



Department for
Business, Energy
& Industrial Strategy

SMART METERING IMPLEMENTATION PROGRAMME

Government Response to the Operational
Transition of Smart Meters Consultation



4 December 2017

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Smart Metering Implementation Programme

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Any enquiries regarding this publication should be sent to us at:
smartmetering@beis.gov.uk

General information

Purpose of this document

This document sets out the Government's response to the consultation on the Operational Transition of Smart Meters that was published on 16 October 2017.

Issued: 4 December 2017

Enquiries to:

Email: smartmetering@beis.gov.uk

Smart Metering Implementation Programme
Department for Business, Energy and Industrial Strategy
1 Victoria Street
London, SW1H 0ET

Territorial extent

This consultation applies to the gas and electricity markets in Great Britain. Responsibility for energy markets in Northern Ireland lies with the Northern Ireland Executive's Department of Enterprise, Trade and Investment.

Additional copies

You may make copies of this document without seeking permission. An electronic version can be found at: <https://www.gov.uk/government/consultations/the-operational-transition-of-smart-meters-including-draft-legal-text>.

Quality assurance

This consultation has been carried out in accordance with the [Government's Consultation Principles](#).

If you have any complaints about the consultation process (as opposed to comments about the issues which are the subject of the consultation) please address them to:

Email: enquiries@beis.gov.uk

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1. Introduction

SMETS1 End Date

1. Smart meters are the next generation of gas and electricity meters. They will offer a range of intelligent functions and provide consumers with more accurate information, bringing an end to estimated billing. Consumers will have near real-time information on their energy consumption to help them control and manage their energy use, save money and reduce emissions. The Government is committed to ensuring that every home and smaller business in the country is offered a smart meter by the end of 2020. The roll out of smart meters is an important national modernisation programme that will bring major benefits to businesses and the nation as a whole.
2. The Government response to the Rollout Strategy consultation published in July 2015¹ set out a number of milestones intended to drive the deployment of devices that meet the requirements of the second version of the Smart Metering Equipment Technical Specification (SMETS2). These milestones included an end date for installation of meters which meet the first version of that specification (SMETS1), after which they would no longer count towards an energy supplier's rollout obligation to take all reasonable steps to complete the rollout by end 2020. This is known as the SMETS1 end date.
3. The SMETS1 end date has been important in driving the transition to SMETS2 meters. SMETS2 meters will be fully interoperable, allowing customers to switch supplier whilst maintaining their smart service. As things currently stand, after 13 July 2018, any SMETS1 meters installed by energy suppliers would not count towards their rollout obligation. The current 'cliff edge' nature of this SMETS1 end date milestone has been useful to date in communicating this significant milestone unambiguously. However, even for those energy suppliers who have made every effort to plan their transition carefully, the cliff-edge nature of the end-date does create operational risks, especially as suppliers need to place their final orders for SMETS1 meters around 6-9 months ahead of the end-date. Given the pace and scale of their rollouts, if energy suppliers suffer even short delays then they may have insufficient SMETS1 meters left to maintain their rollout schedules and could end up without enough smart meters to meet consumer demand and to occupy their installers. Conversely they could over-order SMETS1 meters but these would risk being wasted if they were not deployed before the SMETS1 end date, as they would otherwise not count against the supplier's rollout obligation.
4. In recognition of these risks, the Government published a consultation document on 16 October 2017, which included proposals to provide eligible energy suppliers with derogations from the SMETS1 end date in order to

¹https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/450167/Smart_Meters_Rollout_Strategy_Government_response_FINAL.pdf

smooth the transition from SMETS1 installations to SMETS2 installations at scale. These proposals support our commitment to ensuring that energy suppliers transition to installing SMETS2 meters as quickly and as efficiently as possible. They would offer limited and strictly controlled operational flexibility for those energy suppliers obtaining a derogation in clearly defined circumstances. This will ensure that those suppliers who have sought to make an effective transition can better manage the operational impact and avoid incurring unnecessary costs that could otherwise be passed onto consumers.

5. Implementing a derogation from the SMETS1 end date will require an amendment to the Smart Energy Code (SEC). The SEC is an industry code concerning the arrangements for the provision of the smart metering communication service. It has been created through the Data and Communications Company (DCC) Licence, and it was first designated on 23 September 2013, with further content added and refinements made thereafter.
6. The DCC, energy suppliers to domestic and smaller non-domestic customers, and network operators, are required by their licences to become parties to the SEC and to comply with its provisions. Third parties can accede to the SEC if they want to provide smart meter-related services.
7. The decisions set out in this document do not affect the deadline for so-called “SMETS1 capable” meters to become compliant if they are to count towards energy suppliers’ roll out obligations. We therefore expect energy suppliers to ensure that SMETS1 meters are made compliant by the SMETS1 end date, currently expected to be 13 July 2018. The Government is separately considering the treatment of SMETS1 capable meters gained very close to or after the SMETS1 end date that have not been made compliant prior to the SMETS1 end date due to another energy supplier’s not completing this upgrade.

Responses to the October 2017 Operational Transition of Smart Meters Consultation

8. The Government published a Consultation on the Operational Transition of Smart Meters on 16 October 2017. This consultation considered options to smooth the transition from SMETS1 installations to SMETS2 installations at scale.
9. A total of 43 responses were received ranging across the following sectors:

Sector	Number of responses
Comms and Technology (including DCC)	5

Consumer Groups	1
Energy Network	7
Energy Supplier (large)	12
Energy Supplier (other)	10
MAPs/MOPs/MAMs	5
Member of public	1
Other	2
Total	43

10. The following organisations responded to the consultation:

Avid Energy	BEAMA	Bristol Energy
Cadent Gas	Centrica	Chameleon
Citizens Advice	Coop Energy	DCC
E Energy	EDF Energy	EDMI
Electricity North West	Engie	EON
Energy UK	Extra Energy	Economy Energy
First Utility	Foresight Metering	Green Star Energy
IM Serv	Labrador	Lowri Beck
National Grid	Northern Power Grid	Northern Powergrid Metering
Npower	Octopus Energy	OVO Energy
Scottish Power	Smart Meter Assets	Solarplicity
SP Energy Networks	SSE	Tonik Energy

TOTO Energy	Trilliant	UK Power Networks
Utilita	Utility Warehouse	Western Power Distribution

11. In addition to organisations listed above, a response was received from one member of the public. Section 2 of this document analyses the responses in detail and sets out the Government's view on points raised and conclusions.

Implementation of Conclusions

12. The final draft legal text implementing the policy concluded on as part of this document will be laid before Parliament on 4 December 2017 following the procedure under Section 89 of the Energy Act 2008.
13. Subject to no objection being raised during the 40-day laying period, we expect to bring the relevant modifications to the SEC into effect in February 2018.
14. **Annex A** (published separately to this document) sets out the concluded SEC legal text as it would look combined with all the SEC drafting most recently published. The concluded text that has been laid before parliament associated with this document is marked up for clarity. The version of the SEC published at **Annex A** alongside this document should therefore not be read as the latest in legal effect version of the SEC. The 'in legal effect' version can be found on the SEC website².
15. **Annex B, the Statement of Requirements** (published separately to this document) sets out guidance, derogation criteria and forms for applying for a derogation from the SMETS1 end date.
16. An updated Cost Benefit Analysis of the Smart Metering Programme was published in November 2016³. This estimated the costs and benefits associated with the national roll out of smart meters and identified a substantial net benefit from the Programme of £5.7 billion for the period to 2030.

² <https://www.smartenergycodecompany.co.uk/sec/sec-and-guidance-documents>

³ : <https://www.gov.uk/government/publications/smart-meter-roll-out-gb-cost-benefit-analysis>

2. Summary of Responses and Conclusions

Summary of Issue under Consideration

As at 30 June 2017, large energy suppliers were operating 6.66 million meters in smart mode in domestic premises across Great Britain, and 594,500 (55,700 gas and 538,700 electricity) smart and advanced meters in non-domestic premises. This represents around 14 per cent of all domestic meters, and almost one quarter of all non-domestic meters, currently operated by large energy suppliers.

The Government has carefully scrutinised energy suppliers' roll out plans. We consider that suppliers with significant SMETS1 deployment programmes run a variety of risks to achieving a full transition from SMETS1 to SMETS2 meter installations by the SMETS1 end date of July 2018. In October 2017 the Government consulted on options to ease difficulties which energy suppliers may face with planning and procurement ahead of the SMETS1 end date, and to manage the risk of inefficiency in the roll out after that date.

Government Consideration of Issue

17. The Government set out four options in its consultation on the operational transition of smart meters:
18. **Do Nothing** – retain the SMETS1 end date mechanism as it currently stands with no additional flexibility;
19. **Proportional post end date SMETS1 installation allowance** – all energy suppliers would be allowed to install a number of SMETS1 meters after the end date equal to or not greater than the number of SMETS2 meters they have installed before it;
20. **A time limited derogation** – energy suppliers who meet set eligibility and evidence criteria would be allowed to install SMETS1 meters for up to a maximum of 3 additional months after the end date;
21. **A quantity and time limited derogation** – energy suppliers who meet set eligibility and evidence criteria would be allowed to install a limited number of SMETS1 meters up to 6 months after the end date.
22. The Government's preferred approach was option (d), to put in place a derogation from compliance from the SMETS1 end date based on quantity and with a 6 month time limit. We proposed to cap the quantity of installations permitted after the SMETS1 end date at a maximum of 70% of an energy supplier's Q3 2017 SMETS1 installations.

Summary of responses on preferred approach

23. The majority of responses to the consultation supported proposals to provide limited flexibility around compliance with the SMETS1 end date. It was recognised that this would help smooth the transition from SMETS1 installations to SMETS2 installations at scale, ensure costs are better managed and therefore avoid additional costs which may need to be passed on to consumers.
24. The majority of responses to the consultation also agreed with the Government's preferred approach, option (d), over the other options. However, although there was agreement on the proposal to cap the number of SMETS1 meters installed after the SMETS1 end date, the majority of respondents proposed the cap should be based on forecast volumes rather than historical 2017 figures. The two main reasons for this were:
- a. Most energy suppliers are planning on increasing their overall installation rates in 2018 compared with 2017 so forecast figures would more accurately reflect expected rollout rather than historic 2017 figures; and
 - b. Under current proposals, small energy suppliers without many or any SMETS1 installations in 2017 would not be eligible for a derogation where parts of the eligibility criteria require submission of historic SMETS1 data.
25. The Government accepts that while a cap set on the basis of historical figures would be simpler to verify, it would not take account of energy suppliers' expected rollout profiles nearer to the SMETS1 end date. In particular, a cap based on forecasts would make provision for applications from energy suppliers beginning their SMETS1 programmes recently and planning to scale up ahead of the end date.

Comments on alternative approaches and 'do nothing'

26. A small number of respondents did not agree with the Government's preferred approach, including 6 respondents who supported the "do nothing" option. Alternative suggestions included: a manufacturing end date, with small energy suppliers being allowed to install a limited number of SMETS1 meters after the end date without needing to meet eligibility criteria; setting a different end date for small energy suppliers; no cap; and a 3 month derogation with a cap.
27. Those who supported a "do nothing" approach gave reasons for this including lack of SMETS1 interoperability, impact on the project to enrol SMETS1 meters in the DCC ('Enrolment and Adoption'), increased costs associated with SMETS1 meters compared to SMETS2 meters, consumer impact and impact on network benefits. These points are each addressed below.
28. **Interoperability:** We recognise that increased numbers of SMETS1 meters will in all likelihood increase the numbers of consumers who might experience short term interoperability issues when they switch supplier. However, subject to a cost and security assessment, we expect SMETS1 meters to be enrolled in the DCC. The DCC has published an approved plan⁴ for SMETS1 enrolment to commence in late

⁴ https://www.smartdcc.co.uk/media/440317/20171016_smets1_planning_conclusions.pdf

2018. Consumers with SMETS1 meters can still switch energy supplier and are in a far better position to do so as they have accurate information about their energy use and costs. They will be able to switch supplier and retain their smart service in some circumstances already and in most circumstances after their SMETS1 meter is enrolled into the DCC.

29. **Enrolment and Adoption:** We have carefully considered any interaction of a derogation with the Enrolment and Adoption project. We do not consider that the timing of the derogation process will have an impact on the Enrolment and Adoption of SMETS1 meters in the DCC because the overall approach is not materially sensitive to the number of energy suppliers or volume of SMETS1 meters. BEIS will consult on cohort enrolment in the New Year, taking into account the cost of delivering the enrolment solution and other considerations.
30. **Costs:** A small number of respondents disagreed with the Government's rationale that without flexibility on the SMETS1 end date there is a risk that additional costs will be incurred that could be passed onto consumers. They argued that competitive pressure and price capping will ensure that consumers are protected from these costs. A small number of respondents questioned why the continued rollout of more expensive SMETS1 meters should be allowed. The Government's proposals are designed to manage additional costs which could arise during the transition from the rollout of SMETS1 to SMETS2 meters, and to minimise costs, including those potentially passed through to consumers. For some energy suppliers, despite careful planning, operational realities mean that the SMETS1 end date will result in unused SMETS1 meters and/or idle installers as there are insufficient volumes of SMETS2 meters to install. The potential costs of this are considered to exceed the potential negative impacts of installing additional volume of SMETS1 meters beyond the SMETS1 end date. The derogation criteria have been designed to ensure that energy suppliers will only be eligible for a derogation if they can demonstrate a credible transition plan from SMETS1 to SMETS2 meters by the SMETS1 end date. It is not the intention of these proposals to encourage behaviour by energy suppliers which is not beneficial to consumers.
31. **Consumer Impacts:** In response to a small number of concerns raised about possible confusion among consumers around the different type of meters that are available, we have amended the derogation criteria from those set out in the consultation document so as to require energy suppliers to submit details of how they will manage consumer engagement with regard to the transition from SMETS1 to SMETS2 meters. It was always the case that there would be a period when both types of meters would be available to consumers and it is important that this is managed properly by energy suppliers. However, on balance we consider it is better for consumers to be able to access the benefits of smart meters after the SMETS1 end date if they wish than for energy suppliers not to be able to install any type of smart meter for a period.
32. **Network benefits:** One of the benefits of SMETS2 meters will be the information on outages and loads that can be accessed by networks operators to aid issue resolution and reinforcement investment that is not required to be available from SMETS1 meters. These benefits depend on a critical mass of SMETS2 meters being installed. The derogation has been designed to limit the number of additional SMETS1 meters through the strict eligibility criteria and cap on the numbers of SMETS1 meters that each supplier may install. A derogation from the SMETS1

end date will not be sufficient to increase the numbers of SMETS1 meters installed such that these benefits are not achievable. SMETS2 meters will still make up the great majority of smart meters installed by the end of 2020.

33. The Government's overall objective is to see as many SMETS2 meters as possible deployed but this needs to be balanced with operational realities which could have a negative impact on consumers. Capping the number of additional SMETS1 meters that can be installed per energy supplier successfully granted a derogation will limit any negative consequences of a derogation.
34. In conclusion we believe that, on balance, a time- and volume- limited derogation will achieve a more positive outcome than a "do nothing" option. We do not believe that any of the other options proposed offer a better alternative. Given the overall support for the Government's preferred approach, we intend to implement a time and volume limited derogation. However, this approach will be augmented to take into account the large number of comments about small energy suppliers' SMETS1 rollout plans.

Additional Issues

35. A number of other issues were raised in consultation responses and our consideration of these is set out below.
36. **Pre-payment Meters:** One consultation response raised the issue of SMETS2 pre-payment functionality not being as wide ranging as that used by some energy suppliers for specific SMETS1 meters and the potential consumer impact this could have when the SMETS1 end date comes in. The Government notes that modifications to the SEC have been raised by energy suppliers to address this issue. It therefore does not intend to address this through its response to this consultation.
37. **SMETS1 End Date:** A number of responses raised issues around the interaction of the SMETS1 end date with the SMETS1 derogation proposals. These views included:
 38. Delaying the SMETS1 end date until SMETS2 platforms and processes are realistically capable of scaling.
 39. Ability of energy suppliers to make confident assumptions on the SMETS1 end date and derogation application outcomes in order to complete the 2018 Annual Milestone submissions to Ofgem.
 40. Providing certainty sooner on the SMETS1 end date, currently expected to be 13 July 2018 but which will not be confirmed until this January.
 41. The Government remains committed to opening the derogation process on 4 December 2017 and confirming the SMETS1 end date during January 2018. We recognise the interaction between the applications for a derogation and the SMETS1 end date and, as set out below, may amend or revoke derogations should the SMETS1 end date change. We also recognise the need for suppliers to be able to make informed assumptions for the rollout plans that they will be submitting to Ofgem at the end of January, and we intend to communicate decisions on the SMETS1 end date and derogations to suppliers during January. We have shared

these timescales with Ofgem.

42. A number of respondents raised concerns about DCC delays and availability of SMETS2 meters. These issues are outside the scope of this consultation but will feed into decisions on the SMETS1 end date itself. There were also questions around the criteria that will be used to make decisions on the SMETS1 end date. The Senior Responsible Officer letter of 11 August 2017 communicated to industry that any change would be based only on evidence of significant industry-wide impediments, and that the Government would not expect the date to change once it was confirmed. This provides industry with at least six months notification of any change to the SMETS1 end date to allow asset ordering and firm timescales for transition.
43. **Changes to derogations:** A small number of responses raised issues around changes to derogations once granted including whether a supplier could amend a derogation themselves or if the SMETS1 end date moved. Any change to a derogation can only be made by the Secretary of State. If the SMETS1 end date were to change, the Government would need to retain some flexibility to move or re-run the derogation process depending on the nature of the rollout at the time.
44. **Maintenance of SMETS1 systems and No WAN:** One respondent asked about flexibility around the SMETS1 end date in specific situations relating to replacement of a part of a SMETS1 system; and in premises where there is no DCC WAN signal. We have previously published our conclusions on the maintenance of SMETS1 systems⁵. An existing SMETS1 system would not have to be removed and replaced with a SMETS2 system after the SMETS1 end date in cases where one part of that system needed to be replaced for maintenance purposes. In premises where DCC WAN is not available, energy suppliers will need to demonstrate they have taken 'all reasonable steps' to meet the Operational Licence Conditions relating to the establishment of the DCC WAN. Where it is not possible to establish DCC WAN, energy suppliers will need to decide the best course of action for the particular premises and customer.
45. **Non-domestic:** One respondent raised concerns relating to the treatment of the non-domestic sector. If granted a SMETS1 derogation, an energy supplier can continue to install SMETS1 meters at non-domestic premises under the agreed terms of the derogation. The Government is also currently consulting with SEC parties on extending the advanced metering end dates to 13 July 2018. This consultation closes on 7 December 2017.
46. **SMETS1 compliant meters:** One response raised an issue about SMETS1 capable meters which are gained from an energy supplier shortly before the SMETS1 end date as this will leave the gaining supplier with limited time to complete an upgrade to make the meter SMETS1 compliant prior to the SMETS1 end date. As stated above, the Government is assessing this issue separately.

⁵ <https://www.gov.uk/government/consultations/consultation-on-smart-energy-code-and-licence-amendments-september-2016>

Comments on the derogation criteria

47. A number of comments were received on the derogation criteria. Points not already covered in the sections above are listed below:

Comment on criteria	Government response
Potential for inconsistency in submissions. Further guidance and templates would help process.	Guidance on applying for a derogation, including application forms, are published alongside the Government Response in the Statement of Requirements.
Criteria should be clear and consistent.	We believe this is the case and where clarity has been suggested in responses to the consultation, this has been taken on board in the criteria published alongside this response in the Statement of Requirements.
Criterion should have a shared focus on both customers and energy suppliers.	The Annex to Part B of the application form in the Statement of Requirements (published alongside this response) already contains a section to be completed with regard to consumers. This has now been expanded to specifically ask about consumer engagement during the transition phase.
Criterion 1, Part A – can SEC Party accession details be used.	Criterion has been amended so that energy suppliers can self certify that they are a licensed supplier.
Criterion 2, Part A – threshold does not take account of SMETS1 installations which might start in Q4 2017.	Criterion has been amended to take account of SMETS1 installations starting later in the roll out.
Criterion 2, Part A - Will SMETS1 compliant meters impact the application.	Any meters counted for the purposes of eligibility criteria can be SMETS1 compliant or capable as these are the meters being installed currently. All SMETS1 meters must be made compliant by the SMETS1 end date if they are to count towards energy suppliers' 2020 obligations; and any SMETS1 meters installed during the derogation period after the end date must be SMETS1 compliant.
Criterion 2, Part B – can the list of eligible meters from the DCC's consultation on enrolment and adoption be updated to include variants that have been released since November 2016	We accept the point made and for the purposes of the derogation eligibility criteria we will not be requiring evidence that meters installed during the derogation period will fall within the scope of the Enrolment and Adoption process.
Criterion 4, Part A – it may be difficult for some suppliers to meet this criterion as they won't have CPA approval by the application date.	Criterion has been amended to take this into account.

Criterion 3, Part B – “residual risks”, “material residual risks” and “reasonable efforts to mitigate” should be defined.	We consider these terms to be clear and that further clarification is not needed.
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48. The final set of derogation criteria is contained in the Statement of Requirements which is published alongside this document at Annex B.

Comments on the legal drafting

49. Several responses raised issues regarding the legal drafting.
50. One respondent asked whether, if the Secretary of State determines a later date by which derogation applications must be received, this would affect the status of any derogations that had already been granted. We do not believe that derogations that had already been granted would be affected by the notification of a later date.
51. One respondent suggested that the Secretary of State should be explicitly required to consult affected energy suppliers in the event that there was a change to the Alternative Installation End Date or any of the conditions of a derogation. We do not believe that we need to explicitly provide for this although the Secretary of State would consult as appropriate before making any such decision.
52. Two respondents suggested that there should be some form of appeals process in circumstances where an energy supplier disagreed with a determination by the Secretary of State. We do not believe that any appeals process over and above the procedural remedies that are available to unsuccessful applicants is necessary.
53. One respondent suggested that the derogations process should be drafted so that it is capable of being applied to Installation Validity Period End Dates for other Versions of Technical Specifications. We believe that on an enduring basis, such matters should be considered as part of any SEC modifications to introduce a new Technical Specification rather than through a Secretary of State led derogations process. Consequently we do not believe that it is appropriate to generalise the drafting as was proposed.
54. One respondent queried the need for the inclusion of powers that permit the Secretary of State to revoke a previously granted derogation. We believe that this may be needed in a number of scenarios, for example in circumstances where an energy supplier had failed to comply with the conditions of a derogation, or where new information comes to light that means that it is appropriate to re-run the derogations process at a later time after an initial set of derogations have been granted.
55. One respondent asked whether companies can apply for derogations in tandem with affiliates. This will be possible and the derogation would then be assessed and (if successful) issued on a group basis.
56. We have made a number of detailed drafting changes in response to other comments received including, for example, to make it clear that any changes to derogations that have been granted should also be published by the Code Administrator, that conditions of derogations should relate to the period over which the derogation is applicable and that the statement issued by the Secretary of State

may make reference to the conditions of derogations (for example, to set out conditions that we might expect to apply to all derogations).

57. We have published alongside this document at Annex A a marked up version of the SEC so changes that are being made can be clearly identified.

Summary of Government Response

- We intend to take forward the Government's preferred option of a time- and volume-limited derogation from compliance with the SMETS1 end date. The time limit will be 6 months as proposed. However, we intend to amend the cap and eligibility criteria to take account of small energy suppliers who have recently started their SMETS1 installation programmes.
- The cap will be set at 80% of an energy supplier's Q3 2017 smart meter installations or 40% of an energy supplier's Q2 2018 forecast smart meter installations. Energy suppliers will have the option to choose which cap they want to include in their derogation application. This is a change from the consultation, which proposed a single cap set at 70% of an energy supplier's Q3 2017 SMETS1 installations. After consideration of consultation responses we believe the slightly higher cap based on actual installations provides an appropriate volume for a supplier who has an existing significant smart meter programme and has credible plans for this transition. The projected Q2 2018 forecast is designed to address two issues raised in consultation responses. Firstly, those suppliers who have recently begun SMETS1 programmes; and secondly those suppliers with an existing rollout who are expecting to significantly increase their rollout in the early part of 2018. The derogation is important in managing the operational risks while suppliers move from SMETS1 to SMETS2 rollout but we recognise the need to limit the number of additional SMETS1 meters being installed during this period which is achieved through the cap.
- The derogation will be based on a single application with no option to re-submit, though BEIS may seek clarification on specific points if needed.
- Plans contained in derogation applications should be credible and deliverable. The Government reserves the right to revoke a derogation once granted if a recipient was shown to have applied on one basis then acted in a manifestly different manner.
- Decisions on derogation applications are final. There will be no appeals process over and above the procedural remedies that are available to unsuccessful applicants.
- The derogation application process will open on 4 December 2017 and run for

five weeks, closing at 5 pm on 5 January 2018 . Further details are set out in Section 4 below.

- The Statement of Requirements which includes the derogation criteria, guidance and forms for the derogation application process are published alongside this Government Response at Annex B.

4. Timing and Next Steps

58. The derogation application process will open on 4 December 2017 and run for five weeks, closing at 5pm, on 5 January 2018. We expect energy suppliers who have applied for a derogation to be informed informally of the outcome by the end of January 2018. Formally granting a derogation would be subject to the relevant changes to the SEC being made and coming into force, anticipated to be February 2018 subject to Parliamentary approval.
59. The Statement of Requirements which includes the derogation criteria, guidance on how to apply for a derogation as well as application forms are published at Annex B alongside this document.
60. Completed application forms and any queries regarding the application process should be sent to smartmetering@beis.gov.uk or by post to:
- Nicola Barber
Smart Metering Implementation Programme - Policy and Consumers Team
Department for Business, Energy & Industrial Strategy,
5th Floor Victoria 3,
1 Victoria Street,
London, SW1H 0ET
61. As already stated, we currently expect the SMETS1 end date to be 13 July 2018 and that this will be confirmed in January 2018. If the SMETS1 end date were to change, depending on the length of the delay, we would consider whether the existing derogations granted should be amended or the entire process re-run. BEIS is proposing that copies of the derogations granted will be published on the SECAS website with any commercially sensitive information having been redacted.
62. Ofgem will be responsible for monitoring compliance with derogations and enforcement, in line with their enforcement guidelines. BEIS will share relevant information with Ofgem to support these activities.



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Department for Business, Energy & Industrial Strategy

3 Whitehall Place, London SW1A 2AW

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