Code is an obligation to comply with the provisions of the Smart Energy Code so far as they are applicable to the licensee.

**Definitions**

- 6 In this Condition:

**Commencement Date**

means:

- (a) the date which is the SEC Designated Date; or
- (b) where this Condition comes into force after the SEC Designated Date, the earlier of the date on which the licensee offers to transport gas or the date on which it begins to transport gas in Great Britain.

**DCC Licence**

means the licence for the provision of a smart meter communication service granted pursuant to sections 7AB(2) and (4) of the Gas Act 1986.

**Smart Energy Code**

means the document of that name, as designated by the Secretary of State under Condition 22 of the DCC Licence.

**SEC Designated Date**

means the date the Smart Energy Code is designated by the Secretary of State in a direction given for the purposes of Condition 22 of the DCC Licence.”.



*Verma*  
Parliamentary Under Secretary of State  
Department of Energy and Climate Change

Date 08.07.13

## GUIDANCE NOTE

*(This note is not part of the licence modification)*

The purpose of these licence modifications is to place obligations on electricity and gas suppliers, electricity distributors and gas transporters relating to the installation and operation of smart meters. These obligations require energy suppliers to ensure particular functions of the meters are made available for usage, and that suppliers, electricity distributors and gas transporters enter into a new industry code.

Smart meters are electricity and gas meters with enhanced functionalities, including the capability of providing consumption information to the consumer in near real-time, and to be remotely read by or on behalf of the supplier. Smart meters will promote energy saving by electricity and gas consumers, and will facilitate further efficiencies in the gas and electricity distribution and supply systems.

New supply licence conditions 49 (electricity) and 43 (gas) place requirements on suppliers, initially with respect to smart meters which they have installed and in due course with respect to all smart meters. Suppliers must take steps to link the smart meter to a communications network so that the meter receives and sends remote communications, such as sending meter readings to suppliers. Suppliers must also take steps to enable consumers to use particular devices within their premises which allow them to access information that is stored in the meter, and to ensure that any in-home display provided by a supplier for use with the meter in domestic premises enables the display of particular energy usage information.

New supply licence conditions 48 (electricity), 42 (gas), electricity distribution licence condition 21A and gas transporter licence condition 10 place obligations on those parties to enter into and comply with a new industry code: the smart energy code. The code will contain the commercial arrangements between the new licensed party providing central communications services to smart meters, and the users of those services (energy suppliers, networks and others). The code will ultimately contain provisions which ensure the delivery of the overarching policy objectives for smart metering.

The Secretary of State will publish the modifications to the standard conditions of supply licences on the website of the Department of Energy and Climate Change as soon as reasonably practicable.