

To: Smart DCC Limited

**Gas Act 1986 – Section 23(2)
Electricity Act 1989 – Section 11A (2)**

Modifications 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 24 October 2025 ('the Notice') that we propose to modify the conditions of the Smart Meter Communication Licence. We stated that any representations to the proposed modifications proposal must be made on or before 25 November 2025.
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 change should not be made.
4. We received 5 responses to the Notice, which we carefully considered. We have placed all non-confidential responses on our website. Our response to these comments is set out at in our accompanying decision document ('Decision Document').
5. We are making changes to facilitate the transition to the next holder of the Smart Meter Communication Licence. The effect of the modifications will be to:
 - a. **(By modification to Licence Condition 36 Part C, paragraph 8)** alter the definition of Pass-Through Costs to allow a flow of funds from the current Licensee to the Successor Licensee prior to Transfer Date to ensure that the Successor Licensee can recover the necessary costs associated with Business Handover activities.
6. Further details on the reasons for, and the effect of, each of these modifications can be found in the Decision Document accompanying this Notice.
7. Where an application for permission to appeal our decision is made to the Competition and Markets Authority (CMA) under section 11C of the Electricity Act and section 23B of the Gas Act, Rule 5.6 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-confidential notice setting out the matters required in Rule 5.2. Section 11A(10) of the Electricity Act and section 23(10) of the Gas Act sets out the meaning of 'relevant licence

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

² CMA 70.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1113629/Energy_Rules.pdf

holder'. The relevant licence holder in relation to these modifications is Smart DCC Ltd.

8. Under the powers contained in section 23(1)(a) of the Gas Act and section 11A(1)(a) of the Electricity Act, the Authority hereby modifies the licence conditions of the Smart Meter Communication Licence in the manner specified in attached Schedule 1. **This decision will take effect from 16 February 2026.**
9. 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.
10. A copy of the modification and other documents referred to in this Notice have been published on our website (www.ofgem.gov.uk). Alternatively, they are available from foi@ofgem.gov.uk.
11. We are not issuing hard copies of the modification documents. If, however, you do wish to receive the documents and respond by post, we are able to organise this for you. Please contact us at the email address above to request hard copies of the relevant documents and postal address for responses.



Charlotte Friel
Director, Retail Pricing & Systems
19 December 2025

Schedule 1 to Notice – Modifications to the conditions of the Smart Meter Communication Licence

We have included the section of the condition of the Smart Meter Communication Licence, which we proposed to amend, below. Deletions are shown in ~~strike through~~, and new text is double underlined. We have only shown those licence conditions where modifications are proposed.

Condition 36 Determination of the Licensee's Allowed Revenue

36.8 In the Principal Formula above:

PTC_t means the total amount of Pass-Through Costs incurred by the Licensee in Regulatory Year t, and is the sum of:

- (i) the amount that is equal to the total annual fee paid by the Licensee to the Authority during Regulatory Year t as determined in accordance with Part A of Condition 4 (Licensee's payments to the Authority);
- (ii) the amount that is equal to the payments made by the Licensee during Regulatory Year t to SECCo Ltd for purposes associated with the governance and administration of the SEC~~;~~ ~~and~~
- (iii) the amount that is equal to the payments made by the Licensee during Regulatory Year (t) to AlthANCo Ltd for purposes associated with the Alt HAN Arrangements~~;~~ and
- (iv) the amount that is equal to the payments made by the Licensee to the Successor Licensee for purposes associated with Business Handover as the Authority may direct.