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for energy consumers

Direct Dial: 020 7901 3907  
Email: [switchingprogramme@ofgem.gov.uk](mailto:switchingprogramme@ofgem.gov.uk)

Date: 06 December 2018

Dear Colleagues,

### **Modification of the conditions of the smart meter communication licence**

Please find enclosed a modification of the standard conditions of the smart meter communication licence.

We gave notice on 16 October 2018<sup>1</sup> that we proposed to make modifications to the smart meter communication licence. We asked for any representations to the modification to be made on or before 16 November 2018.

The reasons and effects of the modification are described in the attached Notice to Modify.

We received 40 responses to the statutory consultation. We have considered these responses when making our decision on the proposed modification. A summary and discussion of those responses and the consequential typographical corrections made from these can be found in the Decision Summary annex to this document. Those responses marked as non-confidential have been published alongside this letter on our website.

Having considered the responses, the Authority has decided to proceed with the modifications to the standard conditions of the smart meter communication licence. The modifications will come into effect at the end of 1 February 2019.

If you have any queries about this letter, please contact  
[switchingprogramme@ofgem.gov.uk](mailto:switchingprogramme@ofgem.gov.uk)

Yours faithfully,

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

**06 December 2018**

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<sup>1</sup> <https://www.ofgem.gov.uk/publications-and-updates/switching-programme-regulation-and-governance-way-forward-and-statutory-consultation-licence-modifications>

## Annex 1 - Decision Summary

### Background

Our October consultation set out our proposed modifications to the Smart Meter Communication Licence ('DCC licence') to extend its role into design, build and test and early years of live operations. This followed on from previous consultations that set out the DCC's role and our initial proposed modifications.

Our October statutory consultation had 40 respondents. The majority of respondents raised no issues with the proposed text with many noticing and appreciating the additional text added following the responses received to our June consultation<sup>2</sup>. This included:

- consideration should be given to what is economic and efficient for the industry and as far as is practicable the end consumer;
- DCC should ensure that it meets its obligations with consideration to the timings set out within the programme plans and the REC; and
- clarification that DCC's role in the General Centralised Registration Service Objective includes the timely provision, delivery, management and upkeep of a reliable, efficient, economic and secure CRS that will improve consumers' experience of switching.

Decisions on the long-term future of the provision of the CSS are likely to be affected by any changes in the regulation of the retail energy market. We have said that we will keep under review whether the Smart Communications licensee remains the right party to be responsible for operation of the CSS, and that the end of the current licence term (September 2025) provides a likely opportunity for such a review. This review could include consideration of the best placed body to manage the Switching Service, performance on the programme as well as relevant performance on other industry programmes.

### Modifications

We have made few typographical corrections to the text set out in our October consultation. These are set out in the table below.

Licence Condition	Modification
14.7	Addition of reference to REC Parties to bring in line with surrounding clauses
15.2(b), 15.4(e) and 15.5AA(d)	Clarifying the specific objectives being referred to by naming
15.4(d)(ii)	Semi-colon added and Capitalisation of 'L' in Licence
15.5AA	Correcting numbering of sub-clause
15.5AA(c)(ii) and 15.7	Capitalisation of 'L' in Licence
15.5AA(c)(ii)	Semi-colon added
17.26	Addition of reference to the REC to bring in line with surrounding clauses
18.1A	Clarifying the specific objectives being referred to by naming
21.13	Full stop at the end of this clause
21.14	Various capitalisations. Deletion of "as necessary" and insertion of "reasonable requests"
21.15	Paragraph reference corrected and various capitalisations
21.16	Various capitalisation and insertion of "consulted upon"
22.21	Spelling correction
43.20	Addition of reference to REC Parties to bring in line with surrounding clauses

<sup>2</sup> <https://www.ofgem.gov.uk/publications-and-updates/switching-programme-proposed-modifications-regulation-and-governance>

## **Next Steps**

We have decided to proceed with the modification and have issued notice of this. The modification will come into effect 1 February 2019.

## **Price Control**

We also used the October consultation to seek views on our proposed margin and incentives framework to be placed on DCC during DBT. We have allowed an extended period for responses to this. We have already received a number of responses to these questions which are considering. Following review and consideration of all responses we will issue the direction to define the Centralised Registration Service Performance Adjustment term in early 2019.

A small number of respondents raised concerns with the charging methodology within the SEC. We are not a party to the SEC and therefore unable to raise a modification to the SEC ourselves. As we set out in our October consultation; any SEC Party that feels this is not a fair or proportionate application over this period, is able to raise a modification request to the SEC. The Charging Methodology is subject to modification in accordance with SEC Section D (Modification Process) with reference to the Charging Objectives set out in Section C (Governance).