

To: Smart DCC Limited

**Gas Act 1986 – Section 23(1)(a)
Electricity Act 1989 – Section 11A(1)(a)**

Modification of the conditions of the smart meter communication licence

1. The licensee to whom this document is addressed is the holder of a smart meter communication licence granted or treated as granted under section 7AB (2) and (4) of the Gas Act 1986 (the Gas Act) and section 6 (1A) and (1C) of the Electricity Act 1989 (the Electricity Act) (the DCC Licence).
2. Under section 23(2) of the Gas Act and section 11A(2) of the Electricity Act, the Gas and Electricity Markets Authority (the Authority)¹ gave notice on 30 April 2021 (the Notice) that we proposed to modify the following Licence Conditions (LCs) in the manner set out in Schedule 1 to the Notice:
 - Condition 1. Definitions for the Conditions of this Licence
 - Condition 15. Incorporation, delivery and provision of the Centralised Registration Service
 - Condition 21. Roles in relation to Core Industry Documents
 - Condition 44. Treatment of Intellectual Property Rights
 - Condition 45. Provision of Market Share Information to the Central Delivery Body

We stated that any representations with respect to the proposed licence modifications must be made on or before 5pm on 1 June 2021.

3. A copy of the Notice was sent to the Secretary of State in accordance with section 23(4)(b) of the Gas Act and section 11A(4)(b) of the Electricity Act, and we have not received a direction that the modifications should not be made.
4. We received 5 responses to our consultation, all of which we carefully considered. All responses agreed with our proposals. We have published all non-confidential responses on our website. Our response to these comments, as well as our reasons for any differences between the modifications and those proposed in the Notice, is set out in our accompanying Decision document which is available on our website at <https://www.ofgem.gov.uk/publications-and-updates/statutory-consultation-licence-changes-retail-code-consolidation>.
5. We have decided to proceed with making the licence modifications as proposed, subject to the following further change: following stakeholder response to our consultation, we have taken the opportunity to correct two typographical errors identified in our proposed changes.
6. We are making these licence modifications, in summary, in order to ensure that the new governance arrangements and structures required for and being realised by Retail Code Consolidation are properly reflected in the DCC Licence.

¹ The terms “the Authority”, “we” and “us” are used interchangeably in this document.

7. In relation to LC 15 of the DCC Licence, the reason for the modification (other than housekeeping changes) is to more closely reflect the current design of the Centralised Registration Service (CRS) and the Switching Programme delivery plan. In relation to LC 44 (Treatment of Intellectual Property Rights (IPRs)), the reason for modification is to allow for a case by case assessment by the Authority in respect of contracts relating to specialist software which are not bespoke (whereby the novation provisions were not subject to open negotiation) but which are also not commercial "off-the-shelf" products. The Authority considers this would be the case where, for example, the terms for novation of IPRs may be restricted but equivalent certainty of continuity under a successor licensee or replacement service provider could be met through alternative guarantees.
8. In summary, the effect of these modifications will be that the new governance arrangements and structures required for and being realised by Retail Code Consolidation will be reflected in the DCC Licence; LC 15 will more accurately reflect what the licensee is delivering under the Switching Programme, and LC 44 will allow the Authority to make a case-by-case assessment of whether it is appropriate to apply the general rule on IPR novation. The effect of the majority of the proposed DCC Licence changes will be minor on an operational level; primarily, the modifications will ensure the DCC Licence correctly references other industry documents and arrangements which are due to be modified under the Authority's Retail Code Consolidation Significant Code Review, and that any potential misalignment between LC 15 and the approved design of the CRS is removed. A more detailed description of the reasons for and effects of these licence modifications can be found in our accompanying Decision document.
9. Where an application for permission to appeal our decision is made to the Competition and Markets Authority (CMA) under section 23B of the Gas Act and section 11C of the Electricity Act, Rule 5.7 of the Energy Licence Modification Appeals: Competition and Markets Authority Rules² requires that the appellant must send to any relevant licence holders who are not parties to the appeal a non-sensitive notice setting out the matters required in Rule 5.2. Smart DCC Limited is the relevant licence holder in relation to this modification. Section 23(10) of the Gas Act and section 11A(10) of the Electricity Act set out the meaning of "relevant licence holder".
10. Under the powers set out in section 23(1)(a) of the Gas Act and section 11A(1)(a) of the Electricity Act, we hereby modify the licence conditions of the smart meter communication licence in the manner specified in the attached Schedule 1. These modifications will take effect from the date of Retail Code Consolidation, which is the date to be designated by the Authority and which date will be not less than 56 days from the date of publication of our decision in relation to these licence modifications. The date of Retail Code Consolidation is currently expected to be 1 September 2021³.
11. This document is notice of the reasons for the decision to modify the smart meter communications licence as required by section 38A(2) of the Gas Act and section 49A(2) of the Electricity Act.

² CMA70: <https://www.gov.uk/government/publications/energy-licence-modification-appeals-rules-cma70>

³ Although the 56 day standstill period ends on 27 August 2021, the date of Retail Code Consolidation will not be any earlier than 1 September 2021.

**Rachel Clark,
Programme Director, Switching Programme
Duly authorised on behalf of the
Gas and Electricity Markets Authority**

2 July 2021

Schedule 1 – Modification of the conditions of the smart meter communication licence

We have included the sections of the DCC Licence we have proposed to remove or amend below. Deletions are shown in strike through and new text is double underlined. **Additional amendments to those consulted upon in the April 2021 statutory consultation are shown in yellow highlight.** We have only shown those licence conditions where modifications are proposed.

Condition 1. Definitions for the Conditions of this Licence

Part A: Definitions arranged in alphabetical order

Master Registration Agreement	means the document of that name maintained in a form approved by the Authority in accordance with standard condition 23 of the Electricity Distribution Licence
Supply Point Administration Agreement	means the document of that name that is maintained in a form approved by the Authority in accordance with standard condition 30 of the Gas Supply Licence.

Condition 15. Incorporation, delivery and provision of the Centralised Registration Service

- 15.2 The Interim Centralised Registration Service Objective sets out the requirements of the Licensee under the Authority’s Switching Programme to procure and provide Relevant Service Capability to deliver a Centralised Registration Service ~~– up to the point when the Authority directs the commencement of Steady State operations~~ Operations. This covers the Design, Build and Test Phase and Post Implementation Period ~~development~~ phase of the Switching Programme.
- 15.2A The General Centralised Registration Service Objective sets out the requirements of the Licensee under the Authority’s Switching Programme to provide Relevant Service Capability to operate a Centralised Registration Service through Steady State ~~operations~~ Operations.
- 15.3 The Transition Objective and/or General Objectives of the Licensee shall prevail in the event of a conflict between their provisions and the requirements imposed on the Licensee by the Interim Centralised Registration Service Objective, up to but not including, the Post Implementation Period.

Part A: Interim Centralised Registration Service Objective of the Licensee

- 15.4 Subject to paragraphs 15.6 and 15.7, the Licensee must comply with the Interim Centralised Registration Service Objective by:
- (a) contributing to the achievement of a full and timely design for an efficient, economical and secure Centralised Registration Service that will, when

- implemented, provide a platform for fast and reliable switching for all Supply Registrable Measurement Points in the GB market;
- (b) making all relevant preparations for the procurement and provision of Relevant Service Capability to deliver and operate a Centralised Registration Service;
- (c) procuring Relevant Service Capability to deliver and operate a Centralised Registration Service that:
- (i) reflects the design of a Centralised Registration Service which has been designated by the Authority for this purpose (including any amendments to that designated design); ~~and~~
 - (ii) will, when executed, give effect to an efficient, economical and secure Centralised Registration Service that will provide a platform for fast and reliable switching for all ~~Supply Points~~ Registrable Measurement Points in the GB market;
 - ~~(iii) (not used);~~
 - (iv) has appropriate provision for the economic transfer or novation of all Relevant Business Assets in relation to the Centralised Registration Service, including but not limited to, contracts and IPR, to a successor licensee or future operator of the Central Switching Service; and
 - (v) will, when executed, be capable of efficiently and economically adapting to future market requirements;
- (d) ~~entering into and maintaining Interfaces agreement(s) for a the secure, efficient and economical exchange of information with the Centralised Registration Service and robust Switching Network that should meet the requirements communication standards as described in the Retail Energy Code, which can be changed from time to time subject to the change procedures set out within the Retail Energy Code. If, after the commencement of the Post Implementation Period, it is determined necessary (in accordance with the Retail Energy Code) for the Licensee to enter into new arrangements and/or agreements to enable the secure, efficient and economical exchange of information with the Centralised Registration Service then, where appropriate and possible, the Licensee may enter into and maintain a user agreement(s) on standard user terms with a third party network(s) to achieve this purpose. In this event, the conditions of this Licence that relate to Relevant Service Capability and Fundamental Registration Service Capability will not apply to such user agreement(s) or to the services or capabilities provided under them;~~
- ~~(i) — where appropriate, and possible, this may be by entering into user agreement(s) with networks that meet the requirements set out within the REC on standard user terms and in this event, the conditions of this Licence that relate to Relevant Service Capability and Fundamental Registration Service Capability will not apply to such user agreement(s) or to the services or capabilities provided under them. These networks could include, but not be limited to, the Data Transfer Network and Information Exchange Network; or~~
 - ~~(ii) — where it is not appropriate or possible to enter into or maintain such arrangements, including where the requirements described in the REC can no longer be met, then the Licensee should secure access to the Switching Network pursuant to the REC and the relevant conditions of this Licence including those relating to Relevant Service Capability;~~

- (e) processing such personal data as is necessary to achieve the Interim Centralised Registration Service Objective.

Part AA: General Centralised Registration Service Objective of the Licensee

15.5AA Subject to paragraphs 15.6 and 15.7 the Licensee must comply with the General Centralised Registration Service Objective through:

- (a) the timely provision, delivery, management and upkeep of a reliable, efficient, economic and secure Centralised Registration Service that will improve consumers' experience of switching;
- (b) the management of the Relevant Service Capability of the Centralised Registration Service during Steady State ~~operations~~ Operations with:
 - (i) maintenance of a Central Switching Service design baseline and design authority function in accordance with the requirements in the Retail Energy Code;
 - (ii) provision of a prompt and constructive approach to support change management that meets the process and service level agreements set out within the Retail Energy Code;
 - (iii) the provision of systems and services that can economically and efficiently adapt to meet future market requirements;
 - (iv) proactive data stewardship for the Retail Energy Location Address that will lead to a very high level of continually improving accuracy for ~~registerable~~ Registerable meter ~~Measurement~~ Points that meets or exceeds the standards set out within the Retail Energy Code; and
 - (v) appropriate provision for the transfer or novation of all Relevant Business Assets in relation to the Centralised Registration Service, including but not limited to, contracts and IPR, to a Successor Licensee or future operator of the Central Switching Service.
- (c) maintaining Interfaces, agreements and/or arrangements (as applicable) for the secure, efficient and economical exchange of information with the Centralised Registration Service that meet the communication standards as described in the Retail Energy Code, which can be changed from time to time subject to the change procedures set out within the Retail Energy Code. If, during Steady State Operations, it is determined necessary (in accordance with the Retail Energy Code) for the Licensee to enter into new arrangements and/or agreements to enable the secure, efficient and economical exchange of information with the Centralised Registration Service then, where appropriate and possible, the Licensee may enter into and maintain a user agreement(s) on standard user terms with a third party network(s) to achieve this purpose. In this event, the conditions of this Licence that relate to Relevant Service Capability and Fundamental Registration Service Capability will not apply to such user agreement(s) or to the services or capabilities provided under them; entering into and maintaining agreement(s) for a secure and robust Switching Network that should meet

~~the requirements as described in the REC, which can be changed from time to time subject to the change procedures set out within the REC;~~

~~(i) — where appropriate, and possible, this may be by entering into user agreement(s) with networks that meet the requirements set out within the REC on standard user terms and in this event, the conditions of this Licence that relate to Relevant Service Capability and Fundamental Registration Service Capability will not apply to such user agreement(s) or to the services or capabilities provided under them. These networks could include, but not be limited to, the Data Transfer Network and Information Exchange Network; or~~

~~(ii) — where it is not appropriate or possible to enter into or maintain such arrangements, including where the requirements described in the REC can no longer be met, then the Licensee should secure access to the Switching Network pursuant to the REC and the relevant conditions of this Licence including those relating to Relevant Service Capability;~~

- (d) processing such personal data as is necessary to achieve the General Centralised Registration Service Objective.

Part C: Interpretation

15.8 For the purposes of this condition:

Centralised Registration Service means the services provided by ~~DCC~~ the Licensee to achieve the design designated by the Authority, and set out within the Retail Energy Code, and the licensee's role as set out within the Retail Energy Code. This includes, but is not limited to:

- ~~(1) — provision of the Central Switching Service (including the Address Management Service and the Registration Service);~~
- ~~(2) — provision of the Switching Operator service;~~
- ~~(3) — provision, where required, of Interfaces and/or relevant arrangements for the secure, efficient and economical exchange of information between parties and the Centralised Registration Service that meet the communication standards required by the Retail Energy Code;~~
- ~~(4) — any other **functions** required of the **Licensee** pursuant to the Retail Energy Code; and~~
- ~~(5) — CSS Systems Integrator and Core Systems Assurance functions (for the purpose of the Interim Centralised Registration **Service Objective** only) pursuant to the Retail Energy Code~~

which:

- ~~(1) — includes (but is not limited to) the provision of services equivalent to those which were, prior to designation of the Retail Energy Code, currently included within:~~
 - ~~(a) — such services relating to the supply of gas under the 1986 Act that fall within:~~
 - ~~(i) — the supply point information service provided under standard condition 31 of the Gas Transporter Licence as relate directly to (i) the provision of supply point information and (ii) the maintenance of a register of technical and other data required by Gas Shippers and Gas Suppliers for change of supplier purposes; and~~

- ~~(ii) — the supply point administration service provided under or pursuant to the Supply Point Administration Agreement.~~
 - ~~(b) — such services relating to the supply of electricity under the 1989 Act that fall within the metering point administration services as defined in standard condition 18 of the Electricity Distribution Licence and that are provided under or pursuant to the Master Registration Agreement.~~
 - ~~(c) — where required, arrangements for the secure communication and exchange of data between parties and the Centralised Registration Service, and~~
- ~~(2) — supports any further or alternative arrangements as may be identified as being required of the Centralised Registration Service by the Authority for the purposes of the Switching Programme.~~

Address Management Service has the meaning given to it within the Retail Energy Code

Central Switching Service has the meaning given to it within the Retail Energy Code

Core Systems Assurance means the functions carried out by the Core Systems Assurance Provider with the meaning given to it within the Retail Energy Code

CSS Systems Integrator has the meaning given to it within the Retail Energy Code

~~Data Transfer Network means the electronic network provided as part of the Data Transfer Service referred to in Section B, Condition 37 of the Electricity Distribution Licence~~

Design, Build-Build and Test Phase has the meaning given to it within the Retail Energy Code;

~~Domestic Gas Supplier means a Gas Supplier in whose supply licence section B of the standard conditions incorporated into such a licence has effect~~
~~Existing Industry Networks include the network provided by the Gas Transporter licence (and holders of that licence) or their agent pursuant to obligation in licence and/or industry code; and the electronic network provided as part of the Data Transfer Service referred to in Section B, Condition 37 of the Electricity Distribution Licence~~

~~Gas Shipper and Gas Supplier mean, respectively, a person who holds a licence under section 7A(2) of the 1986 Act and a person who holds a licence under section 7A(1) of that Act~~

Interfaces has the meaning given to it within the Retail Energy Code;

Interim Centralised Registration Service Objective has the meaning given to that term in Part A of this condition

General Centralised Registration Service Objective has the meaning given to that term in Part AA of this condition

~~Information Exchange Network means the network provided by the Gas Transportation licensees or their agent pursuant to obligation in licence and/or industry code~~

~~Interim Centralised Registration Service Objective has the meaning given to that term in Part A of this condition~~

Post Implementation Period has the meaning given to it within the Retail Energy Code

Registrable Measurement Point has the meaning given to it within the Retail Energy Code;

Registration Service has the meaning given to it within the Retail Energy Code

Retail Energy Location Address has the meaning given to it within the Retail Energy Code

~~Steady State operations~~ Operations means, for the purpose of this licence condition, the period directly following the Steady State Commencement Date as defined in the Retail Energy Code and designated by the Authority that all exit criteria, as defined within the designated programme documents, have been met and until such point that the Authority directs the end of ~~steady~~ Steady state ~~State operations~~ Operations

~~Supply Point means, for the purpose of this licence condition, Meter Points as defined in the Master Registration Agreement, Supply Meter Points as defined in the Uniform Network Code and any points where a supply of gas or electricity is taken, or where electricity is exported, as defined within the scope of the Switching Programme~~

Switching Operator has the meaning given to it within the Retail Energy Code; and

~~Switching Network has the meaning given to it within the Retail Energy Code~~

Switching Programme means the Authority's programme to ~~amend~~ implement the services listed in ~~part 1 of the definition of the Centralised Registration Service,~~ for the purpose of providing fast and reliable switching

Condition 21. Roles in relation to Core Industry Documents

Part C: Rights in relation to certain other Core Industry Documents

- 21.6 Where an arrangement of the kind mentioned in paragraph ~~3132~~(b) of Condition 22 is in force in relation to a Core Industry Document that is listed in paragraph 7 of this Condition 21, the Licensee will be entitled to be supplied with such information arising from activities carried on in accordance with that document as it reasonably requires for the exercise of its functions under the Principal Energy Legislation, this Licence, the REC and the SEC.
- 21.7 The Core Industry Documents to which paragraph 21.6 refers are:
- (a) the Balancing and Settlement Code;
 - (b) the Distribution Connection and Use of System Agreement;
 - (c) ~~the Master Registration Agreement~~ (Not Used);
 - (d) ~~the Supply Point Administration Agreement~~ (Not Used); and
 - (e) the Uniform Network Code.

Condition 44. Treatment of Intellectual Property Rights

Part C: Other general requirements for the treatment of IPRs

44.8A The Authority may at any time, following consultation with:

- a) the Licensee; and
- b) where appropriate, any other person likely to be materially affected,

give a direction ("a derogation") to the Licensee that relieves it of any one or more of its obligations under Part C of this condition to such extent, for such period of time, and subject to such conditions as may be specified in that direction.

Condition 45. Provision of Market Share Information to the Central Delivery Body

45.12 In this Condition:

Central Delivery Body means the body corporate established by Energy Suppliers in accordance with Standard Licence Condition 45 or as the case may be with Standard Licence Condition 45A of the Electricity Supply Licences and Standard Licence Condition 39 or as the case may be with Standard Licence Condition 39A of the Gas Supply Licences (Smart Metering Consumer Engagement).

Market Information Agreement has the meaning given to it in paragraph 45.2.

Market Share Information means information held by the Licensee pursuant to Section E of the Smart Energy Code in respect of the total number of:

- (a) MPANs registered for each licensed electricity supplier; and
- (b) MPRNs registered for each licensed gas supplier.

MPAN has the meaning given to it in the ~~Master Registration Agreement~~Retail Energy Code.

MPRN has the meaning given to it in the Uniform Network Code.