



Department for  
Business, Energy  
& Industrial Strategy

# Smart Meter Targets Framework:

Churn adjustment

Annex B: Proposed Amendments to  
Electricity Supply Standard Licence Condition  
39A and Gas Supply Standard Licence  
Condition 33A



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# Electricity Supply Standard Licence Condition 39A: Qualifying Metering Systems – Post-2020 Roll-out and Installation

## The Post-2020 Roll-out Duty

39A.1 Paragraph 39A.2 applies in respect of a Rollout Year where the Secretary of State has, in accordance with paragraph 39A.7, specified the value, or the methodology for calculating the value, of Ty for that Rollout Year.

39A.2 Where this paragraph applies, the licensee must ensure that, the number of Qualifying Metering Systems that are installed in Qualifying Relevant Premises in the Rollout Year is greater than or equal to the target number determined for that Rollout Year in accordance with paragraph 39A.5.

## Qualifying Metering Systems

39A.3 For the purposes of this condition, a Qualifying Metering System means any of the following:

- (a) a Smart Metering System;
- (b) an Advanced Meter installed in the Designated Premises of a Non-MB Consumer in accordance with the requirements of paragraph 39.13(b) of standard condition 39 (Smart Metering System – Roll-out, Installation and Maintenance);
- (c) a Current Transformer Electricity Meter, installed in either Designated Premises or Domestic Premises, that is an Advanced Meter.

## Qualifying Relevant Premises

39A.4 For the purposes of this condition, Qualifying Relevant Premises means a Domestic Premises or Designated Premises in respect of which the licensee is the Relevant Electricity Supplier and at which there is installed neither:

- (a) a Smart Metering System; nor
- (b) an Advanced Meter installed in accordance with the requirements of standard condition 39 (Smart Metering System – Roll-out, Installation and Maintenance).

## The Target

39A.5 For the purposes of this condition:

- (a) the target number referred to in paragraph 39A.2 shall in relation to the **First** Rollout Year be calculated in accordance with the following formula:

$$Ny = \left( \frac{1}{a_y} RSMS_y \right) - Ty$$

where:

- N<sub>y</sub>** means the target number for Rollout Year y;
- a<sub>y</sub>** means a number which is used to calculate a proportion, and shall be equal for Rollout Year y to the number specified for that Rollout Year in the table at paragraph 39A.6;
- RSMS<sub>y</sub>** means, in relation to Rollout Year y, the number of Qualifying Relevant Premises at which a Qualifying Metering System had not been installed by the date which immediately precedes the start date of Rollout Year y;
- T<sub>y</sub>** means a number representing a tolerance level, which shall have the value that is determined in accordance with paragraph 39A.7;
- y** means the **First** Rollout Year ~~specified in the table at paragraph 39A.6.~~

- (b) the target number referred to in paragraph 39A.2 shall in relation to each subsequent Rollout Year be calculated in accordance with the following formula:

$$Ny = \left( \frac{1}{a_y} \left\{ \beta_y * (TMS_y - (S_1 + NQ_y)) + (1 - \beta_y) * (RSMS_y) \right\} - T_y \right)$$

where:

- N<sub>y</sub>** means the target number for Rollout Year y (and, if calculated in accordance with the above formula, N<sub>y</sub> would be a negative number, it shall be deemed to be zero for the purposes of this condition);
- a<sub>y</sub>** means a number which is used to calculate a proportion, and shall be equal for Rollout Year y to the number specified for that Rollout Year in the table at paragraph 39A.6;
- RSMS<sub>y</sub>** means, in relation to Rollout Year y, the number of Qualifying Relevant Premises at which a Qualifying Metering System had not been installed by the date which immediately precedes the start date of Rollout Year y;

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- $\beta_y$  means a number representing a parameter in a range of 0.00 to 1.00, which will apply a level of mitigation of the impact of smart meter customers switching supplier on supplier installation requirements and which shall have the value for that Rollout Year that is determined in accordance with paragraph 39A.9;
- $TMS_y$  means the total number of Domestic Premises or Designated Premises in respect of which the licensee is the Relevant Electricity Supplier at the start date of Rollout Year  $y$ ;
- $S_1$  means the total number of Domestic and Designated Premises in respect of which the licensee was the Relevant Electricity Supplier on the date which immediately precedes the start of the First Rollout Year and at which a Qualifying Metering System had been installed by the date which immediately precedes the start of the First Rollout Year, where relevant as amended in accordance with the provisions of paragraph 39A.11;
- $NQ_y$  means the total number of Domestic and Designated Premises in respect of which the licensee is or was the Relevant Electricity Supplier and at which the licensee has installed a Qualifying Metering System from the commencement of the First Rollout Year to the date which immediately precedes the start of Rollout Year  $y$ , where relevant as amended in accordance with the provisions of paragraph 39A.11;
- $T_y$  means a number representing a tolerance level, which shall have the value that is determined in accordance with paragraph 39A.7;
- $y$  means, except for the First Rollout Year, the Rollout Year  $y$  specified in the table at paragraph 39A.6.

39A.6 For the purposes of paragraphs 39A.5 (a) and (b), in the First Rollout Year and in each subsequent Rollout Year  $y$ , the value of  $a_y$  shall be that which is set out in respect of that Rollout Year in the table immediately below:

Rollout Year ( $y$ )	Value of $a_y$
First Rollout Year	4
Second Rollout Year	3
Third Rollout Year	2
Fourth Rollout Year	1

39A.7 For the purposes of paragraphs 39A.5 (a) and (b), for each Rollout Year  $y$ , the value of  $T_y$  shall be equal to the value which is specified in, or calculated in accordance with a methodology specified in, a document published and issued by the Secretary of State for the purposes of this Condition 39A, following consultation with all holders of Gas

Supply Licences and Electricity Supply Licences and such other persons as the Secretary of State considers appropriate.

39A.8 The provisions of paragraph 39A.7 may be relied upon by the Secretary of State on more than one occasion by means of any document which, from time to time, expressly replaces the previous value that is specified for, or previous methodology for calculating,  $T_y$  in accordance with that paragraph.

39A.9 For the purposes of paragraph 39A.5(b), for each Rollout Year  $y$ , the value of  $\beta_y$  shall be equal to the value which is specified in, or calculated in accordance with a methodology specified in, a document published and issued by the Secretary of State for the purposes of this Condition 39A, following consultation with all holders of Gas Supply Licences and Electricity Supply Licences and such other persons as the Secretary of State considers appropriate.

39A.10 The provisions of paragraph 39A.9 may be relied upon by the Secretary of State on more than one occasion by means of any document which, from time to time, expressly replaces the previous value that is specified for, or previous methodology for calculating,  $\beta_y$  in accordance with that paragraph.

39A.11 Where at any time after the commencement of the First Rollout Year, the licensee becomes the Relevant Electricity Supplier for additional Domestic and Designated Premises by virtue of a Last Resort Supply Direction:

- (a) the value of  $S_1$  applicable to the licensee shall be increased by the value of  $S_1$  applicable to the licensee that was the Relevant Electricity Supplier for those Domestic and Designated Premises immediately prior to the Last Resort Supply Direction; and
- (b) the value of  $NQ_y$  applicable to the licensee for each Rollout Year  $y$  shall be increased by the value of  $NQ_y$  applicable to the licensee that was the Relevant Electricity Supplier for those Domestic and Designated Premises immediately prior to the Last Resort Supply Direction.

## Definitions

39A.12 For the purposes of this condition:

**Advanced Meter**

has the meaning given to it in standard condition 39 (Smart Metering System – Roll-out, Installation and Maintenance).

<b>First Rollout Year</b>	means the twelve month period beginning on the date immediately following the ARS Specified Date.
<b>Fourth Rollout Year</b>	means the twelve month period beginning on the date immediately following the last date of the Third Rollout Year.
<b>Non-MB Consumer</b>	has the meaning given to that expression in standard condition 39 (Smart Metering System – Roll-out, Installation and Maintenance).
<b>Qualifying Metering System</b>	has the meaning given to that expression in paragraph 39A.3.
<b>Qualifying Relevant Premises</b>	has the meaning given to that expression in paragraph 39A.4.
<b>Rollout Year</b>	means each of the following:  (a) First Rollout Year;  (b) Second Rollout Year;  (c) Third Rollout Year; and  (d) Fourth Rollout Year.
<b>Second Rollout Year</b>	means the twelve month period beginning on the date immediately following the last date of the First Rollout Year.
<b>Third Rollout Year</b>	means the twelve month period beginning on the date immediately following the last date of the Second Rollout Year.



# Gas Supply Standard Licence Condition 33A: Qualifying Metering Systems – Post- 2020 Roll-out and Installation

## The Post-2020 Roll-out Duty

33A.1 Paragraph 33A.2 applies in respect of a Rollout Year where the Secretary of State has, in accordance with paragraph 33A.7, specified the value, or the methodology for calculating the value, of Ty for that Rollout Year.

33A.2 Paragraph 33A.2 applies in respect of a Rollout Year where the Secretary of State has, in accordance with paragraph 33A.7, specified the value, or the methodology for calculating the value, of Ty for that Rollout Year.

## Qualifying Metering Systems

33A.3 For the purposes of this condition, a Qualifying Metering System means any of the following:

(a) a Smart Metering System;

an Advanced Meter installed in the Designated Premises of a Non-MB Consumer in accordance with the requirements of paragraph 33.13(b) of standard condition 33 (Smart Metering System – Roll-out, Installation and Maintenance);

(b) a Large Gas Meter, installed in either Designated Premises or Domestic Premises, that is an Advanced Meter.

33A.4 For the purposes of this condition, Qualifying Relevant Premises means a Domestic Premises or Designated Premises in respect of which the licensee is the Relevant Gas Supplier and at which there is installed neither:

(a) a Smart Metering System; nor

(b) an Advanced Meter installed in accordance with the requirements of standard condition 33 (Smart Metering System – Roll-out, Installation and Maintenance).

## The Target

33A.5 For the purposes of this condition:

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- (a) the target number referred to in paragraph 33A.2 shall in relation to the **First** Rollout Year be calculated in accordance with the following formula:

$$N_y = \left( \frac{1}{a_y} RSMS_y \right) - T_y$$

where:

- $N_y$  means the target number for Rollout Year  $y$ ;
- $a_y$  means a number which is used to calculate a proportion, and shall be equal for Rollout Year  $y$  to the number specified for that Rollout Year in the table at paragraph 33A.6;
- $RSMS_y$  means, in relation to Rollout Year  $y$ , the number of Qualifying Relevant Premises at which a Qualifying Metering System had not been installed by the date which immediately precedes the start date of Rollout Year  $y$ ;
- $T_y$  means a number representing a tolerance level, which shall have the value that is determined in accordance with paragraph 33A.7;
- $y$  means the **First** Rollout Year ~~specified in the table at paragraph 33A.6.~~

- (b) the target number referred to in paragraph 33A.2 shall in relation to each subsequent Rollout Year be calculated in accordance with the following formula:

$$N_y = \left( \frac{1}{a_y} \{ \beta_y * (TMS_y - (S_1 + NQ_y)) + (1 - \beta_y) * (RSMS_y) \} - T_y \right)$$

where:

- $N_y$  means the target number for Rollout Year  $y$  (and, if calculated in accordance with the above formula,  $N_y$  would be a negative number, it shall be deemed to be zero for the purposes of this condition);
- $a_y$  means a number which is used to calculate a proportion, and shall be equal for Rollout Year  $y$  to the number specified for that Rollout Year in the table at paragraph 33A.6;
- $RSMS_y$  means, in relation to Rollout Year  $y$ , the number of Qualifying Relevant Premises at which a Qualifying Metering System had not been installed by the date which immediately precedes the start date of Rollout Year  $y$ ;
- $\beta_y$  means a number representing a parameter in a range of 0.00 to 1.00, which will apply a level of mitigation of the impact of smart meter customers switching supplier on supplier installation requirements and which shall

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have the value for that Rollout Year that is determined in accordance with paragraph 33A.9;

**TMS<sub>y</sub>** means the total number of Domestic Premises or Designated Premises in respect of which the licensee is the Relevant Gas Supplier at the start date of Rollout Year *y*;

**S<sub>1</sub>** means the total number of Domestic and Designated Premises in respect of which the licensee was the Relevant Gas Supplier on the date which immediately precedes the start of the First Rollout Year and at which a Qualifying Metering System had been installed by the date which immediately precedes the start of the First Rollout Year, where relevant as amended in accordance with the provisions of paragraph 39A.11;

**NQ<sub>y</sub>** means the total number of Domestic and Designated Premises in respect of which the licensee is or was the Relevant Gas Supplier and at which the licensee has installed a Qualifying Metering System from the commencement of the First Rollout Year to the date which immediately precedes the start of Rollout Year *y*, where relevant as amended in accordance with the provisions of paragraph 33A.11;

**T<sub>y</sub>** means a number representing a tolerance level, which shall have the value that is determined in accordance with paragraph 33A.7;

**y** means, except for the First Rollout Year, the Rollout Year *y* specified in the table at paragraph 33A.6.

33A.6 For the purposes of paragraphs 33A.5 (a) and (b), in the First Rollout Year and in each subsequent Rollout Year *y*, the value of *a<sub>y</sub>* shall be that which is set out in respect of that Rollout Year in the table immediately below:

Rollout Year ( <i>y</i> )	Value of <i>a<sub>y</sub></i>
First Rollout Year	4
Second Rollout Year	3
Third Rollout Year	2
Fourth Rollout Year	1

33A.7 For the purposes of paragraphs 33A.5 (a) and (b), for each Rollout Year *y*, the value of *T<sub>y</sub>* shall be equal to the value which is specified in, or calculated in accordance with a methodology specified in, a document published and issued by the Secretary of State for the purposes of this Condition 33A, following consultation with all holders of Gas Supply Licences and Electricity Supply Licences and such other persons as the Secretary of State considers appropriate.

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33A.8 The provisions of paragraph 33A.7 may be relied upon by the Secretary of State on more than one occasion by means of any document which, from time to time, expressly replaces the previous value that is specified for, or previous methodology for calculating, Ty in accordance with that paragraph.

33A.9 For the purposes of paragraph 33A.5(b), for each Rollout Year y, the value of  $\beta_y$  shall be equal to the value which is specified in, or calculated in accordance with a methodology specified in, a document published and issued by the Secretary of State for the purposes of this Condition 33A, following consultation with all holders of Gas Supply Licences and Electricity Supply Licences and such other persons as the Secretary of State considers appropriate.

33A.10 The provisions of paragraph 33A.9 may be relied upon by the Secretary of State on more than one occasion by means of any document which, from time to time, expressly replaces the previous value that is specified for, or previous methodology for calculating,  $\beta_y$  in accordance with that paragraph.

33A.11 Where at any time after the commencement of the First Rollout Year, the licensee becomes the Relevant Gas Supplier for additional Domestic and Designated Premises by virtue of a Last Resort Supply Direction:

- (a) the value of  $S_1$  applicable to the licensee shall be increased by the value of  $S_1$  applicable to the licensee that was the Relevant Gas Supplier for those Domestic and Designated Premises immediately prior to the Last Resort Supply Direction; and
- (b) the value of  $NQ_y$  applicable to the licensee for each Rollout Year y shall be increased by the value of  $NQ_y$  applicable to the licensee that was the Relevant Gas Supplier for those Domestic and Designated Premises immediately prior to the Last Resort Supply Direction.

## Definitions

33A.12 For the purposes of this condition:

### **Advanced Meter**

has the meaning given to it in standard condition 33 (Smart Metering System – Roll-out, Installation and Maintenance).

### **First Rollout Year**

means the twelve month period beginning on the date immediately following the ARS Specified Date.

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<b>Fourth Rollout Year</b>	means the twelve month period beginning on the date immediately following the last date of the Third Rollout Year.
<b>Non-MB Consumer</b>	has the meaning given to that expression in standard condition 33 (Smart Metering System – Roll-out, Installation and Maintenance).
<b>Qualifying Metering System</b>	has the meaning given to that expression in paragraph 33A.3.
<b>Qualifying Relevant Premises</b>	has the meaning given to that expression in paragraph 33A.4.
<b>Rollout Year</b>	means each of the following:  (a) First Rollout Year;  (b) Second Rollout Year;  (c) Third Rollout Year; and  (d) Fourth Rollout Year.
<b>Second Rollout Year</b>	means the twelve month period beginning on the date immediately following the last date of the First Rollout Year.
<b>Third Rollout Year</b>	means the twelve month period beginning on the date immediately following the last date of the Second Rollout Year.

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