



Making a positive difference
for energy consumers

Richard McCarthy
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Date: 12 July 2022

Dear Richard,

Thank you for your letter dated 29 June regarding the appointment of Barbara Anderson as Chair of the Energy Saving Trust (EST). We understand Barbara Anderson is currently an Independent Non-Executive Director of DCC.

Part C of Condition 9 of the Smart Meter Communication Licence ("Licence") sets out restrictions relating to the Licensee's corporate structure. Condition 9.8(a) requires the Licensee to ensure that no director of the Licensee is or at any time becomes a director or an employee of, or holds or acquires investments by way of shares, securities, or other financial rights or interests in any person (or any Affiliate or Related Undertaking of such person) to whom any Services are provided as part of the Licensee's Authorised Business. As EST is a DCC User and a SEC Party they receive services as part of the Authorised Business from DCC, therefore by default the above restriction would apply.

However, in accordance with Part D of Condition 9 of the Licence, the Licensee may write to the Authority to propose arrangements that do not conform in all respects with the restrictions imposed by Part C, and the Authority may consent to such arrangements if it is satisfied that they will secure a sufficiently equivalent level of corporate independence for the Licensee.

From your June letter we understand that EST does not have shareholders and does not distribute any surpluses. You also state that data accessed by EST through DCC is usage

data from smart meters in Scotland only, and is only used by energy advisers working for the Home Energy Scotland network (managed by EST), to advise individual householders in Scotland who might benefit from this type of advice on how to reduce their energy usage in their home, and is not used for any other purpose. Further, your letter sets out how EST derives no income in terms of fees for the service to householders, and is entirely funded by a grant from the Scottish Government. We understand that Barbara has no role in day-to-day operations of DCC and was chosen as Chair of the EST after a competitive process.

Given the reasons set out in your June letter, we consider that Barbara Anderson should be able to fulfil her role as chair of the EST and Independent Non-Executive Director of the DCC, whilst maintaining a sufficient level of corporate independence as required by the Licence. Subject to the assurances that you have provided, we consent to the appointment of Barbara Anderson as Chair of EST. We require DCC to inform us in the case of any circumstances which affect the corporate independence requirements set out in the Licence. We also require confirmation of how a potential conflict of interest would be avoided.

We expect DCC to ensure that under no circumstances should DCC's corporate independence be compromised, and for DCC to ensure compliance with respective Licence requirements.

Our consent is provided in the annex to this letter.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Rachel Clark', written in a cursive style.

Rachel Clark

Deputy Director, Retail

Duly Authorised on behalf of the Gas and Electricity Markets Authority

Annex

Consent given by the Gas and Electricity Markets Authority (the "Authority") pursuant to Licence Condition 9 Part D (Alternative arrangements to secure independence) of the Smart Meter Communication Licence¹ to Smart DCC Ltd (DCC).

Whereas:

1. Smart DCC Ltd (the "Licensee") is the holder of a licence (the "Licence") granted pursuant to Sections 7AB(2) and (4) of the Gas Act 1986 and Sections 6(1A) and (1C) of the Electricity Act 1989.
2. In accordance with Licence Condition 9 Part C, the Licensee must ensure that no director of the Licensee is or at any time becomes a director or an employee of, or holds or acquires investments by way of shares, securities, or other financial rights or interests in any person (or any Affiliate or Related Undertaking of such person) to whom any Services are provided as part of the Licensee's Authorised Business.
3. However, Licence Condition 9 Part D sets out that the Licensee may at any time in Writing to the Authority propose arrangements that do not conform in all respects with the restrictions imposed by Part C above, and the Authority may consent to such arrangements if it is satisfied that they will secure a sufficiently equivalent level of corporate independence for the Licensee. A consent under Part D may be given subject to such terms and conditions as the Authority considers appropriate in all of the circumstances of the case.
4. On 29 June 2022, the Licensee requested the Authority's consent for Barbara Anderson to be able to join as Chair of the Energy Saving Trust's board, while continuing to serve as an Independent Non-Executive Director for the Licensee.
5. The Licensee justified this request by explaining that:
 - a. The Energy Saving Trust (EST) is a mission-led organisation which works in the public interest to reduce energy usage and carbon emissions to address the climate emergency. EST does not have shareholders and it does not distribute any surpluses that it may make but reinvests them in its mission.
 - b. Data accessed by EST through the DCC is usage data from domestic smart meters in Scotland only. The data is therefore used only by energy advisers working for the Home Energy Scotland network (managed by EST), to advise individual householders in Scotland (only) who might benefit from this type of advice on how to reduce their energy usage in their home. The data is not used for any other purpose.

¹ The Smart Meter Communications Licences granted to the Licensee pursuant to Section 7AB(2) and (4) of the Gas Act 1986 and Sections 6(1A) and (1C) of the Electricity Act 1989 (such licences together referred to as 'the Licence').

- c. EST derives no income at all in terms of fees for this service to householders. The service is entirely funded by a grant to EST from the Scottish Government.
6. The Authority considers that consent should be given to the Licensee because the above reasons should ensure that a sufficient level of corporate independence for the Licensee can be maintained. The Authority understands that Barbara Anderson was chosen as Chair following a full competitive process and that there should be no conflict of interest in Barbara serving both organisations.
7. This consent is only granted on the basis of the assurances provided in the Licensee's June 29 Letter, and the Licensee is required to inform the Authority about any change of circumstances that have an effect on the Licensee's corporate independence requirements. Should any circumstances change this consent may be withdrawn at a later date.
8. The Licensee must ensure that its corporate independence remains uncompromised and that procedures are followed to avoid conflicts of interest.

Now the Authority consents as follows:

To the appointment of Barbara Anderson as Chair of the Energy Saving Trust (EST), while continuing to serve as a DCC Independent Non-Executive Director, provided that:

- the data used by EST continues to be used only for purposes described in paragraph 5b of this consent
 - the service remains fully funded by the Scottish Government
 - the Licensee's corporate independence is not compromised under any circumstances, with the Licensee and EST following respective rules of procedure to avoid conflicts of interest.
9. This document also constitutes a notice under section 38A of the Gas Act 1986 and section 49A Electricity Act 1989 of the reasons for the decision of the Authority to give this consent pursuant to Part D of Condition 9 of the Licence.

Dated: 12 July 2022



Rachel Clark

Deputy Director, Retail

Duly Authorised on behalf of the Gas and Electricity Markets Authority