

Condition 1. Definitions for the Conditions of this Licence

Introduction

- 1.1 Part A of this condition sets out most of the defined words and expressions (all of which begin with capital letters) that are used in the Conditions of this Licence.
- 1.2 But:
- (a) where defined words and expressions are used only in a particular condition, their definitions are included in that condition; and
 - (b) some defined words and expressions that are used only in the Price Control Conditions in Chapter 9 of this Licence are set out, with their definitions, at Condition 35 (Definitions for the Price Control Conditions).
- 1.3 References in this Licence to “premises” (whether as such or as “Premises” as part of a defined term) include any land, building, or structure.

Part A: Definitions arranged in alphabetical order

- 1.4 In the Conditions of this Licence, unless the context otherwise requires:

1986 Act	means the Gas Act 1986.
1989 Act	means the Electricity Act 1989.
Additional Licence Term	has the meaning that is given to that term in paragraph 6 of Part 1 of this Licence (Terms in Respect of Grant).
Affiliate	means, in relation to any person, any Holding Company of that person, any Subsidiary of that person, or any Subsidiary of a Holding Company of that person.
Agreement for Services	means an agreement with the Licensee under or pursuant to Condition 17 (Requirements for the provision of Services) for the provision of Services, whether on terms as prescribed by or determined in accordance with the provisions of the SEC, or otherwise.
Authorised Activity	means the activity of providing within the area of Great Britain a Smart Meter Communication Service as defined at paragraph 4 of Part 1 (Terms in Respect of Grant) of this Licence.
Authorised Business of the Licensee	means the whole of the business carried on by the Licensee under this Licence, comprising the Mandatory Business (see below) and the Permitted Business (see also below), as is set out with further detail in Parts A to C of Condition 6 (Authorised Business of the Licensee).
Authority	means the Gas and Electricity Markets Authority that is established under section 1 of the Utilities Act 2000.

Charging Methodology for Service Charges	means the methodology of that name that is designated by the Secretary of State for the purposes of Condition 18 (Charging Methodology for Service Charges) and has been incorporated into the SEC for the purpose of determining the charges payable for Mandatory Business Services provided by the Licensee under or pursuant to the SEC.
Charging Statement for Service Charges	means the statement of that name that sets out the basis on which charges are made for the provision by the Licensee of Mandatory Business Services under or pursuant to the SEC and is in a form that is approved for the purposes of Condition 19 (Charging Statement for Service Charges).
Commercial Activities	includes, in particular, Energy Efficiency Services, Energy Management Services, Energy Metering Services, and Energy Price Comparison Services, in each case in relation to the Supply of Energy (or its use) under the Principal Energy Legislation.
Communications Hub	means a component, forming a part of the Smart Metering System installed at an Energy Consumer's premises, that enables data to be communicated to the Licensee from authorised devices within the premises that are connected to or form part of that system, and vice versa.
Communications Hub Service	means the service provided by the Licensee pursuant to Part E of Condition 17 (Requirements for the provision of Services) for the purpose of enabling Energy Suppliers to comply with their duties in respect of the installation of Smart Metering Systems at Energy Consumers' premises.
Competition Commission	means the body of that name established by section 45 of the Competition Act 1998 [but see note on page 24].
Compliance Statement	means the statement of that name that is approved by the Authority for the purposes of Condition 10 (Protection of Confidential Information).
Confidential Information	means information that is provided to the Licensee (whether directly or indirectly) by any person in connection with the Authorised Business of the Licensee, including information that is provided under or pursuant to the Smart Energy Code or the provisions of any External Service Provider Contract to which the Licensee is a party (and includes any personal data and sensitive personal data within the meaning of the Data Protection Act 1998).
Conditions	means all of the Conditions of this Licence, including any Price Control Conditions and any other condition however described that has effect in it, and includes any Schedule to this Licence (but does not include any of the Terms in Respect of Grant or Terms in Respect of Revocation set

Core Communication Services	<p>out in Parts 1 and 2 respectively of this Licence).</p> <p>means communication services (as specified and defined in the SEC) that relate solely to the Supply of Energy (or its use) under the Principal Energy Legislation and that are provided by the Licensee in accordance with Part B of Condition 17 (Requirements for the provision of Services).</p>
Domestic Energy Supplier	<p>means an Energy Supplier that is authorised by its Energy Supply Licence to supply Energy to Domestic Premises and that supplies Energy to such premises in accordance with that licence.</p>
Domestic Premises	<p>means premises at which a Supply of Energy is or will be taken wholly or mainly for domestic purposes (and is to be read in accordance with and subject to the provisions of standard condition 6 of the Energy Supply Licence).</p>
Elective Communication Services	<p>means communication services (excluding Core Communication Services) that relate solely to the Supply of Energy (or its use) under the Principal Energy Legislation and that are provided by the Licensee in accordance with Part C of Condition 17 (Requirements for the provision of Services).</p>
Electricity Meter	<p>means any meter that conforms to the requirements of paragraph 2 of Schedule 7 to the 1989 Act and is used for the purpose of measuring the quantity of electricity that is supplied to premises (and includes a Smart Meter).</p>
Enabling Services	<p>means services forming part of the Mandatory Business of the Licensee that fulfil an enabling role with respect to the provision of Core Communication Services and Elective Communication Services, and that consist of:</p> <ul style="list-style-type: none"> (a) the Enrolment Service; (b) the Communications Hub Service; and (c) Other Enabling Services.
Energy	<p>means either or both of gas (as supplied to premises under or pursuant to the 1986 Act) and electricity (as supplied to premises under or pursuant to the 1989 Act).</p>
Energy Consumer	<p>means a person who is supplied or requires to be supplied with Energy at any premises in Great Britain.</p>
Energy Efficiency Services	<p>means, in relation to any premises, services (which may include the supply or installation of products) provided to an Energy Consumer in order to improve efficiency and reduce wastage in the use of Energy at the premises.</p>
Energy Licence	<p>means any licence (including this Licence) that is granted, or treated as granted, under section 7, 7A, or 7AB of the</p>

Energy Management Services	1986 Act or under section 6 of the 1989 Act. means, in relation to any premises, services (which may include the supply or installation of products) provided to an Energy Consumer in order to measure, monitor, and manage the consumption of Energy at the premises with a view to ensuring that such consumption is cost-effective for and consistent with that consumer's requirements (and may include Energy Efficiency Services, Energy Metering Services, and Energy Price Comparison Services).
Energy Meter	means a Gas Meter or an Electricity Meter (and in either case may include a Smart Meter).
Energy Metering Services	means any or all of the services of commissioning, testing, installing, repairing, maintaining, removing, and replacing Energy Meters.
Energy Networks	means any or all of a pipe-line system within the meaning of section 7 of the 1986 Act, a distribution system as defined in section 4(4) of the 1989 Act, and a transmission system as defined in section 4(4) of the 1989 Act.
Energy Network Licence	means a licence granted, or treated as granted, under section 7 of the 1986 Act or section 6(1)(b) or (c) of the 1989 Act.
Energy Network Licensee	means a person who holds an Energy Network Licence and is either transmitting or distributing electricity, or conveying gas through pipes, in accordance with that licence.
Energy Price Comparison Services	means, in relation to any premises, services provided to an Energy Consumer for the purpose of enabling him to compare on a standardised basis the charges levied, or to be levied, by different Energy Suppliers in respect of the Supply of Energy by them to the premises.
Energy Registration Services	has the meaning given to that term in Part D of Condition 15 (Incorporation of Energy Registration Services) with respect to the services that may be the subject of a direction given by the Secretary of State under that condition.
Energy Supplier	means a person who holds an Energy Supply Licence and supplies Energy to premises in accordance with it.
Energy Supply Licence	means a licence granted, or treated as granted, under section 7A(1) of the 1986 Act or section 6(1)(d) of the 1989 Act.
Enrolment Service	means the service that is operated by the Licensee pursuant to Part D of Condition 17 (Requirements for the provision of Services) for the purpose of enrolling a Smart Metering System into the Smart Metering Inventory under the SEC.
External Electronic	means a network used for communicating information to

Communication Network <i>continued</i>	and from a Smart Meter that meets both of the following conditions: (a) it is an electronic communications network within the meaning given to that term in section 32 of the Communications Act 2003; and (b) it does not form part of a Smart Meter.
External Service Provider	means any person from whom Relevant Service Capability is procured by the Licensee (including a person from whom such capability is being procured by virtue of paragraph 6 of Condition 16) for the purpose of enabling the provision of Mandatory Business Services under or pursuant to the Smart Energy Code.
External Service Provider Contract	means, as between the Licensee and an External Service Provider, any arrangement (however described) that has been entered into for the provision by the External Service Provider to the Licensee of Relevant Service Capability (and includes every Legacy Procurement Contract for the provision of Fundamental Service Capability).
Fundamental Service Capability	has the meaning given to that term in Part J of Condition 16 (Procurement of Relevant Service Capability), as amplified by reference to the particulars set out in Schedule 1 to this Licence (Details of Fundamental Service Capability).
Gas Meter	means a meter that conforms to the requirements of section 17(1) of the 1986 Act for the purpose of registering the quantity of gas supplied through pipes to premises (and includes a Smart Meter).
General Objectives of the Licensee	means the objectives established by Condition 5 (General Objectives of the Licensee) for the Licensee's activities under this Licence, consisting of (i) the Interim General Objective and (ii) the Enduring General Objectives, as set out in Parts A and B respectively of that condition.
General SEC Objectives	means the objectives that the Smart Energy Code (or SEC) is designed to achieve, as listed in Part D of Condition 22 (The Smart Energy Code).
Holding Company	means, in relation to any person, a holding company as it is defined in section 1159 of the Companies Act 2006.
Information	in relation to information requested by the Authority or the Secretary of State, has the meaning given to that term in Part J of Condition 29 (Provision of Information by the Licensee).
Legacy Procurement Contract	means any arrangement relating to the procurement by the Licensee of Fundamental Service Capability that falls within the definition and other particulars set out in Schedule 1 to

	this Licence (Details of Fundamental Service Capability).
Licence	means this Smart Meter Communication Licence.
Licence Application Process	means the competitive tender process, as undertaken by the Secretary of State, that determined the grant of this Licence to the Licensee in accordance with the Electricity and Gas (Competitive Tenders for Smart Meter Communication Licences) Regulations 2012.
Licence Commencement Date	means (except where the Secretary of State has otherwise directed) 23 September 2013.
Licence Term	means (subject to the provisions of Part 1 and Part 2 of this Licence with respect to continuation and revocation) the period that begins on Licence Commencement Date and ends on 22 September 2025 during which this Licence remains in force and is held by and applies to the Licensee.
Licensee	means Smart DCC Ltd, a company registered in England and Wales under number 08641679, whose registered office is at 17 Rochester Row, London SW1P 1QT, and who is the person that holds this Licence.
Mandatory Business	means that part of the Authorised Business of the Licensee that consists of the operation or provision, on behalf of or to SEC Parties (or other persons eligible to receive Mandatory Business Services, as described in Condition 17 (Requirements for provision of Services)), of Mandatory Business Services under or pursuant to the SEC.
Mandatory Business Services	means the services comprising the Mandatory Business of the Licensee, namely (i) the Core Communication Services, (ii) the Elective Communication Services, and (iii) the Enabling Services, in each case as operated or provided by the Licensee in accordance with the relevant provisions of Condition 17 (Requirements for provision of Services).
Minimal Services	means services forming part of the Permitted Business of the Licensee that: <ul style="list-style-type: none"> (a) are not provided to any material extent from within capability or resources available to the Mandatory Business of the Licensee; and (b) do not exceed the limitation as to value imposed by paragraph 8(b) of Condition 6 (Authorised Business of the Licensee).
Notice	means prior notice given directly to a person in Writing (and includes a notification).
Other Enabling	means any Enabling Services forming part of the Mandatory Business of the Licensee (other than the Communications

Services	Hub Service and the Enrolment Service) that are specified and defined as such, whether in this Licence or the SEC.
Permitted Business	means that part of the Authorised Business of the Licensee that consists of the operation or provision, whether to SEC Parties or otherwise, of Permitted Business Services.
Permitted Business Services	means the services operated or provided by the Permitted Business of the Licensee, consisting of (i) any Value Added Services approved by the Authority in accordance with Part D of Condition 6 (Authorised Business of the Licensee) and (ii) any Minimal Services.
Permitted Purpose	means a purpose of any or all of the following things: <ul style="list-style-type: none"> (a) the Authorised Business of the Licensee; (b) any business or activity of the Licensee to which the Authority has given its consent under paragraph 6(c) of Condition 9 (Independence and autonomy of the Licensee); and (c) any payment or transaction made or undertaken by the Licensee in accordance with Part C of Condition 27 (Indebtedness and transfers of funds).
Price Control Condition	means a condition the purpose of which, whether on its own or in combination with any other Price Control Condition, is to limit or control the charges of, or the revenue of, the Licensee (and the Conditions contained in Chapter 9 are the Price Control Conditions of this Licence).
Principal Energy Legislation	means the 1986 Act and the 1989 Act, read together so far as they apply for the purposes of this Licence in respect of the Supply of Energy under those Acts.
Procurement Strategy for Relevant Service Capability	means the statement of that name that sets out the strategy to be followed by the Licensee in procuring Relevant Service Capability and that was approved by the Secretary of State for the purposes of Condition 16 (Procurement of Relevant Service Capability).
Regulatory Accounts	means the accounts of the Licensee produced in accordance with the provisions of Condition 30 (Requirements for the Regulatory Accounts).
Regulatory Instructions and Guidance	means the document of that name (which may be referred to as “the RIGs” in this Licence) issued by the Authority under Condition 33 (Regulatory Instructions and Guidance) for purposes relating to the obligations of the Licensee under Condition 31 (Reporting of Quality of Service Information) and Condition 32 (Reporting of Price Control Information).

Regulatory Year	means a period of twelve months beginning on 1 April in any calendar year and ending on 31 March of the next calendar year (and the Licensee's first Regulatory Year is deemed to have begun on 1 April 2013).
Related Undertaking	means, in relation to any person, any undertaking in which that person has a participating interest as defined in section 421A of the Financial Services and Markets Act 2000.
Relevant Business Assets	has the meaning that is given to that term in paragraph 4 of Condition 28 (Disposal of Relevant Business Assets) in respect of assets required to be identified in the Register of Relevant Business Assets maintained by the Licensee in accordance with that condition.
Relevant Service Capability	means capability procured (or provided from within the Licensee's own resources) in accordance with Condition 16 (Procurement of Relevant Service Capability) for the purposes of securing the provision of Mandatory Business Services under or pursuant to the Smart Energy Code.
SEC	means the Smart Energy Code [as to which, see below].
SEC Arrangements	means such arrangements (including all necessary systems, contracts, processes, procedures, resources, products, and facilities) as the Licensee is required to establish, procure, or otherwise have in place under or pursuant to the Smart Energy Code in connection with the provision of Services, whether on behalf of or to SEC Parties or otherwise.
SEC Commencement Date	means the date on which the Smart Energy Code has effect under this Licence (and, except where the Secretary of State may otherwise direct, is the same as the Licence Commencement Date).
SEC Modification Arrangements	means such arrangements established by the Smart Energy Code as are consistent with the requirements of Part B of Condition 23 (Change control for the Smart Energy Code) with respect to modifications of the SEC, but subject to the provisions of Part D of Condition 18 with respect to modifications of the Charging Methodology for Service Charges as incorporated into the SEC.
SEC Panel	means the panel established under the Smart Energy Code that is constituted in such manner and is responsible to such extent and for such activities and other matters (including the delegation of functions to committees of the panel) as may be specified in the SEC with respect to the governance and administration of the SEC.
SEC Parties	means persons (excluding the Licensee) who have acceded to the Smart Energy Code on such terms and conditions of accession as are set out in the SEC, and includes every

holder of an Energy Licence who is required by a condition of that licence to be a party to and comply with the SEC.

SECCo Ltd

means the Smart Energy Code Company (being the joint venture company established pursuant to paragraph 26(c) of Condition 22 (The Smart Energy Code) for the purpose of acting as a corporate vehicle to assist the SEC Panel in exercising its powers, duties, and functions, including by entering into contracts for that purpose).

Services

means any or all of the Mandatory Business Services and Permitted Business Services the operation or provision of which comprises the Authorised Business of the Licensee (and “operation or provision” in this context includes the procurement of all necessary resources for that purpose).

Service Charges

means the charges levied by and payable to the Licensee in connection with the operation or provision of Mandatory Business Services under or pursuant to the SEC (and such charges may reflect, among other things, expenditure incurred for the purpose of investigating or securing the future operation or provision of such services as well as expenditure incurred in connection with the governance and administration of the Smart Energy Code).

Smart Energy Code

means the document of that name, as was designated by the Secretary of State under Condition 22 (The Smart Energy Code), that is maintained for the purposes of that condition, that is subject to modification pursuant to Condition 23 (Change control for Smart Energy Code), and that may be referred to in this Licence as “the SEC”.

Smart Meter

means:

- (a) an Energy Meter that can both send and receive information using an External Electronic Communications Network; or
- (b) an Energy Meter and a device that is associated with or is ancillary to that meter and that enables information to be sent to and received by the meter using an External Electronic Communications network,

and the related term “Smart Metering” when used as part of another defined term is to be read accordingly.

Smart Metering Equipment Technical Specification

means the document of that name (which may be referred to as “the SME Technical Specification” in this Licence) as designated by the Secretary of State under Condition 22 for incorporation into the SEC with respect to the technical and functional capabilities of Smart Metering Systems.

Smart Metering

means a system installed at premises for the purposes of the

System	<p>Supply of Energy to the premises that, on the date on which it is installed, as a minimum:</p> <ul style="list-style-type: none"> (a) consists of the apparatus identified in; (b) has the functional capability specified by; and (c) complies with the other requirements of, <p>the Smart Metering Equipment Technical Specification that is applicable at that date.</p>
Subsidiary	<p>means a subsidiary within the meaning given to that term in section 1159 of the Companies Act 2006.</p>
Successor Licence	<p>means a licence granted (or to be granted) by the Authority or the Secretary of State under section 7AB of the 1986 Act and section 6 of the 1989 Act for the purpose of authorising a person to carry on the Authorised Activity following the expiry or any revocation of this Licence.</p>
Successor Licensee	<p>means the person that is to succeed (or has succeeded) the Licensee as holder of a licence to carry on the Authorised Activity within Great Britain (and, if the context so permits, may include any person who has applied, or is considering whether to apply, to be that licence holder).</p>
Supply of Energy	<p>means either or both of the supply of gas pursuant to the 1986 Act and the supply of electricity pursuant to the 1989 Act, in each case within the meaning that is given to the term “supply” in the respective Act.</p>
Terms in Respect of Grant	<p>means all of the matters that are set out in Part 1 of this Licence.</p>
Terms in Respect of Revocation	<p>means all of the matters that are set out in Part 2 of this Licence.</p>
Transition Objective	<p>has the meaning that is given to that term in paragraph 1 of Condition 13 (Arrangements relating to the Transition Objective) as applied to activities to be undertaken by the Licensee and other persons leading to the Completion of Implementation within the meaning given to that term in Condition 5 (General Objectives of the Licensee).</p>
Ultimate Controller	<p>means any of the following:</p> <ul style="list-style-type: none"> (a) a Holding Company of the Licensee that is not itself a Subsidiary of another company; and (b) subject to notes 1 and 2 set out below, any person who (whether alone or with any person or persons connected with him) is in a position to control, or exercise significant influence over, the policy of the Licensee or the policy of any Holding Company

of the Licensee by virtue of:

- (i) rights under contractual arrangements to which he is a party or of which he is a beneficiary, or
- (ii) rights of ownership (including any rights attached to or deriving from securities or rights under a trust) which are held by him or of which he is a beneficiary.

*see also notes 1 and 2
that follow
continued*

note 1: for the purposes of sub-paragraph (b), a person is connected with another person if he is a party to any arrangement regarding the exercise of any such rights as are described or referred to in that sub-paragraph.

note 2: sub-paragraph (b) does not include any director or employee of a corporate body in his capacity as such.

Value Added Services

means services forming part of the Permitted Business of the Licensee that:

- (a) are not Minimal Services;
- (b) are not related solely to the Supply of Energy (or its use) under the Principal Energy Legislation;
- (c) do not prejudice the Licensee's ability to carry on the Mandatory Business in accordance with the General Objectives of the Licensee; and
- (d) have been approved by the Authority in accordance with Part D of Condition 6 (Authorised Business of the Licensee).

Website

means a website controlled and used by the Licensee for the purposes of communicating and disseminating information as required by or for reasons relating to any of the provisions of this Licence.

Writing

includes writing that is sent or received by means of a public electronic communications network within the meaning given to that term in section 161 of the Communications Act 2003.

note: references throughout this Licence to the Competition Commission are to be treated, where the relevant provisions of the Enterprise and Regulatory Reform Act 2013 have come into force, as references to the Competition and Markets Authority (which is the Competition Commission's successor body created by that Act).

Condition 17. Requirements for the provision of Services

Introduction

17.1 This condition requires the Licensee to provide Services or, as the case may be, to offer terms for the provision of Services, whether at the request of SEC Parties or otherwise, in accordance with the requirements set out in this condition and subject to such exemptions or restrictions as the condition permits.

Part A: General provisions applicable to this condition

17.2 Where the Licensee is required by any part of this condition to provide Services under or pursuant to an Agreement for Services on terms prescribed by, or determined in accordance with, the provisions of the SEC, such terms of the SEC as are expressed by the SEC to be contractually binding with respect to such provision will comprise the Agreement for Services that applies between the parties by virtue of the obligation of the Licensee to provide the Services.

17.3 The Licensee may, where it would be more economical, efficient, or effective to do so, offer to enter into an Agreement for Services under or pursuant to this condition on terms that relate to the Licensee's receipt of compliant requests from more than one person for the provision of Services, provided that the terms of that offer do not exclude an option for the Services to be provided to only one of the persons making those requests.

17.4 The Licensee may offer to enter into an Agreement for Services on terms that provide, in accordance with any relevant requirement of the Licensee's Charging Methodology for Service Charges, for the allocation and reimbursement of Service Charges among and between persons whose requests for such an agreement (whether because of the timing of those requests or otherwise) would reasonably justify such treatment.

Part B: Terms in respect of Core Communication Services

17.5 The Licensee must, on receiving a request from any SEC Party for the provision of any Core Communication Services that are specified and defined as such in the SEC, provide such services under or pursuant to an Agreement for Services on terms that are prescribed by, or determined in accordance with, the provisions of the SEC.

17.6 The Licensee's obligation to provide Core Communication Services under this Part B is subject to the provisions of Part D below.

Part C: Terms in respect of Elective Communication Services

17.7 The Licensee, on receiving a request from any SEC Party ("the Requester") for the provision of Elective Communication Services under or pursuant to the SEC, must deliver to the Requester as soon as is reasonably practicable, and in any event within 14 days after receiving the request, either:

- (a) an initial evaluation of the technical feasibility and the likely scale of the cost of satisfying that request for such provision; or
- (b) notification that the initial evaluation indicates that a further and more detailed evaluation of the request is required.

- 17.8 Where paragraph 17.7(a) is applicable, and insofar as the Requester wishes to proceed with the request, the Licensee must offer within 28 days (except where the Requester agrees to a longer period, or where the Authority otherwise consents) to enter into an Agreement for Services with the Requester on such terms as may be agreed.
- 17.9 Where paragraph 17.7(b) is applicable and the Requester wishes to proceed with the request, the Licensee must undertake and complete the further and more detailed evaluation as soon as is reasonably practicable, and for that purpose may require the Requester to pay evaluation expenses to such extent as may be reasonable in all of the circumstances of the case.
- 17.10 In paragraph 17.9, “evaluation expenses” means expenses of a kind that:
- (a) are specified in or are determined in accordance with the Licensee’s Charging Methodology for Service Charges; and
 - (b) have been reasonably incurred by the Licensee in carrying out the further and more detailed evaluation to which that paragraph refers.
- 17.11 Insofar as the Requester wishes to proceed with the request in the light of the further and more detailed evaluation under paragraph 17.9 and has paid to the Licensee any amount that is payable by virtue of that paragraph, the Licensee must offer within 28 days (except where the Requester agrees to a longer period, or where the Authority otherwise consents) to enter into an Agreement for Services with that person on such terms as may be agreed in respect of the provision.
- 17.12 Where a request received by the Licensee under paragraph 17.7 does not comply with such requirements as may be specified in the SEC in relation to the submission of requests for the provision of Elective Communication Services, the Licensee must take reasonable steps to ensure that the request does so comply before acting upon it.
- 17.13 The Licensee’s obligation to offer terms under this Part C is subject to:
- (a) any controls or restrictions on the quantity of services that may be provided, or on the timing with which they are to be provided, that may be in force from time to time under the SEC with respect to the provision of Elective Communication Services; and
 - (b) the provisions of Part D below.

Part D: Terms for the operation of the Enrolment Service

- 17.14 The Licensee is not required to provide Core Communication Services under Part B above, or to offer terms for an Agreement for Services in respect of any Elective Communication Services under Part C above, if in either case the Smart Metering System to which such services would relate has not been enrolled (in accordance with such rules and procedures for that purpose as are specified in the SEC) into such arrangements for enrolment as are maintained under the SEC.
- 17.15 The Licensee must carry on the activities of the Enrolment Service (which is the service to which paragraph 17.14 refers) under or pursuant to an Agreement for

Services on terms that are prescribed by, or are determined in accordance with, the provisions of the SEC.

- 17.16 Subject to paragraph 17.17, the Licensee must, on receiving a request from any SEC Party for the enrolment of a Smart Meter or an Advanced Meter that does not comply with the requirements of the Enrolment Service and therefore does not qualify to be enrolled, offer to enter into an Agreement for Services, in accordance with such rules and procedures as may be specified in the SEC for dealing with such requests, and on such terms as may be agreed in all the circumstances of the case, for:
- (a) the provision of advice to the SEC Party with respect to such requirements for the reconfiguration or modification of that meter as must be satisfied to enable it to qualify for such enrolment; and
 - (b) where applicable, the carrying out of any reconfiguration or modification of systems operated by the Licensee that would be necessary to enable the enrolment of that meter.
- 17.17 The Licensee is not required to comply with paragraph 17.16 if and insofar as doing so would prejudice, or be likely to prejudice, its ability to comply with the Interim General Objective of the Licensee as set out in Condition 5 (General Objectives of the Licensee).
- 17.18 The Licensee may charge for services provided under paragraph 17.16 in accordance with and to the extent permitted by the provisions of its Charging Methodology for Service Charges.
- 17.19 Nothing in this Part D requires the Licensee to provide an Enrolment Service for the purposes of any Smart Metering System by means of which a Smart Meter Communication Service is proposed to be provided to any premises, or within any area containing premises, that falls within a category that is for the time being specified by the Licensee as a Service Exemption Category in any Statement of Service Exemptions in force under this condition.
- 17.20 Appendix 1 (which requires the Licensee to publish, maintain, and keep under review a Statement of Service Exemptions initially approved by the Secretary of State) has effect as part of this condition for the purposes of paragraph 17.19.

Part E: Terms for provision of the Communications Hub Service

- 17.21 The Licensee must, on receiving a request from any SEC Party for the provision of Communications Hubs, arrange to provide such equipment in accordance with:
- (a) such requirements as may be specified under or pursuant to the SEC with respect to its technical specification and functional capabilities; and
 - (b) such arrangements as to its ownership, delivery, installation, maintenance, repair, and replacement,
- as may apply under or pursuant to an Agreement for Services on terms prescribed by, or determined in accordance with, the provisions of the SEC.

- 17.22 The Licensee must manage its duties under and pursuant to this Part E in a manner that is consistent with, and is designed to facilitate, the full and timely installation by Energy Suppliers of Smart Metering Systems at Energy Consumers' premises in accordance with such requirements of the Energy Supply Licence as apply to the activities associated with such installation.

Part F: Terms for the provision of Other Enabling Services

- 17.23 The Licensee must, on receiving a request from any person (whether or not a SEC Party) for the provision of any Other Enabling Service that is specified and defined as such, whether in Schedule 5 to this Licence (Matters associated with the grant of this Licence) or in the SEC, provide that service under or pursuant to an Agreement for Services on terms prescribed by, or determined in accordance with, the provisions of the SEC.
- 17.24 Where a request received by the Licensee under paragraph 17.23 does not comply with such requirements as may be specified in the SEC in relation to the submission of requests for the provision of Other Enabling Services, the Licensee must take reasonable steps to ensure that the request does so comply before acting upon it.

Part G: Terms for the provision of Value Added Services

- 17.25 The Licensee, on receiving a request from any person for the provision of Value Added Services that have been approved by the Authority in accordance with Part D of Condition 6 (Authorised Business of the Licensee), may offer to enter into an Agreement for Services with that person on such terms (subject to paragraph 17.26) as may be agreed in respect of such provision.
- 17.26 Except where the Authority otherwise consents, the terms offered by the Licensee for entering into an Agreement for Services under paragraph 17.25 must include terms providing for the novation of that agreement that are substantially the same as those contained within the SEC in relation to the novation of any Agreement for Services in place by virtue of Parts B to F of this condition
- 17.27 Paragraphs 24(a) of Condition 22 (The Smart Energy Code) and 15 of Condition 43 (Arrangements for the handover of business) are relevant to paragraph 17.26.

Part H: Charges and other terms in respect of Services

- 17.28 Paragraph 17.29 applies with respect to:
- (a) each Agreement for Services under or pursuant to this condition requiring the Licensee to provide Services on terms prescribed by, or to be determined in accordance with, the provisions of the SEC; and
 - (b) each offer by the Licensee to enter into an Agreement for Services under or pursuant to this condition on such terms as may be agreed.
- 17.29 In each case to which paragraph 17.28 refers, the agreement or the offer proposing an agreement (as the case may be) must set out:
- (a) the Service Charges to be paid under or pursuant to the relevant agreement (having regard to the requirements of paragraph 17.30); and

- (b) such other detailed terms as are appropriate or necessary for the purposes of the relevant agreement and are not otherwise prescribed.

17.30 The Service Charges referred to in paragraph 17.29(a) must:

- (a) unless clearly inappropriate, be consistent with the relevant provisions of the Charging Methodology in force under Condition 18 (Charging Methodology for Service Charges) at the time of the agreement or offer; and
- (b) be presented so as to be directly referable to the provisions (if applicable) of the Charging Statement in force under Condition 19 (Charging Statement for Service Charges) at the time of the agreement or offer.

Part I: Exemption from obligations imposed by this condition

17.31 Paragraph 17.32 states the circumstances in which the Licensee is not obliged under the provisions of this condition:

- (a) to provide Services under or pursuant to an Agreement for Services on terms prescribed by, or determined in accordance with, the provisions of the SEC; or
- (b) to enter into, or offer to enter into, an Agreement for Services with a person requesting terms for such an agreement.

17.32 The circumstances to which paragraph 17.31 refers are those arising if:

- (a) providing the Services or (as the case may be) entering into, or offering to enter into, an agreement to do so would cause, or would be likely to cause, the Licensee to be in breach of (i) any of its functions under the Principal Energy Legislation, or (ii) any applicable provision of the SEC, or (iii) any of the Conditions of this Licence; or
- (b) the person requesting the terms does not agree to be bound, to the extent applicable to him, by the provisions of the SEC.

Part J: Determination of disputes between the parties

17.33 Any dispute arising between the Licensee and any person that relates to the terms offered by the Licensee for entering into an Agreement for Services under or pursuant to any provision of this condition that requires the Licensee to make such an offer may be referred by either party to the Authority for determination in accordance with such of the provisions of Condition 20 (Determination of disputes by the Authority) as may be applicable to the dispute.

Part K: Interpretation

17.34 For the purposes of this condition:

Advanced Meter has the meaning that is given to that term in standard condition 12 of the Energy Supply Licence.

Enrolment Service has the meaning given to that term in Part D of this condition, but subject to any further definition or other relevant provision that may be set out in the SEC.

Requester has the meaning that is given to that term in paragraph 17.7.

Service Exemption Category means either Service Exemption Category 1 or Service Exemption Category 2 (as the case may be), as described respectively at paragraph A3(a) and paragraph A3(b) of Appendix 1.

Statement of Service Exemptions means the document of that name containing the matters set out at Part A of Appendix 1.

17.35 Appendix 1 follows immediately below.

Condition 18. Charging Methodology for Service Charges

Introduction

18.1 This condition requires the Licensee to have in force, and comply with, a Charging Methodology for Service Charges that is designed to achieve certain specified policy objectives; that has been incorporated into the Smart Energy Code on or following its designation by the Secretary of State for the purposes of this condition; and that may be modified from time to time as provided for in the SEC and by reference to policy objectives that are different from the General SEC Objectives.

Part A: General requirements for the Charging Methodology

18.2 The Licensee must at all times have in force a Charging Methodology for Service Charges (“the Charging Methodology”).

18.3 The Charging Methodology is required to be a complete and documented explanation, presented in a coherent and consistent manner, of the methods, principles, and assumptions that apply for the purpose of determining the Service Charges payable for Mandatory Business Services provided under or pursuant to the SEC.

18.4 The Charging Methodology in force under this Part A at the Relevant Incorporation Date (see Part D below) must have been designated by the Secretary of State for the purposes of this condition in accordance with Part B below on the basis that it achieves the Relevant Policy Objectives set out in Part C.

18.5 The Charging Methodology as designated by the Secretary of State for the purposes of this condition is to be incorporated into the Smart Energy Code in accordance with Part D below (which also makes special provision with respect to the modification of the Charging Methodology).

18.6 The Licensee, except where the Authority otherwise consents, must comply with the provisions of the Charging Methodology as modified from time to time in accordance with such provisions of this Condition 18 and the Smart Energy Code as are applicable to such modifications.

18.7 The Licensee must, for the purpose of ensuring that the Charging Methodology will continue to achieve the Relevant Policy Objectives:

- (a) review the methodology at least once in each Regulatory Year; and
- (b) subject to the requirements of Part D below, propose such modifications (if any) of the methodology as it believes are appropriate or necessary for the purpose of enabling it to better achieve the Relevant Policy Objectives.

Part B: Matters relating to designation of the Charging Methodology

18.8 Subject to the provisions set out in this Part B, the Secretary of State may designate a Charging Methodology for the purposes of this condition if he is satisfied that it achieves the Relevant Policy Objectives.

- 18.9 Before designating a Charging Methodology for the purposes of this condition, the Secretary of State must consult:
- (a) the Licensee;
 - (b) the Authority;
 - (c) SEC Parties (or such persons as the Secretary of State reasonably believes will become SEC Parties); and
 - (d) such other persons as the Secretary of State considers it appropriate to consult.
- 18.10 For the purposes of consultation under paragraph 18.9, the Secretary of State must:
- (a) publish the terms of the Charging Methodology that he proposes to designate for the purposes of this condition;
 - (b) state the reasons why he proposes to so designate it; and
 - (c) allow a period of at least 28 days within which representations or objections may be made to him concerning the proposal.
- 18.11 The Secretary of State must have due regard to any representations or objections duly received under paragraph 18.10, and give reasons for his decisions in relation to them.
- 18.12 The Secretary of State may designate a Charging Methodology for the purposes of this condition subject to such conditions as he considers appropriate, having regard to:
- (a) the need for any further action to be taken by the Licensee to ensure that the Charging Methodology better achieves the Relevant Policy Objectives; and
 - (b) the time by which such action must be completed.
- 18.13 The requirements imposed by this Part B may be satisfied by consultation before, as well as consultation after, the Licence Commencement Date.

Part C: Relevant Policy Objectives of the Charging Methodology

- 18.14 The Relevant Policy Objectives of the Charging Methodology consist of the First Relevant Policy Objective, the Second Relevant Policy Objective and the Third Relevant Policy Objective.
- 18.15 The First Relevant Policy Objective:
- (a) applies in relation to Smart Metering Systems installed (or to be installed) at Domestic Premises; and
 - (b) requires the Charging Methodology to ensure that Service Charges imposed under or pursuant to the SEC in respect of the operation or provision of Mandatory Business Services (excluding Elective Communication Services) for the purposes of such Smart Metering Systems do not distinguish (whether directly or indirectly) between Energy Consumers at Domestic Premises in different parts of Great Britain.

- 18.16 The Second Relevant Policy Objective applies in relation to SMETS1 Meters. The Second Relevant Policy Objective is that, subject to compliance with the First Relevant Policy Objective, the Charging Methodology in respect of all of the Mandatory Business Services (excluding Elective Communication Services) must (in each of the following cases, as far as is reasonably practicable in all of the circumstances of the case, having regard to the costs of implementing the Charging Methodology):
- (a) result in Service Charges that are the same for SMETS1 Meters as they are for Other Smart Metering Systems, save that no Service Charges for Communications Hub Services will apply to SMETS1 Meters;
 - (b) notwithstanding (a) above, ~~(where the Costs of Communications for a SMETS1 Meter exceeds the Costs of Communications for an Other Smart Metering System, and where the Original Supplier for the Energy Supplier Contract relating to that SMETS1 Meter is (and has at all times since the adoption of the Energy Supplier Contract been) a supplier of Energy to the premises at which that SMETS1 Meter is installed,)~~ result in Service Charges that ensure that the additional excess Costs of Communications are recovered from the Original Supplier from time to time (in addition to the Service Charges referred to in (a) above).
- 18.17 The Third Relevant Policy Objective is that, subject to compliance with the First and Second Relevant Policy Objectives, the Charging Methodology in respect of all of the Mandatory Business Services provided under or pursuant to the SEC must result in Service Charges that:
- (a) facilitate effective competition in the Supply of Energy (or its use) under the Principal Energy Legislation;
 - (b) do not restrict, distort, or prevent competition in Commercial Activities that are connected with the Supply of Energy under that legislation;
 - (c) do not deter the full and timely installation by Energy Suppliers of Smart Metering Systems at Energy Consumers' premises in accordance with their obligations under the Energy Supply Licence; and
 - (d) do not unduly discriminate in their application and are reflective of the costs incurred by the Licensee, as far as is reasonably practicable in all of the circumstances of the case, having regard to the costs of implementing the Charging Methodology.
- 18.18 The Charging Methodology will achieve the Third Relevant Policy Objective if it is compliant with the provisions of paragraph 18.17 in the round, weighing them as appropriate in each particular case.

Part D: Incorporation of the Charging Methodology into the SEC

- 18.19 For the purposes of this Part D, the Relevant Incorporation Date is the date on which the Charging Methodology is designated by the Secretary of State in accordance with Part B above.
- 18.20 By virtue of this Part D, and having full effect from the Relevant Incorporation Date:

- (a) the Licensee's Charging Methodology for Services, as designated by the Secretary of State, is to be incorporated into the Smart Energy Code as one of the matters that is required to be included in that document by virtue of the provisions of Part G of Condition 22 (The Smart Energy Code); and
- (b) all of the SEC Modification Arrangements for which the Smart Energy Code is required to make provision under Condition 23 (Change control for the Smart Energy Code) are to be applied equally (to the extent that is relevant) to modifications under the SEC of the Charging Methodology for Services, subject to the requirements of paragraph 18.21.

18.21 Those requirements are that any proposal raised under the Smart Energy Code by the Licensee (or any other person) to modify the Charging Methodology:

- (a) must have as its purpose the better achievement of the Relevant Policy Objectives set out in Part C above, instead of the better achievement of the General SEC Objectives set out at Part D of Condition 22; and
- (b) must be assessed by reference to those Relevant Policy Objectives, and not by reference to the General SEC Objectives.

Part E: General availability of the Charging Methodology

18.22 The Licensee must ensure that a copy of the Charging Methodology in force under this condition:

- (a) is published on its Website; and
- (b) is also otherwise available to any person who requests it upon payment of an amount (if any) that does not exceed the reasonable costs of making and supplying that copy.

18.23 When any modification of the Charging Methodology is made, the Licensee must at the same time:

- (a) to such extent as may be necessary, revise the Charging Statement (or the most recent revision of it) published under Condition 19 (Charging Statement for Service Charges) so that the statement properly sets out the effect of the changes to the Charging Methodology and the date from which they will be implemented; and
- (b) give the Authority a copy of that revised Charging Statement.

18.24 Further relevant provision in respect of the Charging Statement that is mentioned in paragraph 18.23 is set out in Condition 19, and this Condition 18 should be read and construed in conjunction with that condition.

Part F: Interpretation

18.25 For the purposes of this condition:

Charging Methodology has the meaning given to that term in paragraph 18.3.

Costs of Communications means:

- (a) in respect of those SMETS1 Meters that are subject to each Energy Supplier Contract adopted by the Licensee under the SEC Adoption Process, the annual costs per meter under or in connection with that contract of providing the SMETS1 Services to ~~different categories~~ each category of SEC Party in respect of those SMETS1 Meters in each region covered by an Original Communications Contract (or the average such cost ~~where required by reference to the First Policy Objective~~ across all regions where required in order not to distinguish between Energy Consumers at Domestic Premises in different parts of Great Britain); or
- (b) in respect of an Other Smart Metering System, the annual costs per metering system in the same region (or the average such cost across all regions where required ~~by reference~~ in order not to distinguish between Energy Consumers at Domestic Premises in different parts of Great Britain) under or in connection with the Original Communications ~~Contract~~ Contracts of providing the Core Communication Services equivalent to the SMETS1 Services referred to in (a) above to the same categories of SEC Party as are referred to in (a) above in respect of the Other Smart Metering System (but always excluding the costs associated with the Communications Hub Service).

First Relevant Policy Objective has the meaning given to that term in paragraph 18.15.

Original Communications Contracts means the contracts for the provision of communications services referred to in paragraphs 1.5(1), (2) and (3) of Schedule 1 (or any replacement contracts).

Original Supplier means, in respect of an Energy Supplier Contract, the Energy Supplier which was party to that contract at the time of its adoption by the Licensee under the SEC Adoption Process- (which shall include each and every Energy Supplier which is an Affiliate of the Energy Supplier which was party to that contract at the time of its adoption by the Licensee).

Other Smart Metering System means a Smart Metering System other than a Smart Metering System comprising of or including a SMETS1 Meter.

Relevant Incorporation Date has the meaning given to that term in paragraph 18.19.

Relevant Policy Objectives means the objectives of the Charging Methodology as set out in Part C of this condition.

Second Relevant Policy Objective has the meaning that is given to that term in paragraph 18.16.

SMETS1 Meter means an Energy Meter that has (as a minimum) the functional capability specified by and complies with the other requirements of the SME Technical Specification that was designated on 18 December 2012 and amended and restated on 31 March 2014 (but not any subsequent version of the SME Technical Specification).

SMETS1 Services means, in respect of a type of SMETS1 Meter, those Core Communication Services which the DCC makes available to SEC Parties in respect of that type of SMETS1 Meter under the SEC.

Third Relevant Policy Objective has the meaning that is given to that term in paragraph 18.17.

Condition 19. Charging Statement for Service Charges

Introduction

- 19.1 This condition requires the Licensee to prepare and comply with a Charging Statement for Service Charges that:
- (a) has been prepared in accordance with the Charging Methodology in force under Condition 18 (Charging Methodology for Service Charges); and
 - (b) will enable SEC Parties and any other persons to estimate the Service Charges that are payable for the provision by the Licensee of Mandatory Business Services (within the meaning of Part F below) under or pursuant to the SEC.
- 19.2 Every Service Charge levied by the Licensee for the provision of a Mandatory Business Service as defined in Condition 1 (Definitions for the Conditions of this Licence) must be formulated in compliance with the Charging Methodology.

Part A: Requirements in respect of the Charging Statement

- 19.3 The Licensee must, within three months after the Licence Commencement Date, make available a Charging Statement for Service Charges (“the Charging Statement”) that sets out the basis on which Service Charges will be payable to the Licensee for the provision of Mandatory Business Services under or pursuant to the SEC.
- 19.4 The Charging Statement available under this Part A must:
- (a) relate to each of the Mandatory Business Services (within the meaning of Part F below) operated or provided by the Licensee under or pursuant to the SEC;
 - (b) be prepared in accordance with and contain such information as is necessary to comply with the Charging Methodology in force under Condition 18 at the time at which the Charging Statement has effect; and
 - (c) be presented in such form and with such detail as will enable any SEC Party, or any other person entitled to receive Mandatory Business Services, to make a reasonable estimate of the Service Charges that he would be liable to pay under an Agreement for Services entered into with the Licensee under or pursuant to Condition 17 (Requirements for the provision of Services).

Part B: Maintenance of the Charging Statement in approved form

- 19.5 Subject to paragraph 19.6, the Licensee must maintain the Charging Statement in a form that is approved by the Authority.
- 19.6 The first Charging Statement of the Licensee must be in a form that is approved by the Secretary of State.

Part C: Charging in accordance with the Charging Statement

- 19.7 Except where the Authority otherwise consents, and subject to paragraph 19.8, every Agreement for Services must be so framed as to ensure that the Service Charges

that are or become payable under it will comply with the Charging Statement in the form in which it is in force under this condition at each time at which such Service Charges are to be paid under or pursuant to that agreement.

- 19.8 The requirement imposed by paragraph 19.7:
- (a) does not apply to an Agreement for Services in respect of any Value Added Services; and
 - (b) applies only to such as extent as is practicable to any Agreement for Services in respect of:
 - (i) an Elective Communication Service, or
 - (ii) an Enrolment Service.

Part D: Procedure for amending any of the Service Charges

- 19.9 The Licensee must, not less than three months before the date on which it proposes to amend its Service Charges in respect of any Agreement for Services:
- (a) give the Authority a Notice that sets out those proposals, together with an explanation of them (which must include a statement of any assumptions on which the proposals are based); and
 - (b) send a copy of the Notice to any person with whom the Licensee has entered into an Agreement for Services.
- 19.10 Except if the Authority otherwise consents, the Licensee may only amend its Service Charges in respect of any Agreement for Services if:
- (a) it has given Notice of the proposed amendment in accordance with paragraph 19.9; and
 - (b) the amendment, when made, conforms to the proposals that were set out in that Notice (except for any necessary revisions resulting from the occurrence of a material change in any of the matters on which the assumptions set out in the statement to which the Notice refers were based, and then only to such extent as is necessary to reflect the change in such matters).
- 19.11 The Licensee may only amend Service Charges more than once in a Regulatory Year if:
- (a) the Licensee has first given the Authority a statement of the factors that have led it to conclude that an additional amendment is necessary, explaining in particular why it did not (or could not) take account of those factors when giving Notice under paragraph 19.9 with respect to the immediately preceding amendment of Service Charges; or
 - (b) the Authority has directed the Licensee to make an additional amendment as a consequence of a decision by the Authority under Part B of Condition 37 (Assessment of Mandatory Business costs) to exclude certain costs from any future calculations of the Licensee's revenues.

- 19.12 A direction under paragraph 19.11(b) may be given with effect from such date, and subject to such terms and conditions, as the Authority thinks appropriate to the case.
- 19.13 Before making any amendment of its Service Charges pursuant to this Part D, the Licensee must give the Authority a revised Charging Statement that sets out the amended Service Charges and specifies the date from which they will have effect.

Part E: Review and availability of the Charging Statement

- 19.14 Without prejudice to Part D above, the Licensee must periodically review information set out in a Charging Statement in force under this condition and, at least once in each Regulatory Year, make any changes that are necessary to the statement to ensure that such information continues to be accurate and reliable in all material respects.
- 19.15 The changes mentioned in paragraph 19.14 include, in particular, any changes that are necessary by virtue of the Licensee's duty under paragraph 23 of Condition 18 to ensure that the effects of any modification of the Charging Methodology in force under that condition are duly incorporated into the Charging Statement.
- 19.16 Every review of the Charging Statement under paragraph 19.14 must comply with such requirements of the SEC with respect to the timeframe and process for such reviews as are applicable at the relevant time.
- 19.17 The Charging Statement, as from time to time revised, must be published in such manner as the Licensee believes will ensure adequate publicity for it (including on the Licensee's Website).
- 19.18 The Licensee must give or send a copy of the Charging Statement (or of the most recent revision of it) to any person who requests a copy.

Part F: Interpretation

- 19.19 For the purposes of this condition:

Charging Statement has the meaning given to that term in paragraph 19.3.

Mandatory Business Services includes Elective Communication Services and Enrolment Services only to such extent as is practicable.

- 19.20 This condition should be read and construed in conjunction with Condition 18 (Charging Methodology for Service Charges).

Condition 20. Determination of disputes by the Authority

Introduction

- 20.1 This condition provides for the Authority to determine any dispute arising between the Licensee and ~~a SEC Party~~any person about the terms on which certain Services are offered to be provided under or pursuant to the requirements of Condition 17 (Requirements ~~for~~or the provision of Services).
- 20.2 Provision is also made under Part C of this condition for certain other disputes arising between the Licensee and such a SEC Party~~person~~ to be determined by the Authority.

Part A: Disputes over failure to enter into an Agreement for Services

- 20.3 This Part A applies if, after a period that to the Authority appears reasonable for the purpose, the Licensee has failed to enter into an Agreement for Services with any person (“the Requester”) who is entitled, or claims to be entitled, to have such an agreement with the Licensee pursuant to a request made to the Licensee under:
- (a) Part C of Condition 17 (with respect to the Licensee’s provision of Elective Communication Services);
 - (b) paragraph 16 of Condition 17 (with respect to the Licensee’s provision of certain Enrolment Services); or
 - (c) paragraph 23 of Condition 17 in respect of those Other Enabling Services ~~for which the Licensee is obliged under the SEC to offer to enter into an agreement (rather than those Other Enabling Services which are to be provided in accordance with the provisions of the SEC) or for which the Licensee is entitled to levy Service Charges under the SEC.~~expressly identified in the SEC as being subject to the application of this paragraph 20.3(c).
- 20.4 Where this Part A applies, the Authority may, on the application of the Requester or the Licensee, ~~determine any terms of the Agreement for Services in dispute between them in such manner as appears to it to be reasonable in all the circumstances of the case, having regard to each of the considerations (where relevant) set out below:~~either:
- (a) dismiss the application on the grounds that it is trivial or vexatious; or
 - (b) determine any terms of the Agreement for Services in dispute between them in such manner as appears to it to be reasonable in all the circumstances of the case, having regard to each of the considerations (where relevant) set out below.
- 20.5 The first consideration is that the charges payable by the Requester to the Licensee under the Agreement for Services should be determined in accordance with and by reference to the Charging Methodology and the Charging Statement in force under, respectively, Condition 18 (Charging Methodology for Service Charges) and Condition 19 (Charging Statement for Service Charges).
- 20.6 The second consideration is that the Licensee should not be required to enter into the Agreement for Services if the Requester does not undertake to be bound, so far as is applicable, by the provisions of the Smart Energy Code.

20.7 The third consideration is that the Licensee's performance of its obligations under the Agreement for Services should be consistent with the General Objectives of the Licensee, and not cause the Licensee, or be likely to cause it, to be in breach of:

- (a) any of its functions under the Principal Energy Legislation; or
- (b) any applicable provision of the SEC; or
- (c) any of the Conditions of this Licence.

20.8 The fourth consideration is that the terms of an Agreement for Services determined by the Authority, and those of any other agreements entered into by the Licensee pursuant to requests for those Services to which paragraph 20.3 applies, should be in as similar a form as is practicable.

Part B: Licensee's duty to implement a settled agreement

20.9 Insofar as the Requester wishes to proceed on the basis of an Agreement for Services as settled by the Authority under paragraph 20.4, the Licensee must enter into and implement such agreement without delay and in accordance with its terms.

Part C: Disputed consistency with methodology or statement

20.10 This Part C applies if the parties to an Agreement for Services for those Services to which paragraph 20.3 applies are in dispute as to whether the Service Charges levied, or to be levied, in accordance with that agreement comply with the Charging Methodology and Charging Statement in force under, respectively, Condition 18 and Condition 19 in relation to the period in respect of which the dispute arises.

20.11 Where this Part C applies, either party may refer the dispute to the Authority for it to either:

(a) dismiss the referral on the grounds that it is trivial or vexatious; or

(b) determine whether the charges to which the dispute relates did, or would, comply with the relevant Charging Methodology or Charging Statement.

Part D: Procedure, provision for costs, and other matters

20.12 The practice and procedure to be followed in connection with the determination of a dispute under this condition are to be such as the Authority considers appropriate in all the circumstances of the case.

20.13 The Authority must send a copy of its determination, together with a full statement of the reasons for it, to both parties to the dispute.

20.14 The Authority may publish (in such manner as it considers appropriate) so much of any determination made under this condition as (having regard to the need to preserve commercial confidentiality) it considers should be published.

20.15 A determination under this condition may include such provision requiring either or both of the parties to the dispute to pay a sum in respect of the costs or expenses incurred by the Authority in making the determination as the Authority considers appropriate in all the circumstances of the case.

Part E: Interpretation

20.16 For the purposes of this condition, **Requester** has the meaning that is given to that term in paragraph 20.3.

Condition 22. The Smart Energy Code

Introduction

- 22.1 This condition applies for the purpose of establishing (without limitation) the scope and contents of the Smart Energy Code (“the SEC”).
- 22.2 The Licensee must be a party to, comply with, and maintain and have in force the SEC by virtue of Part A of Condition 21 (Roles in relation to Core Industry Documents).

Part A: Mandatory features of the Smart Energy Code

- 22.3 The Smart Energy Code is the document of that name that:
- (a) has effect under this Licence from the SEC Commencement Date;
 - (b) has been designated by the Secretary of State for the purposes of this condition, (i) in accordance with Part B below, (ii) having due regard to the requirement imposed by Part C below, and (iii) on the basis that the SEC is appropriately designed to achieve the General SEC Objectives set out in Part D below;
 - (c) makes provision for the technical, commercial, and operational arrangements set out in Part E below;
 - (d) makes provision in respect of the matters relating to SEC governance and SEC administration set out in Part F below;
 - (e) makes provision for the other matters relating to the contents of the SEC that are set out in Parts G and H below; and
 - (f) may be modified on and after SEC Commencement Date in accordance with the provisions of Condition 23 (Change control for Smart Energy Code).

Part B: Designation of the Smart Energy Code

- 22.4 The Smart Energy Code has no effect under this Licence until it has been designated by the Secretary of State in a direction given for the purposes of this condition.
- 22.5 Before issuing a direction under paragraph 22.4, the Secretary of State must consult:
- (a) the Authority;
 - (b) every holder of an Energy Licence who is required by a condition of that licence to be a party to and comply with the Smart Energy Code; and
 - (c) such other persons as the Secretary of State considers it is appropriate to consult in relation to the matter.
- 22.6 For the purposes of consultation under paragraph 22.5, the Secretary of State must:
- (a) state that he proposes to designate the SEC and specify the date (or a method by which such date may be determined) on which he proposes that the SEC should have effect;

- (b) set out the text of the SEC and his reasons for proposing to designate it; and
 - (c) allow a period of at least 28 days within which representations or objections may be made to him concerning the proposal.
- 22.7 The Secretary of State must have due regard to any representations or objections duly received under paragraph 22.6, and give reasons for his decisions in relation to them.
- 22.8 The requirements imposed by this Part B may be satisfied by consultation before, as well as consultation after, the Licence Commencement Date.

Part C: Compatibility with Transition Objective under Condition 13

- 22.9 During the period prior to the Completion of Implementation, as defined in Part D of Condition 5 (General Objectives of the Licensee), the General SEC Objectives set out in Part D below must be read and given effect, so far as it is possible to do so, in a way that is compatible with achieving the Transition Objective in the terms set out in paragraph 1 of Condition 13 (Arrangements relating to the Transition Objective).

Part D: General Objectives of the Smart Energy Code

- 22.10 The General SEC Objectives that the Smart Energy Code must be designed to achieve are as follows.
- 22.11 The first General SEC Objective is to facilitate the efficient provision, installation, and operation, as well as interoperability, of Smart Metering Systems at Energy Consumers' premises within Great Britain.
- 22.12 The second General SEC Objective is to enable the Licensee to comply at all times with the General Objectives of the Licensee, and to efficiently discharge the other obligations imposed upon it by this Licence.
- 22.13 The third General SEC Objective is to facilitate Energy Consumers' management of their use of Energy through the provision to them of appropriate information by means of Smart Metering Systems.
- 22.14 The fourth General SEC Objective is to facilitate effective competition between persons engaged in, or in Commercial Activities connected with, the Supply of Energy under the Principal Energy Legislation.
- 22.15 The fifth General SEC Objective is to facilitate such innovation in the design and operation of Energy Networks as will best contribute to the delivery of a secure and sustainable Supply of Energy under the Principal Energy Legislation.
- 22.16 The sixth General SEC Objective is to ensure the protection of data and the security of data and systems in the operation of the SEC.
- 22.17 The seventh General SEC Objective is to facilitate the efficient and transparent administration and implementation of the SEC.
- 22.18 For the purposes of this condition and those of Condition 23 (Change control for the Smart Energy Code), the order in which the General SEC Objectives are listed in this Part D is of no significance.

Part E: Principal contents within the Smart Energy Code

22.19 The SEC must include or make appropriate provision for or in connection with the following matters:

- (a) the terms on which the Licensee will arrange with each Domestic Energy Supplier to provide, in respect of a Smart Meter that is installed at Domestic Premises supplied with Energy by that supplier, a service by means of which information may be communicated to and from that meter on behalf of the supplier, whether for the purposes of compliance with the conditions of its Energy Supply Licence or otherwise;
- (b) the terms on which the Licensee will contract with any Energy Supplier (not being a Domestic Energy Supplier) or any other SEC Party to provide that person with a service by means of which information may be communicated to and from any Smart Meter installed at premises by that person;
- (c) arrangements designed to provide assurance that all Smart Metering Systems installed at Energy Consumers' premises for the purposes of the Supply of Energy consist of the apparatus identified in, have the functional capability specified by, and comply with the other requirements of the SME Technical Specification applicable at the date at which such systems are installed; and
- (d) requirements in respect of the technical specification, design, and functionality of Communications Hubs and the contractual and commercial arrangements necessary to secure their ownership, delivery, installation, repair, maintenance, and replacement pursuant to the Communications Hub Service.

22.20 The SEC must include or make appropriate provision for or in connection with the following matters:

- (a) details of all of the Mandatory Business Services (clearly distinguishing between Core Communication Services, Elective Communication Services, the Enrolment Service, the Communications Hub Service, and Other Enabling Services) that are to be provided by the Licensee under or pursuant to the SEC;
- (b) procedures relating to any requirement for SEC Parties to make Smart Metering Systems available for use by other specified persons (including the Licensee) for specified purposes, whether under or pursuant to the SEC or otherwise;
- (c) terms and procedures for the implementation of charging, billing, and payment arrangements in respect of Services provided under or pursuant to the SEC for and on behalf of SEC Parties; and
- (d) terms and arrangements relating to (i) the ownership, licensing, and protection of any intellectual property rights created by or arising by virtue of the operation of any of the SEC Arrangements, and (ii) the treatment and allocation of any royalty revenues resulting from the exercise of such rights.

22.21 The SEC must include or make appropriate provision for or in connection with the following matters:

- (a) arrangements, requirements, and procedures providing for the incorporation of Energy Registration Services into the SEC Arrangements, and for any transfers of property, rights, and liabilities necessary to give full and continuing effect to

such incorporation, with effect from a date to be determined in a direction given to the Licensee by the Secretary of State under Condition 15 (Incorporation of Energy Registration Services);

- (b) requirements and procedures for the purposes of ensuring data protection and data and systems security in the operation of the SEC Arrangements; and
- (c) terms providing for the limitation of the liability of the Licensee and SEC Parties in respect of loss or damage arising from the procurement, provision, or use of Services under or pursuant to the SEC.

22.22 The SEC must include or make appropriate provision for or in connection with the following matters:

- (a) provision for or in connection with the governance and administration of the SEC (as to which, see Part F below);
- (b) provision for or in connection with the incorporation of documents into the SEC (as to which, see Part G below);
- (c) provision for or in connection with other SEC matters (as to which, see Part H below); and
- (d) arrangements for modifying the SEC after consultation with SEC Parties (as to which, see Condition 23 of this Licence).

Part F: Governance and administration of the Smart Energy Code

22.23 Without prejudice to such matters as are required to be included in the SEC by virtue of Part E above, the SEC must also include:

- (a) a SEC Framework Agreement, to which the Licensee, every holder of an Energy Licence that is required by that licence to be a party to the SEC, and Other SEC Participants will be required to be party with effect from the SEC Commencement Date on such terms and conditions of accession as are set out in the SEC;
- (b) provision for other persons (being persons who accept the terms and fulfil all of the conditions on which accession to the SEC is offered) to be admitted subsequently as parties to the SEC by entering into an Accession Agreement with SECCo Ltd acting for that purpose on behalf of all SEC Parties; and
- (c) provision enabling any person who seeks to be admitted as a SEC Party pursuant to an Accession Agreement to request the Authority to determine any dispute as to whether that person has fulfilled the terms and conditions of accession.

22.24 Without prejudice to such matters as are required to be included in the SEC by virtue of Part E above, the SEC must also include:

- (a) arrangements providing for the novation to a Successor Licensee (upon either the expiry of the Licence Term (or of any Additional Licence Term) within the meaning of Part 1 of this Licence, or any revocation of this Licence pursuant to a Revocation Event under its Part 2) of the whole of the Licensee's interest under the SEC, on terms that require the Successor Licensee to assume all accrued rights or obligations of the Licensee and all accrued liabilities of the Licensee, in

each case in respect of any act or omission relating to the SEC Arrangements on or at any time before the date of the novation; and

- (b) terms providing for the Licensee and such SEC Parties as are specified in the SEC to be contractually bound by some or all of the provisions of the SEC.

22.25 Without prejudice to such matters as are required to be included in the SEC by virtue of Part E above, the SEC must also include:

- (a) arrangements for the establishment, in accordance with such procedures for the election of members as are specified in the SEC, of a representative body, the SEC Panel, which is to be responsible, by way of such proceedings as are so specified (which may include voting procedures), for the governance and administration of the SEC;
- (b) provision for the appointment of an independent chairperson of the SEC Panel who is approved by the Authority;
- (c) provision for Citizens Advice or Citizens Advice Scotland to appoint to the membership of the SEC Panel two persons (neither of them being a SEC Party) to represent to the Panel the interests of Energy Consumers (“the Consumer Members”); and
- (d) arrangements for the establishment, in accordance with such procedures as are specified in the SEC, of a body, the SMKI Policy Management Authority, which is to be responsible, by way of such proceedings as are so specified (which may include voting procedures), for the oversight and implementation of documents to be known as the Certificate Policies (whether or not incorporated into the SEC by virtue of the provisions of Part G below) that set out the roles and duties of SEC Parties and other persons in the management of the Smart Metering Key Infrastructure.

22.26 Without prejudice to such matters as are required to be included in the SEC by virtue of Part E above, the SEC must also include:

- (a) arrangements for the establishment and funding of a Secretariat to service the SEC Panel in connection with such matters of governance and administration as are specified in the SEC, including the maintenance of a conformed and up-to-date copy of the SEC as from time to time modified in accordance with such arrangements as are in place by virtue of Condition 23;
- (b) arrangements for the establishment and funding of a person to be known as the Code Administrator to advise and assist the SEC Panel (including, in particular, the Consumer Members), SEC Parties, and other interested persons with respect to the policy and administration of the SEC, to such extent and in relation to such matters as are specified in the SEC;
- (c) provision for the establishment of a joint venture company, SECCo Ltd, (i) the shareholders of which are to be such SEC Parties as may be specified for that purpose in the SEC, (ii) the sole business of which is to act as a corporate vehicle to assist the SEC Panel in exercising its powers, duties, and functions (including by entering into contracts where necessary or desirable in order

to implement any decision of the SEC Panel), and (iii) the affairs of which are to be conducted in accordance with good business practice;

- (d) arrangements for the establishment and funding of one or more bodies that may be required to support the Certificate Policy Management Authority in the implementation of the Certificate Policy, including arrangements that provide for such bodies to become SEC Parties to such extent, for such purposes, and in such circumstances as may be specified in the SEC; and
- (e) terms requiring the Code Administrator to act in accordance with any Code of Practice approved by the Authority that relates to the performance of their duties by persons or bodies responsible for administering documents of the kind that are described in Condition 21 (Roles in relation to Core Industry Documents).

Part G: Incorporation of documents into the Smart Energy Code

22.27 Without prejudice to any of the matters set out in Parts E and F above, the contents of the SEC must also include:

- (a) provision for the incorporation into the SEC of the Charging Methodology for Service Charges as designated by the Secretary of State under Condition 18 (Charging Methodology for Service Charges) for the purposes of incorporation in accordance with the requirements of that condition;
- (b) provision for the incorporation into the SEC of the Smart Metering Equipment Technical Specification, and the Communications Hub Technical Specification, in each case as designated by the Secretary of State under this condition;
- (c) provision for incorporation into the SEC of any Certificate Policy as designated by the Secretary of State under this condition; and
- (d) provision for the incorporation into the SEC, in each case as designated by the Secretary of State under this condition, of such other technical specifications and procedural or associated documents as the Secretary of State believes are required to support the fulfilment of rights or obligations already specified in the SEC, including, in particular, documents developed by the Licensee under Schedule 5 of this Licence with respect to the following matters:
 - (i) the interface that is to be used to exchange Registration Data (within the meaning given to that term in the SEC) between the Licensee and the persons providing such data to the Licensee,
 - (ii) the specification for the interface (or the interfaces) by means of which requests (or other communications) with respect to Services are to be sent between the Licensee and SEC Parties, and vice versa,
 - (iii) the matters with which SEC Parties have to demonstrate compliance in order to become eligible to receive or use Services,
 - (iv) the application of appropriate security controls and security standards to business processes carried on under or pursuant to the SEC,

- (v) the detailed policy for managing incidents relating to the provision of Services, and the associated business continuity and disaster recovery procedures, and
- (vi) the procedures and arrangements required to support the trialling and testing programmes to be undertaken pursuant to the provisions of Condition 13 (Arrangements relating to the Transition Objective).

22.28 A document may:

- (a) be designated under this condition by the Secretary of State for incorporation into the SEC as part of his general designation of the SEC by way of direction under Part B above, or in any circumstances and at any time thereafter up to (but not later than) 31 October 2018;
- (b) where it is a document of a type described in ~~any of~~ sub-paragraphs 22.27(b), 22.27(c) and to 22.27(d) of this condition and has first been designated under this condition by the Secretary of State, be re-designated by him on one or more occasions subject to such amendments as he considers requisite or expedient,

and where any document is re-designated by the Secretary of State in accordance with sub-paragraph (b) above, the other provisions of this Part G shall apply in relation to it in the same manner as if it were being designated for the first time, and references in those provisions to the document being designated shall be read as referring to it being re-designated.

22.29 The power of the Secretary of State under this condition to designate a document for incorporation into the SEC includes:

- (a) power to make such supplementary, incidental or consequential provision with respect to the SEC as he considers necessary or expedient for the purposes of, in consequence of, or for giving full and timely effect to the incorporation of that document; and
- (b) power to make such provision for the application of that document to SEC Parties, and for the subsequent governance of the document, as he believes is necessary or expedient for the purpose of facilitating the achievement of the General SEC Objectives.

22.30 The incorporation into the SEC of a document designated for such purpose under this condition is not to be treated as, and does not constitute, a modification of the SEC pursuant to any of the modification arrangements established for the SEC by virtue of the provisions of Condition 23 (Change control for the Smart Energy Code).

Part H: Other necessary matters for the Smart Energy Code

22.31 Without prejudice to any of the matters set out in Parts E to G above, the contents of the SEC must also include:

- (a) provision enabling such SEC Parties (or categories of SEC Party) as are specified in the SEC to appoint agents (in accordance with such requirements regarding the eligibility of such persons as are so specified) for the purpose of exercising such functions under or in connection with the SEC, in such circumstances and subject to such restrictions, as are so specified;

- (b) provision requiring SEC Parties who are also parties to one or more of the other Core Industry Documents mentioned in Condition 21 to establish arrangements for the purpose of ensuring that such information arising from activities carried on in accordance with those documents as the Licensee may reasonably require for the exercise of its functions under the Principal Energy Legislation, this Licence, and the SEC will be supplied to the Licensee at such times and in such form and manner as may be specified in the SEC;
- (c) provision for the establishment and operation of the SEC Adoption Process to facilitate the activities described at Part I of Condition 16 (Procurement of Relevant Service Capability) with respect to the adoption by the Licensee of Energy Supplier Contracts within the meaning that is given to that term in Part J of that condition;
- (d) provision for the Licensee to receive, from such SEC Parties as are specified in the SEC, such services or resources, for such purposes and on such terms, as are so specified;
- (e) provision for the vesting, ownership, and novation of intellectual property rights in SEC Materials within the meaning of Condition 44 (Treatment of Intellectual Property Rights) to be compliant with the requirements of that condition with respect to those matters;
- (f) provision for a copy of the SEC that is compliant with paragraph 22.26(a) to be published on behalf of the SEC Panel on its website;
- (g) provision for information about the operation of the SEC Arrangements to be supplied on request to the Authority or to be published by it or the SEC Panel;
- (h) provision for the SEC Panel to secure the compliance of any SEC Party with the requirements of sub-paragraph (g); and
- (i) provision for such other matters as may be appropriate, having regard to the requirement for the SEC to be maintained as a document that is designed to achieve the General SEC Objectives.

Part I: Relief from obligations under the Smart Energy Code

22.32 The Authority may (after consulting with the Licensee and, where appropriate, any other person likely to be materially affected) give a direction (“a derogation”) to the Licensee that relieves it of any one or more of its obligations under the Smart Energy Code to such extent, for such period of time, and subject to such conditions as may be specified in the direction.

Part J: Interpretation

22.33 Any reference in this condition to a matter that the SEC must include or for which it must make appropriate provision is a reference to that matter whether as included or provided for in the SEC on the SEC Commencement Date or as so included or provided for at any time between that date and the Completion of Implementation (within the meaning that is given to that term in Part D of Condition 5).

22.34 For the purposes of this condition:

Accession Agreement has the meaning that is given to that term in paragraph 22.23(b).

Certificate Policies has the meaning that is given to that term in paragraph 22.25(d).

Code Administrator has the meaning that is given to that term in paragraph 22.26(b).

Communications Hub Technical Specification means the document of that name, as incorporated into the SEC, that specifies the technical and functional capabilities of the Communications Hub.

Consumer Members has the meaning that is given to that term in paragraph 22.25(c).

Other SEC Participants means every party to the SEC who is neither the Licensee nor the holder of an Energy Licence that requires that person to be a party to the SEC.

SEC Adoption Process has the meaning that is given to that term in paragraph 37 of Condition 16 (Procurement of Relevant Service Capability).

SEC Framework Agreement has the meaning given to that term in paragraph 22.23(a).

Secretariat has the meaning that is given to that term in paragraph 22.26(a).

Smart Metering Key Infrastructure means the arrangements in place under the SEC that govern the creation, management, distribution, use, storage, and revocation of digital certificates.

SMKI Policy Management Authority has the meaning that is given to that term in paragraph 22.25(d).