

To: Smart DCC Limited

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

**Notice of statutory consultation on a proposal to modify the conditions of the
smart meter communication licence**

1. The Gas and Electricity Markets Authority ('the Authority')¹ proposes to modify the conditions of the Smart Meter Communication Licence granted or treated as granted under section 7AB(2) and (4) of the Gas Act 1986 and section 6(1A) and (1C) of the Electricity Act 1989 ('the DCC Licence') by amending Licence Condition 38.
2. We are proposing these modifications to allow for the amendment of the Operational Performance Regime (OPR). This is consistent with the original policy intent of licence condition 38 to ensure that DCC is effectively incentivised, and ensures the OPR will remain fit for purpose over the licence period.
3. These modifications will also allow for the issuance of guidance regarding the process, procedures and criteria used to determine the value of the terms applied in the BMOPA calculation.
4. The proposed modifications to licence condition 38 is set out in Schedule 1. A copy of the proposed modifications 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.
5. Any representations with respect to the proposed licence modifications must be made on or before 12 June 2020 to: Andrew Roberts, Office of Gas and Electricity Markets, 10 South Colonnade, Canary Wharf, London, E14 4PU or by email to smartmetering@ofgem.gov.uk.
6. We normally publish all responses on our website. However, if you do not wish your response to be made public then please clearly mark it as not for publication. We prefer to receive responses in an electronic form so they can be placed easily on our website.
7. If we decide to make the proposed modifications, they will take effect not less than 56 days after the decision is published.

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

12 May 2020

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

Schedule 1

PROPOSED MODIFICATIONS TO THE SMART METER COMMUNICATION LICENCE

Licence Condition	Original text	Proposed text	Reason for change
38.9	<p>38.9 The provisions of Schedule 4 will be developed and populated (subject to paragraph 38.10) by the Authority in a direction to be given to the Licensee for the purposes of paragraph 38.8 no earlier than 31 March 2016, but no later than 31 August 2020, following consultation with the Licensee, the SEC Panel, and SEC Parties.</p>	<p>38.9 The provisions of Schedule 4 will be developed and populated (subject to paragraph 38.10) by the Authority in a direction to be given to the Licensee for the purposes of paragraph 38.8 no earlier than 31 March 2016, but no later than 31 August 2020, following consultation with the Licensee, the SEC Panel, and SEC Parties.</p> <p><u>(a) Following the initial population of the provisions of Schedule 4, these provisions may be amended subject to paragraph 38.10 in any given regulatory year by the Authority in a direction to be given to the Licensee for the purposes of paragraph 38.8, following consultation with the Licensee, the SEC Panel, and SEC Parties.</u></p> <p><u>(b) The Authority may issue (and may from time to time revise after consulting with the Licensee), guidance (“OPR Guidance”) regarding the process, procedures and criteria used to determine the value of the terms applied in the BMOPA calculation. The new, or revised, OPR Guidance must be published before the beginning of the Regulatory Year in which it is to take effect.</u></p>	<p>These changes allow for the amendment of the OPR and the issuance of guidance, thus enabling the DCC’s performance to be effectively incentivised over the licence period.</p>