

**ENERGY**

**SMART METERS**

**DRAFT MODIFICATIONS TO THE STANDARD CONDITIONS OF ELECTRICITY AND  
GAS SUPPLY LICENCES, THE SMART METER COMMUNICATION LICENCES AND THE  
SMART ENERGY CODE (SMART METERS No. 1 of 2018)**

Presented to Parliament pursuant to section 89 of the Energy Act 2008



*Draft modifications to the Electricity and Gas Supply Licences, the Smart Meter Communication Licences and the Smart Energy Code laid before Parliament under section 89(3) of the Energy Act 2008; draft to lie for forty days pursuant to section 89(4) of that Act, during which period either House of Parliament may resolve that the licence modifications or the modifications to the Smart Energy Code not be made.*

## **ENERGY**

### **SMART METERS**

#### **DRAFT MODIFICATIONS TO THE STANDARD CONDITIONS OF ELECTRICITY AND GAS SUPPLY LICENCES, THE SMART METER COMMUNICATION LICENCES AND THE SMART ENERGY CODE (SMART METERS No. 1 of 2018)**

The Secretary of State makes the following licence modifications and modifications to the Smart Energy Code in exercise of the powers conferred by section 88(1) of the Energy Act 2008 ("the Act").

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

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

#### **Interpretation**

1 In these modifications –

- (a) "Smart Energy Code" means the document of that title required to be maintained and in force in accordance with condition 21 of the smart meter communication licences; and
- (b) "smart meter communication licences" means –
  - (i) the licence granted to Smart DCC Limited on 20 September 2013 pursuant to sections 7AB(2) and (4) of the Gas Act 1986; and
  - (ii) the licence granted to Smart DCC Limited on 20 September 2013 pursuant to sections 6(1A) and (1C) of the Electricity Act 1989.

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

2 The standard conditions of electricity supply licences granted or treated as granted under section 6(1)(d) of the Electricity Act 1989 are modified, in accordance with paragraphs 3 to 8 below, with effect from the day after the day on which this instrument is made.

3 In standard condition 39 –

- (a) in paragraph 39.2 after "subject to paragraphs 39.3," delete "39.4 and 39.5" and insert "39.4, 39.5 and 39.6";
- (b) after paragraph 39.5, insert a new heading and a new paragraph 39.6 as follows –

**"Exception for Designated Premises – Non-Domestic, Non-Micro Business Consumers"**

39.6 The requirement in paragraph 39.1 does not apply in respect of any Designated Premises:

- (a) that are Designated Premises of a Non-MB Consumer; and
- (b) where:
  - (i) the licensee or any other person has either made arrangements for an Advanced Meter to be installed at the Designated Premises or entered into a contract with the Non-MB Consumer to install or arrange the installation of an Advanced Meter at the Designated Premises;
  - (ii) the licensee has communicated, in plain and intelligible language, the Relevant Information to the Non-MB Consumer; and
  - (iii) the Non-MB Consumer has chosen not to have a Smart Metering System installed at the Designated Premises.";

- (c) renumber existing paragraphs 39.6 to 39.11 as paragraphs 39.7 to 39.12 respectively;
- (d) in renumbered paragraph 39.8, after "The requirement in" delete "paragraph 39.6 is subject to paragraphs 39.9, 39.10 and 39.11" and insert "paragraph 39.7 is subject to paragraphs 39.10, 39.11, 39.12 and 39.13";
- (e) in renumbered paragraph 39.9, after "The requirement in" delete "paragraph 39.6 and paragraphs 39.9, 39.10 and 39.11" and insert "paragraph 39.7 and paragraphs 39.10, 39.11, 39.12 and 39.13";
- (f) in renumbered paragraph 39.10, after "The requirement in paragraph" delete "39.6" and insert "39.7";
- (g) in renumbered paragraph 39.11, after "The requirement in paragraph" delete "39.6" and insert "39.7";
- (h) after renumbered paragraph 39.11, delete the existing heading "**Designated Premises – Advanced Meter Contract**" and insert new heading as follows –

**"Exception for Designated Premises - Advanced Meter Contract";**

- (i) in renumbered paragraph 39.12 –
  - (i) after "The requirement in paragraph" delete "39.6" and insert "39.7"; and
  - (ii) after "in respect of any Designated Premises" insert " :";

- (j) after renumbered paragraph 39.12, insert a new heading and a new paragraph 39.13 as follows –

**"Exception for Designated Premises – Non-Domestic, Non-Micro Business Consumers"**

39.13 The requirement in paragraph 39.7 does not apply in respect of any Designated Premises:

- (a) that are Designated Premises of a Non-MB Consumer; and
  - (b) where:
    - (i) the licensee or any other person has either made arrangements for an Advanced Meter to be installed at the Designated Premises or entered into a contract with the Non-MB Consumer to install or arrange the installation of an Advanced Meter at the Designated Premises;
    - (ii) the licensee has communicated, in plain and intelligible language, the Relevant Information to the Non-MB Consumer;
    - (iii) the Non-MB Consumer has chosen not to have, or where there is installed at the Designated Premises a Smart Metering System has chosen not to continue to have, a Smart Metering System installed at the Designated Premises; and
    - (iv) the Replacement Electricity Meter or New Electricity Meter installed or arranged to be installed at the Designated Premises is an Advanced Meter.";
- (k) renumber existing paragraphs 39.12 to 39.20 as paragraphs 39.14 to 39.22 respectively;
- (l) in renumbered paragraph 39.14, after the word "Paragraphs" delete "39.13 to 39.18" and insert "39.15 to 39.20";
- (m) in renumbered paragraph 39.16, after "The requirement in" delete "paragraph 39.13 is subject to paragraphs 39.15, 39.17 and 39.18" and insert "paragraph 39.15 is subject to paragraphs 39.17, 39.19 and 39.20";
- (n) in renumbered paragraph 39.17, after "may otherwise meet the requirements of paragraph" delete "39.13" and insert "39.15";
- (o) in renumbered paragraph 39.18 –
- (i) before "applies where" delete "Paragraph 39.17" and insert "Paragraph 39.19";
  - (ii) in sub-paragraph (a), before "applies to the licensee" delete "paragraph 39.13" and insert "paragraph 39.15"; and
  - (iii) in sub-paragraph (c), after "whether in accordance with the requirement of paragraph" delete "39.6(a)" and insert "39.7(a)";

- (p) in renumbered paragraph 39.19, in subparagraph (b) after "compliant with paragraph" delete "39.18" and insert "39.20";
- (q) in renumbered paragraph 39.20, after "by virtue of paragraph" delete "39.15" and insert "39.17";
- (r) in renumbered paragraph 39.21, before "does not apply" delete "paragraph 39.13" and insert "paragraph 39.15"; and
- (s) in renumbered paragraph 39.22, insert in alphabetical order the following new definitions –

**"Micro Business Energy Consumer**

means a consumer of electricity or gas (or both) that is a Micro Business Consumer in accordance with:

- (a) the meaning given to the term Micro Business Consumer in standard condition 7A (Supply to Micro Business Consumers); or
- (b) the meaning given to the term Micro Business Consumer in standard condition 7A of the Gas Supply Licence.

**Non-MB Consumer**

means a Non-Domestic Customer that is not a Micro Business Energy Consumer.

**Relevant Information**

means information, which shall be accurate, comprehensive and not misleading, on the factors the Non-MB Consumer should reasonably take into account in deciding whether to have an Advanced Meter or a Smart Metering System installed at the Designated Premises."

- 4 In standard condition 41, in paragraph 41.7(b), after "with the duty at paragraph" delete "39.12" and insert "39.14".
- 5 In standard condition 44, in paragraph 44.17, in the definition of "**Relevant Electricity Meter**", after "by the licensee pursuant to paragraphs 39.3, 39.4, 39.5" delete " 39.9, 39.10 or 39.11" and insert "39.7, 39.11, 39.12 or 39.13".
- 6 In standard condition 48 –
  - (a) in paragraph 48.7(b), after "Domestic Premises" insert "or Designated Premises";
  - (b) delete existing paragraph 48.8 and insert new paragraph 48.8 as follows –
 

"48.8 Where this paragraph applies and either:

- (b) the licensee supplies electricity to any Domestic Premises on or after 17 August 2017 (or such later date as may be specified in a direction issued by the Secretary of State under this paragraph); or
- (c) the licensee supplies electricity to any Designated Premises on or after 31 August 2018 (or such later date as may be specified in a direction issued by the Secretary of State under this paragraph),

the licensee must be a DCC User, except in the circumstances described in paragraph 48.9.";

- (c) after paragraph 48.8, insert new paragraph 48.9 as follows –

"48.9 The requirement in paragraph 48.8 does not apply where:

- (a) the licensee does not supply electricity to any Domestic Premises; and
- (b) each of the Designated Premises supplied with electricity by the licensee is a premises in respect of which:
  - (i) any one (or more) of paragraphs 39.3, 39.4, 39.5 or 39.6 of standard condition 39 (Smart Metering System – Roll-out, Installation and Maintenance) apply; or
  - (ii) any one (or more) of paragraphs 39.10, 39.11, 39.12 or 39.13 of standard condition 39 (Smart Metering System – Roll-out, Installation and Maintenance) apply."; and
- (d) renumber existing paragraphs 48.9 and 48.10 as paragraphs 48.10 and 48.11 respectively.

7 In standard condition 50, in paragraph 50.12, after "in accordance with paragraph" delete "39.8" and insert "39.9".

8 In standard condition 54, in paragraph 54.3 after "Domestic Premises" insert "and Designated Premises".

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

9 The standard conditions of gas supply licences granted or treated as granted under section 7A(1) of the Gas Act 1986 are modified, in accordance with paragraphs 10 to 15 below, with effect from the day after the day on which this instrument is made.

10 In standard condition 33 –

- (a) in paragraph 33.2, after "is subject to paragraphs 33.3, 33.4" delete "and 33.5" and insert ", 33.5 and 33.6";
- (b) after paragraph 33.5, insert new heading and a new paragraph 33.6 as follows –

**"Exception for Designated Premises –Non-Domestic, Non-Micro Business Consumers"**

- 33.6 The requirement in paragraph 33.1 does not apply in respect of any Designated Premises:
- (a) that are Designated Premises of a Non-MB Consumer; and
  - (b) where:
    - (i) the licensee or any other person has either made arrangements for an Advanced Meter to be installed at the Designated Premises or entered into a contract with the Non-MB Consumer to install or arrange the installation of an Advanced Meter at the Designated Premises;
    - (ii) the licensee has communicated, in plain and intelligible language, the Relevant Information to the Non-MB Consumer; and
    - (iii) the Non-MB Consumer has chosen not to have a Smart Metering System installed at the Designated Premises.";
  - (c) renumber existing paragraphs 33.6 to 33.11 as paragraphs 33.7 to 33.12 respectively;
  - (d) in renumbered paragraph 33.8, after "The requirement in" delete "paragraph 33.6 is subject to paragraphs 33.9, 33.10 and 33.11" and insert "paragraph 33.7 is subject to paragraphs 33.10, 33.11, 33.12 and 33.13";
  - (e) in renumbered paragraph 33.9, after "The requirement in" delete "paragraph 33.6 and paragraphs 33.9, 33.10 and 33.11" and insert "paragraph 33.7 and paragraphs 33.10, 33.11, 33.12 and 33.13";
  - (f) in renumbered paragraph 33.10, after "The requirement in paragraph" delete "33.6" and insert "33.7";
  - (g) in renumbered paragraph 33.11, after "The requirement in paragraph" delete "33.6" and insert "33.7";
  - (h) after renumbered paragraph 33.11, delete the existing heading "**Designated Premises – Advanced Meter Contract**" and insert new heading as follows –
 

**"Exception for Designated Premises - Advanced Meter Contract";**
  - (i) in renumbered paragraph 33.12 –
    - (i) after "The requirement in paragraph" delete "33.6" and insert "33.7"; and
    - (ii) after "in respect of any Designated Premises" insert " :";
  - (j) after renumbered paragraph 33.12, insert a new heading and a new paragraph 33.13 as follows –
 

**"Exception for Designated Premises – Non-Domestic, Non-Micro Business Consumers"**
- 33.13 The requirement in paragraph 33.7 does not apply in respect of any Designated Premises:



- (a) that are Designated Premises of a Non-MB Consumer; and
- (b) where:
  - (i) the licensee or any other person has either made arrangements for an Advanced Meter to be installed at the Designated Premises or entered into a contract with the Non-MB Consumer to install or arrange the installation of an Advanced Meter at the Designated Premises;
  - (ii) the licensee has communicated, in plain and intelligible language, the Relevant Information to the Non-MB Consumer;
  - (iii) the Non-MB Consumer has chosen not to have, or where there is installed at the Designated Premises a Smart Metering System has chosen not to continue to have, a Smart Metering System installed at the Designated Premises; and
  - (iv) the Replacement Gas Meter or New Gas Meter installed or arranged to be installed at the Designated Premises is an Advanced Meter.";
- (k) renumber existing paragraphs 33.12 to 33.20 as paragraphs 33.14 to 33.22 respectively;
- (l) in renumbered paragraph 33.14, before "apply to the licensee" delete "Paragraphs 33.13 to 33.18" and insert "Paragraphs 33.15 to 33.20";
- (m) in renumbered paragraph 33.16, after "The requirement in" delete "paragraph 33.13 is subject to paragraphs 33.15, 33.17 and 33.18" and insert "paragraph 33.15 is subject to paragraphs 33.17, 33.19 and 33.20";
- (n) in renumbered paragraph 33.17, after "meet the requirements of paragraph" delete "33.13" and insert "33.15";
- (o) in renumbered paragraph 33.18 –
  - (i) before "applies where" delete "Paragraph 33.17" and insert "Paragraph 33.19";
  - (ii) in sub-paragraph (a), after the word "paragraph" delete "33.13" and insert "33.15"; and
  - (iii) in sub-paragraph (c), after "the requirement of paragraph" delete "33.6(a)" and insert "33.7(a)";
- (p) in renumbered paragraph 33.19, in sub-paragraph (b), after "compliant with paragraph" delete "33.18" and insert "33.20";
- (q) in renumbered paragraph 33.20, after "by virtue of paragraph" delete "33.15" and insert "33.17";

- (r) in renumbered paragraph 33.21, after "The requirement in paragraph" delete "33.13" and insert "33.15"; and
- (s) in renumbered paragraph 33.22, insert in alphabetical order the following new definitions –

**"Micro Business Energy Consumer** means a consumer of gas or electricity (or both) that is a Micro Business Consumer in accordance with:

- (c) the meaning given to the term Micro Business Consumer in standard condition 7A (Supply to Micro Business Consumers); or
- (d) the meaning given to the term Micro Business Consumer in standard condition 7A of the Electricity Supply Licence.

**Non-MB Consumer** means a Non-Domestic Customer that is not a Micro Business Energy Consumer.

**Relevant Information** means information, which shall be accurate, comprehensive and not misleading, on the factors the Non-MB Consumer should reasonably take into account in deciding whether to have an Advanced Meter or a Smart Metering System installed at the Designated Premises."

- 11 In standard condition 35, in paragraph 35.7(b), after "with the duty at paragraph" delete "33.12" and insert "33.14".
- 12 In standard condition 38, in paragraph 38.17 in the definition of "**Relevant Gas Meter**", after "pursuant to paragraphs 33.3, 33.4, 33.5," delete "33.9, 33.10 or 33.11" and insert "33.7, 33.11, 33.12 or 33.13".
- 13 In standard condition 42 –
  - (a) in paragraph 42.7(b), after "Domestic Premises" insert "or Designated Premises";
  - (b) delete existing paragraph 42.8 and insert new paragraph 42.8 as follows –
 

"42.8 Where this paragraph applies and either:

    - (a) the licensee supplies gas to any Domestic Premises on or after 17 August 2017 (or such later date as may be specified in a direction issued by the Secretary of State under this paragraph); or
    - (b) the licensee supplies gas to any Designated Premises on or after 31 August 2018 (or such later date as may be specified in a direction issued by the Secretary of State under this paragraph),

the licensee must be a DCC User, except in the circumstances described in paragraph 42.9.";

- (c) after paragraph 42.8, insert new paragraph 42.9 as follows –
  - "42.9 The requirement in paragraph 42.8 does not apply where:
    - (b) the licensee does not supply gas to any Domestic Premises; and
    - (c) each of the Designated Premises supplied with gas by the licensee is a premises in respect of which:
      - (i) any one (or more) of paragraphs 33.3, 33.4, 33.5 or 33.6 of standard condition 33 (Smart Metering System – Roll-out, Installation and Maintenance) apply; or
      - (ii) any one (or more) of paragraphs 33.10, 33.11, 33.12 or 33.13 of standard condition 33 (Smart Metering System – Roll-out, Installation and Maintenance) apply."; and
  - (d) renumber existing paragraphs 42.9 and 42.10 as paragraphs 42.10 and 42.11 respectively.

14 In standard condition 44, in paragraph 44.12, after "in accordance with paragraph" delete "33.8" and insert "33.9".

15 In standard condition 48, in paragraph 48.3, after "Domestic Premises" insert "and Designated Premises".

#### **Modifications to the Smart Energy Code**

16 The Smart Energy Code is modified, in accordance with paragraphs 17 to 23 below, with effect from the day after the day on which this instrument is made.

17 In Section A, in Section A1, in Section A1.1 –

- (a) in the definition of "Commissioned" –
  - (i) in paragraph (a), after "Smart Metering Inventory Enrolment and" delete "Withdrawal" and insert "Decommissioning"; and
  - (ii) in paragraph (b), after "subsequently been Decommissioned" delete ", Withdrawn";
- (b) in the definition of "Enrolment", after "will be interpreted accordingly)." delete "Enrolment of a Smart Metering System ends on its Withdrawal.";
- (c) in the defined term "Inventory Enrolment and Withdrawal Procedures" after "Inventory Enrolment and" delete "Withdrawal" and insert "Decommissioning";
- (d) in the definition of "Post Commissioning Information" after "Inventory Enrolment and" delete "Withdrawal" and insert "Decommissioning";
- (e) in the definition of "SMI Status" –
  - (i) delete existing paragraph (e); and

- (ii) renumber existing paragraphs (f) to (i) as new paragraphs (e) to (h) respectively; and
  - (f) delete the existing definition of "Withdrawal".
- 18 In Section C, in Section C1, delete existing Section C1.4 and insert new Section C1.4 as follows –
- "C1.4 The First Relevant Policy Objective:
- (a) applies in respect of Charges (other than Charges for Elective Communications Services); and
  - (b) requires the Charging Methodology to ensure that such Charges do not distinguish (whether directly or indirectly):
    - (i) between Energy Consumers at Domestic Premises in different parts of Great Britain; or
    - (ii) between Energy Consumers at Designated Premises in different parts of Great Britain."
- 19 In Section E, in Section E2 –
- (a) in Section E2.4(a)(i):
    - (i) after "whether there is" delete "(or used to be)"; and
    - (ii) after "the date of its Enrolment" delete "or Withdrawal"; and
  - (b) in Section E2.4(b):
    - (i) after "whether there is" delete "(or used to be)"; and
    - (ii) after "the date of its Enrolment" delete "or Withdrawal".
- 20 In Section F –
- (a) in Section F8, in Section F8.3(a), after "install a replacement Communications Hub" delete "unless the Communications Hub Function is Withdrawn"; and
  - (b) in Section F9 –
    - (i) in Section F9.5(a), delete "that the Communications Hub Function which forms part of the Communications Hub has been Withdrawn from a Non-Domestic Premises" and insert "[not used]"; and
    - (ii) in Section F9.6(e), after "described in Sections F9.5" delete "(a)".
- 21 In Section H –
- (a) in Section H3, delete existing Section H3.19 and insert new Section H3.19 as follows –
 

"H3.19 [Not used]";

- (b) in Section H5 –
  - (i) in Section H5.3 –
    - (A) after "No Device can be Commissioned" delete "unless it is";
    - (B) in Section H5.3(a), before "listed on the" insert "unless it is"; and
    - (C) in Section H5.3(b), after "Type 2 Devices," delete "listed with an SMI Status which is not 'withdrawn' or 'decommissioned'" and insert "if it is listed with an SMI Status of 'decommissioned'";
  - (ii) in Section H5.5, after "Inventory, Enrolment and" delete "Withdrawal" and insert "Decommissioning";
  - (iii) in Section H5.6, after "Inventory, Enrolment and" delete "Withdrawal" and insert "Decommissioning"; and
  - (iv) in Section H5.7, after "Inventory, Enrolment and" delete "Withdrawal" and insert "Decommissioning"; and
- (c) in Section H6 –
  - (i) in the heading of Section H6, after "**DECOMMISSIONING**" delete "**,WITHDRAWAL**";
  - (ii) in Section H6.1, after "Smart Metering System" delete "otherwise than due to its Withdrawal";
  - (iii) in Section H6.3, after "is no longer operating" delete "(otherwise than due to its Withdrawal)";
  - (iv) after Section H6.6 –
    - (A) delete the heading "**Withdrawal**"; and
    - (B) delete existing Sections H6.7, H6.8 and H6.9 and insert new Sections H6.7, H6.8 and H6.9 as follows –
      - "H6.7 [Not used]
      - H6.8 [Not used]
      - H6.9 [Not used]"; and
  - (v) in Section H6.12 –
    - (A) after "the obligations set out in the" delete "Inventory, Enrolment and Withdrawal Procedures concerning Decommissioning, Suspension and Withdrawal" and insert "Inventory, Enrolment and Decommissioning Procedures concerning Decommissioning and Suspension"; and
    - (B) after "other Users of such" delete "Decommissioning, Suspension and Withdrawal" and insert "Decommissioning and Suspension".

22 In Section K –

- (a) in Section K2 –
  - (i) in Section K2.3, after "in accordance with" delete "paragraph" and insert "Section"; and
  - (ii) in Section K2.5, after "in accordance with" delete "paragraph" and insert "Section";
- (b) in Section K3 –
  - (i) in Section K3.2(b), after "Enrolled Smart Metering Systems for" delete "Designated" and insert "Non-Domestic";
  - (ii) in Section K3.2(c), after "whether for Domestic Premises or" delete "Designated" and insert "Non-Domestic";
  - (iii) in Section K3.3, after "and for Non-Domestic Premises," delete "between Smart Metering Systems in different Regions,";
  - (iv) in Section K3.4 –
    - (A) after "The Charging Objectives require the DCC to impose" insert "Fixed Charges and Fixed CH";
    - (B) after "in respect of Smart Metering Systems" insert ": (a)";
    - (C) after "between Domestic Premises located in different parts of Great Britain" insert "; and (b) for Non-Domestic Premises that do not distinguish (whether directly or indirectly) between Non-Domestic Premises located in different parts of Great Britain";
    - (D) before "with the Charging Objectives, the methodology provides" delete "Consistent" and insert "However, consistent"; and
    - (E) after "different means of calculating the" delete "Fixed Charges, Fixed CH Charges and";
  - (v) in Section K3.5(a), after "in respect of that Smart Metering System by" delete "Region and";
  - (vi) in Section K3.5(b), after "in respect of that Smart Metering System by" delete "Region and";
  - (vii) in Section K3.6 –
    - (A) after "in respect of Smart Metering Systems" delete "for Domestic Premises"; and
    - (B) after "will not differ by Region" delete ", but those in respect of Smart Metering Systems for Non-Domestic Premises may";
  - (viii) in Section K3.7, before "the DCC must split" delete "For the reasons described in Section K3.5 and K3.6," and insert "In order to provide a degree of transparency of costs,";

- (ix) in Section K3.8, before "the DCC shall apportion" delete "Whilst neither Fixed Charges and Fixed CH Charges in respect of Domestic Premises, nor any Fixed Alt HAN Charges, will ultimately vary by Region, in order to determine the regional charges to apply in respect of Non-Domestic Premises, the DCC must first apportion the entirety of the Estimated Fixed Revenue between those costs which do and those which do not vary by Region (initially disregarding the fact that the Fixed Alt HAN Charges and other charges in respect of Domestic Premises will ultimately be recovered on a uniform basis). For these purposes," and insert "In order to provide a degree of transparency of costs,";
- (x) after Section K3.15 –
  - (A) delete the heading "Description of Approach to Determining Fixed Charges for Smart Metering Systems for Domestic Premises during and after the UITMR Period"; and
  - (B) delete existing Section K3.16 and insert new Section K3.16 as follows –
 

"K3.16 [Not used]";
- (xi) in Section K3.17, after "calculate its cost-reflective charging" insert "based on the data determined";
- (xii) delete existing Section K3.19 and insert new Section K3.19 as follows –
 

"K3.19 [Not used]"; and
- (xiii) in Section K3.20, after "the total usage across both Domestic" insert "Premises";
- (c) in Section K5 –
  - (i) in Section K5.1(b), after "that will have been" delete "Enrolled (and Not Withdrawn)" and insert "(and remain) Enrolled";
  - (ii) in Section K5.2(a), after "that will have been" delete "Enrolled (and Not Withdrawn)" and insert "(and remain) Enrolled";
  - (iii) in the heading after Section K5.3, after "**Determining the Fixed Charges**" delete "**: Non-Domestic Premises**";
  - (iv) in Section K5.4, delete the existing first paragraph and formula and insert a new first paragraph and formula as follows –
 

"For each Regulatory Year (t), the DCC will determine the Fixed Charge payable in respect of each month (or part month) of Regulatory Year (t) by each person within each Charging Group (g) in respect of each Enrolled Smart Metering System for a Non-Domestic Premises and each Mandated Smart Metering System for a Domestic Premises ( $RFC_{gt}$ ), as follows:

$$RFC_{gt} = \frac{(NFR_t + \sum_{\forall r} RFR_{rt})}{NM_t} \times \frac{\alpha_{gt}}{\sum_{\forall g} (\alpha_{gt} \times \sum_{\forall r} RESMS_{grt})}$$

".

- (v) after Section K5.4 –
  - (A) delete the heading "Determining the Fixed Charges: Domestic Premises"; and
  - (B) delete existing Section K5.5 and insert new Section K5.5 as follows –  
"K5.5 [Not used]";
- (vi) in Section K5.6 –
  - (A) in Section K5.6(a), after "for Non-Domestic Premises that have been" delete "Enrolled (and not Withdrawn)" and insert "(and remain) Enrolled"; and
  - (B) in Section K5.6(c), after "by reference to each Party" delete ", and by reference to the Region in which such premises are located"; and
- (vii) in Section K5.7 –
  - (A) after "by reference to each Party (p)," delete "and by reference to each Region (r)," ; and
  - (B) after "shall be represented as" delete "ANSMS<sub>pgmt</sub>" and insert "ANSMS<sub>pgmt</sub>";
- (d) in Section K5A –
  - (i) in Section K5A.1(b), after "that will have been" delete "Enrolled (and not Withdrawn)" and insert "(and remain) Enrolled"; and
  - (ii) in Section K5A.2, after "each Mandated Smart Metering System and" delete "Enrolled Smart Metering System and" insert "each Enrolled Smart Metering System for a";
- (e) in Section K6 –
  - (i) in Section K6.1(b), after "that will have been" delete "Enrolled (and not Withdrawn)" and insert "(and remain) Enrolled";
  - (ii) in Section K.6.2 –
    - (A) after "that will have been" delete "Enrolled (and not Withdrawn)" and insert "(and remain) Enrolled";
    - (B) in the definition of "EDSMS<sub>grt</sub>" after "that will have been" delete "Enrolled (and not Withdrawn)" and insert "(and remain) Enrolled"; and



- (C) in the definition of " $ENSMS_{grt}$ " after "that will have been" delete "Enrolled (and not Withdrawn)" and insert "(and remain) Enrolled";
- (iii) in the heading after Section K6.2 after "**Determining the Fixed Charges**" delete "**: Non-Domestic Fixed Charges**";
- (iv) in Section K6.3, delete the existing first paragraph and formula and insert a new first paragraph and formula as follows –

"For each Regulatory Year (t), the DCC will determine the Fixed Charge payable in respect of each month (or part month) of Regulatory Year (t) by each person within each Charging Group (g) in respect of each Enrolled Smart Metering System for a Non-Domestic Premises and for a Domestic Premises ( $EFC_{gt}$ ) as follows:

$$EFC_{gt} = \frac{(NFR_t + \sum_{\forall r} RFR_{rt})}{NM_t} \times \frac{\alpha_{gt}}{\sum_{\forall g} (\alpha_{gt} \times \sum_{\forall r} ESMS_{grt})}$$

".

- (v) after Section K6.3 –
  - (A) delete the heading "Determining the Fixed Charges: Domestic Fixed Charges"; and
  - (B) delete existing Section K6.4 and insert new Section K6.4 as follows –
 

"K6.4 [Not used]"; and
- (vi) in Section K6.5(a) after "that will have been" delete "Enrolled (and not Withdrawn)" and insert "(and remain) Enrolled";
- (f) in Section K6A –
  - (i) in the heading after Section K6A.2 after "**Determining the Fixed CH Charges**" delete "**: Non-Domestic**";
  - (ii) delete existing Section K6A.3 and insert new Section K6A.3 as follows –

"K6A.3 For each Regulatory Year (t), the DCC will determine the Fixed CH Charge payable in respect of each month (or part month) of Regulatory Year (t) by each person within each CH Charging Group (g) in respect of each Smart Metering System for a Non-Domestic Premises or for a Domestic Premises ( $CHC_{gt}$ ) as follows:

$$CHC_{gt} = \frac{\sum_{\forall r} RCHR_{rt}}{NM_t} \times \frac{\beta_{gt}}{\sum_{\forall g} (\beta_{gt} \times \sum_{\forall r} ECH_{grt})}$$

Where:

$\beta_{gt}$  = the CH Charging Group Weighting Factor (as set out in Section K3) applicable to Regulatory Year (t) and each Charging Group (g)

$NM_t$  = the number of months (or part months) in Regulatory Year (t)

$RCHR_{rt}$  = the Regional Communications Hub Revenue (determined in accordance with Section K3) for Regulatory Year (t) and Region (r)

$ECH_{grt}$  = the estimated number of persons within each Charging Group (g) for Smart Metering Systems determined in accordance with Section K6A.2 for Regulatory Year (t) and each Region (r).";

(iii) after new Section K6A.3 –

(A) delete the heading "**Determining the Fixed CH Charges: Domestic**"; and

(B) delete existing Section K6A.4 and insert new Section K6A.4 as follows –

"K6A.4 [Not used]";

(iv) in Section K6A.5(c), after "by reference to Parties (p), and (" insert "for transparency"; and

(v) in Section K6A.6, after "by reference to each Party (p), and (" insert "for transparency";

(g) in Section K6B, in Section K6B.1(b), after "there will have been" delete "Enrolled (and not Withdrawn)" and insert "(and remain) Enrolled";

(h) in Section K9, in Section K9.4, after "Where a" delete "Compliant Party (p)" and insert "Party";

(i) in Section K10 -

(i) delete existing Section K10.6 and insert new Section K10.6 as follows –

"K10.6 For each month (or part month) (m) during a Regulatory Year (t) prior to the UITMR Period, the initial monthly payment (*IMP*) in respect of the Charges payable by each Party (p) shall be calculated as follows:

$$\begin{aligned}
 IMP_{pmt} = & \sum_{\forall g} (FC_{gt} \times AMSMS_{pgmt}) \\
 & + \sum_{\forall g} \left( CHC_{gt} \times \left( ADCH_{gt} + \sum_{\forall r} ANCH_{grt} \right) \right) \\
 & + \sum_{i=1}^{i=n} (EC_{it} \times ECM_{ipmt}) + TEP_{pmt} + \sum_{e \in m} UBDP_{pemt} + \sum_{l \in m} LP_{plmt}
 \end{aligned}$$

Where:

$FC_{gt}$  = the Fixed Charges payable in respect of months (or part months) during Regulatory Year (t) by persons in Charging Group (g) in respect of Mandated Smart Metering Systems, calculated in accordance with Section K4

$AMSMS_{pgmt}$  = the amount described in Section K4.5

$CHC_{gt}$  = the Fixed CH Charge payable in respect of months (or part months) during Regulatory Year (t) by persons in CH Charging Group (g) in respect of Smart Metering Systems for both Non-Domestic Premises and Domestic Premises

$ANCH_{grt}$  = the amount described in Section K6A.6

$ADCH_{gt}$  = the amount described in Section K6A.6

$EC_{it}$  = the Explicit Charge for an Explicit Charging Metric (i) and a Regulatory Year (t)

$ECM_{ipmt}$  = the Explicit Charging Metrics incurred by a Party (p) during the Charging Period for that month (m) in a Regulatory Year (t)

$TEP_{pmt}$  = the total amount payable by a Party (p) in respect of Elective Charges and a month (m) in a Regulatory Year (t)

$UBDP_{pemt}$  = the Unrecovered Bad Debt Payment in respect of a month (m) in a Regulatory Year (t) and each Event of Default (e), as calculated in accordance with Section K9

$LP_{plmt}$  = the Liability Payment in respect of a month (m) in a Regulatory Year (t) and each Liability Event (l), as calculated in accordance with Section K9.";

(ii) delete existing Section K10.7 and insert new Section K10.7 as follows –

"K10.7 For each month (or part month) (m) during a Regulatory Year (t) during the UITMR Period, the rollout monthly payment (*RMP*) in respect of the Charges payable by each Party (p) shall be calculated as follows:

$$\begin{aligned}
RMP_{pmt} = & \sum_{\forall g} \left( RFC_{gt} \times \left( ADSMS_{pgmt} + \sum_{\forall r} ANSMS_{pgrmt} \right) \right) \\
& + \sum_{\forall g} \left( CHC_{gt} \times \left( ADCH_{gt} + \sum_{\forall r} ANCH_{grt} \right) \right) \\
& + \sum_{\forall g} \left( RAHFC_{gt} \times ADSMS_{pgmt} \right) + \sum_{\forall g} \left( RAHFC_{gt} \times \sum_{\forall r} ANSMS_{pgrmt} \right) \\
& + \sum_{i=1}^{i=n} \left( EC_{it} \times ECM_{ipmt} \right) + TEP_{pmt} + \sum_{e \in m} UBDP_{pemt} + \sum_{l \in m} LP_{plmt}
\end{aligned}$$

Where:

$RFC_{gt}$  = the Fixed Charges payable in respect of months (or part months) during Regulatory Year (t) by persons in Charging Group (g) in respect of Mandated Smart Metering Systems for Domestic Premises and Enrolled Smart Metering Systems for Non-Domestic Premises, calculated in accordance with Section K5;

$ADSMS_{pgmt}$  = the amount described as such in Section K5.9;

$ANSMS_{pgrmt}$  = the amount described as such in Section K5.7;

$CHC_{gt}$  = the Fixed CH Charge payable in respect of months (or part months) during Regulatory Year (t) by persons in CH Charging Group (g) in respect of Smart Metering Systems for both Non-Domestic Premises and Domestic Premises;

$ANCH_{grt}$  = the amount described in Section K6A.6;

$ADCH_{gt}$  = the amount described in Section K6A.6;

$RAHFC_{gt}$  = the Fixed Alt HAN Charge payable in respect of months (or part months) during Regulatory Year (t) by persons in Alt HAN Charging Group (g) in respect of Mandated Smart Metering Systems for Domestic Premises and Smart Metering Systems for Non-Domestic Premises calculated in accordance with Section K5A;

$EC_{it}$  = the Explicit Charge for an Explicit Charging Metric (i) and a Regulatory Year (t);

$ECM_{ipmt}$  = the Explicit Charging Metrics incurred by a Party (p) during the Charging Period for that month (m) in a Regulatory Year (t);

$TEP_{pmt}$  = the total amount payable by a Party (p) in respect of Elective Charges and a month (m) in a Regulatory Year (t);

$UBDP_{pemt}$  = the Unrecovered Bad Debt Payment in respect of a month (m) in a Regulatory Year (t) and each Event of Default (e), as calculated in accordance with Section K9;

$LP_{plmt}$  = the Liability Payment in respect of a month (m) in a Regulatory Year (t) and each Liability Event (l), as calculated in accordance with Section K9."; and

(iii) delete existing Section K10.8 and insert new Section K10.8 as follows –

"K10.8 For each month (or part month) (m) during a Regulatory Year (t) after the UITMR Period, the monthly payment (MP) in respect of the Charges payable by each Party (p) shall be calculated as follows:

$$\begin{aligned}
 MP_{pmt} = & \sum_{\forall g} \left( EFC_{gt} \times \left( ADSMS_{pgmt} + \sum_{\forall r} ANSMS_{pgrmt} \right) \right) \\
 & + \sum_{\forall g} \left( CHC_{grt} \times \left( ADCH_{gt} + \sum_{\forall r} ANCH_{grt} \right) \right) \\
 & + \sum_{\forall g} \left( DAHFC_{gt} \times ADSMS_{pgmt} \right) + \sum_{\forall g} \left( NAHFC_{gt} \times \sum_{\forall r} ANSMS_{pgrmt} \right) \\
 & + \sum_{i=1}^{i=n} \left( EC_{it} \times ECM_{ipmt} \right) + TEP_{pmt} + \sum_{e \in m} UBDP_{pemt} + \sum_{l \in m} LP_{plmt}
 \end{aligned}$$

Where:

$EFC_{gt}$  = the Fixed Charges payable in respect of months (or part months) during Regulatory Year (t) by persons in Charging Group (g) in respect of Enrolled Smart Metering Systems for both Non-Domestic Premises and Domestic Premises, calculated in accordance with Section K6;

$ADSMS_{pgmt}$  = the amount described as such in Section K6.7;

$ANSMS_{pgrmt}$  = the amount described as such in Section K6.7;

$CHC_{grt}$  = the Fixed CH Charge payable in respect of months (or part months) during Regulatory Year (t) by persons in CH Charging Group (g) in respect of Smart Metering Systems for both Non-Domestic Premises and Domestic Premises in Region (r);

$ANCH_{gt}$  = the amount described in Section K6A.6;

$ADCH_{gt}$  = the amount described in Section K6A.6;

$DAHCF C_{gt}$  = the Domestic Fixed Alt HAN Charge payable in respect of months (or part months) during Regulatory Year (t) by persons in Alt HAN Charging Group (g) in respect of Mandated Smart Metering Systems for Domestic Premises calculated in accordance with Section K6B;

$NAHFC_{gt}$  = the Non-Domestic Fixed Alt HAN Central Charge payable in respect of months (or part months) during Regulatory Year (t) by persons in Alt HAN Charging Group (g) in respect of Mandated Smart Metering Systems for Non-Domestic Premises calculated in accordance with Section K6B;

$EC_{it}$  = the Explicit Charge for an Explicit Charging Metric (i) and a Regulatory Year (t);

$ECM_{ipmt}$  = the Explicit Charging Metrics incurred by a Party (p) during the Charging Period for that month (m) in a Regulatory Year (t);

$TEP_{pmt}$  = the total amount payable by a Party (p) in respect of Elective Charges and a month (m) in a Regulatory Year (t);

$UBDP_{pemt}$  = the Unrecovered Bad Debt Payment in respect of a month (m) in a Regulatory Year (t) and each Event of Default (e), as calculated in accordance with Section K9;

$LP_{plmt}$  = the Liability Payment in respect of a month (m) in a Regulatory Year (t) and each Liability Event (l), as calculated in accordance with Section K9."; and

- (j) in Section K11, in Section K11.1 –
  - (i) in the definition of "National Fixed Revenue" after "given to that expression in Section" delete "K3.8" and insert "K3.7"; and
  - (ii) delete the definition of "Non-Domestic Withdrawal Factor".

23 In Section X, in Section X1, in Section X1.11 after "of the Inventory Enrolment and" delete "Withdrawal" and insert "Decommissioning".

**Modifications to the smart meter communication licences**

- 24 The conditions of the smart meter communication licences are modified, in accordance with paragraphs 25 and 26 below, with effect from the day after the day on which this instrument is made.
- 25 In Condition 18, delete existing paragraph 18.15 and insert new paragraph 18.15 as follows –
- "18.15 The First Relevant Policy Objective:
- (a) applies in respect of Service Charges imposed under or pursuant to the SEC in respect of the operation of provision of Mandatory Business Services (excluding Elective Communication Services); and
  - (b) requires the Charging Methodology to ensure that such Service Charges do not distinguish (whether directly or indirectly):
    - (i) between Energy Consumers at Domestic Premises in different parts of Great Britain; and
    - (ii) between Energy Consumers at Designated Premises in different parts of Great Britain."
- 26 In Condition 22 –
- (a) in paragraph 22.20(a) –
    - (i) after "will arrange with each" delete "Domestic"; and
    - (ii) after "that is installed at" delete "Domestic Premises" and insert "premises"; and
  - (b) in paragraph 22.20(b), after "will contract with any" delete "Energy Supplier (not being a Domestic Energy Supplier) or any".

*Name*

Minister of State

Date:

Department for Business, Energy and Industrial Strategy