



11 August 2017

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

Decision on R1.3-related obligations

This letter sets out revised dates to regulatory obligations linked to availability of the DCC's R1.3 functionality.

SMETS 1 end-date

I set out my minded to position that this should occur 13 months after the release of R1.3 into end-to-end testing in my decision letter of 20 December 2016. Having considered the performance of the code in testing and the DCC's subsequent uplift of the R1.3 functionality into production I can now confirm my intention that the SMETS1 end-date will be Friday 13 July 2018.

I will keep the SMETS1 end-date under review until January 2018 but would not expect to vary it after that date. The period of review will allow me to continue to assess the effectiveness of the SMETS2/DCC system based on early deployments. Providing clarity on when this period of review will come to an end is important for providing sufficient certainty to allow energy suppliers to manage their ordering, training and stock during the transition. I would expect to push back the SMETS1 end-date only in the event that there was evidence of significant industry-wide impediments to the transition to SMETS2 meters. I will consider further the current delay in making available over the air upgrades to North region communications hubs in this regard depending on its duration and impact.

For the avoidance of doubt, the SMETS1 end-date is also the deadline for so called SMETS1 capable meters to be made compliant if they are to count towards the rollout obligation. We therefore expect suppliers to ensure that SMETS1 meters are made compliant by the end-date.

I continue to consider the treatment of SMETS1 capable meters gained after the SMETS1 end-date that have not been made compliant prior to the SMETS1 end-date due to another supplier's failure to meet their obligation. Further, I will also consider whether there are means of making the end-date more readily manageable from an operational perspective.

I will provide legal direction confirming the end-date in January assuming no industry-wide impediments occur.

DNO User Mandate

I am now able to confirm in line with my previous position that the date for the DNO User Mandate will be 21 January 2018 (DCC R1.3 Live + 6 months).

The accompanying direction letter gives legal effect to these dates.

Advanced Meter Exception end-dates for suppliers to smaller non-domestic customers

In line with my previous positions these will be as follows:

- Advanced Meter Exception end-date for Large Suppliers – 21 January 2018 (DCC R1.3 Live + 6 months)
- Advanced Meter Exception end-date for Small Suppliers – 21 May 2018 (DCC R1.3 Live + 10 months)

I will continue to monitor the AME end-dates in order to assess whether there are industry wide impediments preventing suppliers from completing their transitions to SMETS2.

The accompanying direction letter gives legal effect to the AME end-dates. The Government will shortly publish its consultation response on the DCC opt-out for non-domestic suppliers.

New and Replacement Obligation

In 2015 we set out the intention to introduce a regulation requiring all new and replacement gas and electricity meters in the domestic and smaller non-domestic sectors to be smart meters from mid-2018. We continue to see advantages in implementing such an obligation at an appropriate date but do not expect to bring this into effect before the end of 2018.

Yours sincerely.



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