
Decision Notice – Temporary Facilitative Licence Condition

To:

All holders of an electricity distribution licence
All holders of an electricity transmission licence
All holders of an electricity offshore transmission licence
All holders of an electricity interconnector licence
All holders of an electricity supply licence
All holders of an electricity generation licence
All holders of a gas transporter licence
All holders of a gas interconnector licence
All holders of a gas supplier licence
All holders of a gas shipper licence
The holder of a smart meter communication licence

Energy Act 2023

Section 170(1)

Decision notice for the statutory consultation on proposals to modify the conditions of the smart meter communication licence and the Standard Conditions of each other of the above licences

1. Each of the above licensees ("the Licensees") hold licences which are granted or treated as granted under provisions of the Electricity Act 1989 or the Gas Act 1986 specified in the Schedule to this decision notice.
2. Under section 170(1) of the Energy Act 2023, the Gas and Electricity Markets Authority ("the Authority")¹ gave notice on 12 April 2024 ("the Notice")² of its proposal to modify

¹ The terms "the Authority", "Ofgem", "we", "our" and "us" are used interchangeably in this document. Ofgem is the Office of the Authority.

² <https://www.ofgem.gov.uk/sites/default/files/2024-04/Appendix%201%20-%20Notice%20for%20Temporary%20Licence%20Condition.pdf>

the Licensees' licences, by inserting a temporary new condition or Standard Condition³, as specified in the Schedule of the Notice, to facilitate the transition to the Independent System Operator and Planner (ISOP)⁴.

3. The Authority proposed these modifications with the aim of obliging the Licensees to cooperate in and to not frustrate the transition to the ISOP. The modifications also proposed that the Licensees must take any reasonable steps as are within their power and necessary or expedient to enable the ISOP Implementation Objectives⁵ to be met and to give full and timely effect to the matters set out in any ISOP Change Programme⁶.
4. The consultation highlighted the scope and policy intention of the temporary new licence condition and sought views from Licensees, industry, wider stakeholders and responses from the public with an interest in the establishment of the ISOP.
5. The Authority stated that any representations to be made in respect of the proposed modifications must be made on or before 10 May 2024.
6. The Authority received a total of 18 representations regarding the proposed modifications. The respondents provided a wide range of views which broadly consist of responses either:
 - Supportive of the proposed licence modifications and its policy intention.
 - Supportive of the proposed licence modification subject to further drafting amendments.
 - Requiring greater clarity on when the proposed licence modification is likely to come into effect.
 - Clarification of the cost recovery process if Licensees are impacted by the proposed modification.

³ <https://www.ofgem.gov.uk/sites/default/files/2024-04/Appendix%20-%20Temporary%20Facilitative%20Licence%20Condition.pdf>

⁴ ISOP refers to the company designated as the ISOP with the functions, powers and duties of the ISOP under the legislation. The other legal documents such as its licences and the industry codes use that (statutory) terminology, but it is known using the registered company name of National Electricity System Operator Limited (NESO).

⁵ Part F of the proposed new condition defined these objectives; available at: [Appendix 2 – Temporary Facilitative Licence Condition](#)

⁶ Part F of the proposed new condition defined this change programme, available at: [Appendix 2 – Temporary Facilitative Licence Condition](#). It provided for the Secretary of State and the Authority to have the option of establishing such a change programme

- Clearer definition on what we meant by the “ISOP Change Programme” and relevant governance processes.
 - Unsupportive of the proposed modification as it is deemed very disproportionate to the risks associated.
7. All non-confidential representations have since been published on the Authority’s website.

Schedule

Type of licence	Provision under which granted or treated as granted
Electricity Generation Licence	Section 6(1)(a) of the Electricity Act 1989
Electricity Transmission Licence	Section 6(1)(b) of the Electricity Act 1989
Electricity Distribution Licence	Section 6(1)(c) of the Electricity Act 1989
Electricity Supply Licence	Section 6(1)(d) of the Electricity Act 1989
Electricity Interconnector Licence	Section 6(1)(e) of the Electricity Act 1989
Smart Meter Communication Licence	Section 6(1)(f) of the Electricity Act 1989 & Section 7AB(1) of the Gas Act 1986
Gas Transporter Licence	Section 7(2) of the Gas Act 1986
Gas Supplier Licence	Section 7A(1) of the Gas Act 1986
Gas Shipper Licence	Section 7A(2) of the Gas Act 1986
Gas Interconnector Licence	Section 7ZA(1) of the Gas Act 1986