

**To: All holders of a gas supply licence**

**Gas Act 1986  
Section 23(1)(b)**

**Modification of the standard conditions of all gas supply licences**

1. Each of the licensees to whom this document is addressed has a supply licence which has been granted or treated as granted under Section 7A(1) of the Gas Act 1986 ('the Act').
2. Under section 23(2) of the Act the Gas and Electricity Markets Authority ('the Authority')<sup>1</sup> gave notice on 1 October 2019 ('the Notice') that we proposed to introduce Standard Licence Condition 38A in the manner set out in Appendix 1 to this notice. We stated that any representations to the modification proposal must be made on or before 26 November 2019.
3. A copy of the Notice was sent to the Secretary of State in accordance with section 23(4)(b) of the Act, and we have not received a direction that the change should not be made.
4. We received 24 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 in the accompanying letter.
5. It is necessary to make a number of minor alterations to the modifications set out in the Notice in order to reflect the Government's decision on the final Smart Meter Rollout Framework to commence on 1 July 2021. These changes can be found in a table included in Appendix 2 to this notice.
6. We are making these licence modifications inserting standard licence condition 38A into the gas supply licence, in order to reflect the Government's decision to implement a new smart meter rollout framework. This notice is published alongside

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

an accompanying letter setting out our modifications to the gas supply licence and explains our reasons, in more detail, for implementing the modifications.

7. The effect of this licence modification is to set out licensees' reporting requirements commencing on the day after the ARS Specified Date<sup>2</sup> in respect of their rollout of smart meters, the timing for reporting to the Authority and licensees publication requirements. In particular, the obligations to:
  - a. set out the annual smart meter reporting requirements for licensees with additional reporting requirements for licensees with 150,000 customers or more;
  - b. set out the timing for submission of beginning of the year reports from mid-2021 to mid-2024 and end of the year reports from mid-2022 to mid-2025;
  - c. make provisions for licensees publication requirements;
  - d. make provision requiring the submission of a narrative to be provided by licensees to the Authority regarding their annual smart meter installation performance;
  - e. confer power to issue directions to the Authority;
8. Where an application for permission to appeal our decision is made to the Competition and Markets Authority (CMA) under section 23B of the Act, Rule 5.7 of the Energy Licence Modification Appeals: Competition and Markets Authority Rules<sup>3</sup> 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. The attached Appendix 3 provides a list of the relevant licence holders in relation to this modification. Section 23(10) of the Act sets out the meaning of 'relevant licence holder'.

Under the powers contained in section 23(1)(b) of the Act, we hereby modify the standard licence conditions for all gas supply licences in the manner specified in attached Appendix 1. This decision will take effect from 05 February 2021.

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<sup>2</sup> ARS Specified Date is 30 June 2021 as defined in Gas Supply Licence SLC 1.2

<sup>3</sup> CMA70 [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/655601/energy-licence-modification-appeals-rules.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/655601/energy-licence-modification-appeals-rules.pdf)

This document is notice of the reasons for the decision to modify the gas supply licences as required by section 38A of the Act.

**Jacqui Russell**

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**Jacqui Russell**  
**Head of Metering & Market Operations**  
**Duly authorised on behalf of the**  
**Gas and Electricity Markets Authority**

**10 December 2020**

## **Appendix 1: Proposed Modifications to the gas supply licence Related to Smart Meter Rollout Reporting to the Authority**

Text which has been removed is strike through

Text which has been added is double underscored

Changes to drafting from the statutory consultation notice have been highlighted in yellow

### **Condition 38A: Roll-out and Installation of smart meters – Licensees reporting and publication requirements to the Authority**

#### **Beginning of the year reporting and publication obligation**

38A.1 By no later than 31 January in each of the four calendar years commencing on 1 January 2021 the last day of the first month of every Rollout Year the licensee must submit a Beginning Of The Year Report to the Authority.

38A.2 No later than 2 working days after the licensee submitted the Beginning Of The Year Report to the Authority, the licensee must publish prominently on its website the Annual Energy Supplier Milestone number Target Number. Relevant Suppliers must also publish prominently on their websites the additional information required to be included in their Beginning Of The Year Report under paragraph 38A.4.

38A.3 In the Beginning Of The Year Report the licensee must include the following information:

(a) The Annual Energy Supplier Milestone number Target Number for the Relevant Year;

(b) Number of Qualifying Relevant Premises without a Qualifying Metering System as of 31 December in the calendar year the last day of the Rollout Year ending immediately before the Relevant Year;

(c) Licensee's total number of gas customers eligible for or with a Qualifying Metering System installed as of 31 December in the calendar year the last day of the Rollout Year ending immediately before the Relevant Year; and

(d) Hyperlink to the **Annual Energy Supplier Milestone number** Target Number published in accordance with paragraph 38A.2.

38A.4 In the Beginning Of The Year Report, Relevant Suppliers must include the following additional information for the Relevant Year:

(a) Number of credit meter customers for whom the Relevant Suppliers intend to install for the first time a Qualifying Metering System at Qualifying Relevant Premises;

(b) Number of pre-payment customers for whom the Relevant Suppliers intend to install for the first time a Qualifying Metering System at Qualifying Relevant Premises;

(c) Number of Domestic Customers for whom the Relevant Suppliers intend to install for the first time a Qualifying Metering System at Qualifying Relevant Premises;

(d) Number of Non-Domestic customers for whom the Relevant Suppliers intend to install for the first time a Qualifying Metering System at Qualifying Relevant Premises; and

(e) any other information as specified in a direction issued by the Authority pursuant to SLC 38A.9 and SLC 38A.10.

### **End of year performance reporting and publication obligation**

38A.5 By no later than **31 January in each of the four calendar years commencing on 1 January 2022** one month after the end of each Rollout Year, the licensee must submit an End Of Year Performance Report to the Authority.

38A.6 At the same time as the licensee submits the End Of Year Performance Report to the Authority the licensee must publish the number of Qualifying Metering Systems installed in Qualifying Relevant Premises in the Relevant Previous Year prominently on its website alongside the **Annual Energy Supplier Milestone number** Target Number for the Relevant Previous Year. Relevant Suppliers must also publish prominently on their websites the additional information required to be included in their End Of Year Performance Report under paragraph 38A.8.

38A.7 In the End Of Year Performance Report the licensee must include the following information:

(a) whether it met its **Annual Energy Supplier Milestone number** Target Number for the Relevant Previous Year;

(b) Number of Qualifying Metering Systems installed for Qualifying Relevant Premises for the Relevant Previous Year;

(c) Licensee's total number of gas customers eligible for or with a Qualifying Metering System installed **31 December** on the last day of the Rollout Year for the Relevant Previous Year;

(d) Information related to Qualifying Metering Systems installed compared to planned installations in the Beginning Of The Year Report; and

(e) Hyperlink to the number of Qualifying Metering Systems installed published in accordance with paragraph 38A.6.

38A.8 In the End Of Year Performance Report, Relevant Suppliers must include the following additional information for the Relevant Previous Year:

(a) Number of Qualifying Metering Systems installed at Qualifying Relevant Premises for the first time for credit customers;

(b) Number of Qualifying Metering Systems installed at Qualifying Relevant Premises for the first time for prepayment customers;

(c) Number of Qualifying Metering Systems installed at Qualifying Relevant Premises for the first time for domestic customers; and

(d) Number of Qualifying Metering Systems installed at Qualifying Relevant Premises for the first time for non-domestic customers.

### **Direction**

38A.9 The licensee must comply with any directions the Authority may issue for the purposes of this condition and which are addressed to it or to a category of Gas Suppliers of which it is a member.

38A.10 A direction issued by the Authority may, in particular, specify:

(a) the format of the Beginning Of The Year Report and the End Of Year Performance Report;

(b) the form and manner in which the information required under paragraph 38A.3 and, where applicable, 38A.4 must be included in the Beginning Of The Year Report;

(c) the form and manner in which the information required under paragraph 38A.7 and, where applicable, paragraph 38A.8 must be included in the End Of Year Performance Report;

(d) requirements in relation to the submission of the Beginning Of The Year Report and the End Of Year Performance Report in addition to the requirements under paragraphs 38A.1 and 38A.5;

(e) the manner and method by which any specified information in the Beginning Of The Year Report or the End Of Year Performance Report must be published by the licensee in addition to the requirements to publish under paragraph 38A.2 and 38A.6; and

(f) the information the licensee must include in the End Of Year Performance Report, which may, where the licensee is required to provide a rollout report to the Secretary of State under SLC 37 (Rollout Reporting and Provision of Information to the Secretary of State), include such parts of the rollout report as are specified in the direction.

## **Definitions**

38A.11 For the purposes of this condition:

**Annual Energy Supplier**

means the energy supplier

**Milestone number**

milestone number determined in

	accordance with SLC 33A. for the Relevant Year.
<b><u>Beginning Of The Year Report</u></b>	<u>means the report containing the information set out in paragraph 38A.3 and, where applicable, paragraph 38A.4 required to be submitted to the Authority in accordance with paragraph 38A.1.</u>
<b><u>End Of Year Performance Report</u></b>	<u>means the report containing the information set out in paragraph 38A.7 and, where applicable, paragraph 38A.8 required to be submitted to the Authority in accordance with paragraph 38A.5.</u>
<b><u>Energy Customer</u></b>	<u>has the meaning as defined in SLC 39.46.</u>
<b><u>Qualifying Metering Systems</u></b>	<u>As defined in standard condition 33A.2.</u>
<b><u>Qualifying Relevant Premises</u></b>	<u>means premises meeting the requirements set out in standard condition 33A.3.</u>
<b><u>Relevant Previous Year</u></b>	<u>means the calendar year Rollout Year ending immediately before the year in which the End Of Year Report is required to be submitted in accordance with SLC 38A.5.</u>
<b><u>Relevant Supplier</u></b>	<u>means a gas or electricity supplier which:</u> <u>(a) is authorised by its licence to supply gas or electricity to an Energy Customer; and</u> <u>(b) supplies either gas or electricity (or both) to 150,000, or more, Energy Customers.</u>



**Relevant Year**

means the calendar year Rollout Year in which the Beginning Of The Year Report is required to be submitted in accordance with SLC 38A.1.

**Rollout Year**

means the twelve month period in each year, beginning on the date immediately following the ARS Specified Date.

**Target Number**

means the target number calculated in accordance with SLC 33A.5.

## Appendix 2: Table of amendments to legal drafting from consultation position

Condition	Amendments to drafting	Reason for amendments
38A.1	By no later than <u>the last day of the first month of every Rollout Year</u> <del>[31 January in each of the four calendar years commencing on 1 January 2021]</del> the licensee must submit a Beginning Of The Year Report to the Authority.	To reflect updated drafting in condition 33A.
38A.2	No later than 2 working days after the licensee submitted the Beginning of The Year Report to the Authority, the licensee must publish prominently on its website the <u>Target Number</u> . <del>[Annual Energy Supplier Milestone number]</del> .	To reflect updated drafting in condition 33A.5
38A.3 (a)	The <u>Target Number</u> <del>[Annual Energy Supplier Milestone number]</del> for the Relevant Year;	To reflect updated drafting in condition 33A.5
38A.3 (b)	Number of Qualifying Relevant Premises without a Qualifying Metering System as of <u>the last day of the Rollout Year</u> <del>[31 December in the calendar year]</del> ending immediately before the Relevant Year;	To reflect updated drafting in condition 33A.
38A.3 (c)	Licensee's total number of gas customers eligible for or with a Qualifying Metering System installed as of <u>the last day of the Rollout Year</u> <del>[31 December in the calendar year]</del> ending immediately before the Relevant Year;	To reflect updated drafting in condition 33A.
38A.3 (d)	Hyperlink to the <u>Target Number</u> <del>[Annual Energy Supplier Milestone number]</del> published in accordance with paragraph 38A.2.	To reflect updated drafting in condition 33A.

38A.5	By no later than <u>one month after the end of each Rollout Year</u> <del>[31 January in each of the four calendar years commencing on 1 January 2022]</del> the licensee must submit an End Of Year Performance Report to the Authority.	To reflect updated drafting in condition 33A.
38A.6	At the same time as the licensee submits the End Of Year Performance Report to the Authority the licensee must publish the number of Qualifying Metering Systems installed in Qualifying Relevant Premises in the Relevant Previous Year prominently on its website alongside the <u>Target Number</u> <del>[Annual Energy Supplier Milestone number]</del> for the Relevant Previous Year. Relevant Suppliers must also publish prominently on their websites the additional information required to be included in their End Of Year Performance Report under paragraph 38A.8.	To reflect updated drafting in condition 33A.5
38A.7 (a)	whether it met its <u>Target Number</u> <del>[Annual Energy Supplier Milestone number]</del> for the Relevant Previous Year;	To reflect updated drafting in condition 33A.5
38A.7 (c)	Licensee's total number of gas customers eligible for or with a Qualifying Metering System installed as of <u>the last day of the Rollout Year</u> <del>[31 December]</del> for the Relevant Previous Year;	To reflect updated drafting in condition 33A.
38A.11	<del>[Annual Energy Supplier Milestone number: means the energy supplier milestone number determined in</del>	To reflect updated drafting in condition 33A.

	accordance with SLC 33A.5 for the Relevant Year.]	
38A.11	Relevant Previous Year: means the Rollout Year [calendar year] ending immediately before the year in which the End Of Year Report is required to be submitted in accordance with SLC 38A.5.	To reflect updated drafting in condition 33A.
38A.11	Relevant Year: means the Rollout Year [calendar year] in which the Beginning Of The Year Report is required to be submitted in accordance with SLC 38A.1.	To reflect updated drafting in condition 33A.
38A.11	<u>Rollout Year: means the twelve month period in each year, beginning on the date immediately following the ARS Specified Date.</u>	To reflect updated drafting in condition 33A.
38A.11	<u>Target Number: means the target number calculated in accordance with SLC 33A.5.</u>	To reflect updated drafting in condition 33A.5

### Appendix 3: relevant licence holders<sup>4</sup>

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<sup>4</sup> Gas licence holders are listed at: <https://www.ofgem.gov.uk/publications-and-updates/list-all-gas-licensees-including-suppliers>