

# Smart Energy Code Stage 3: Consultation Version

**Dated: 23 September 2013**

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## Smart Energy Code

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### **SEC Subsidiary Documents:**

**Appendix A:** SMKI Device Certificate Policy

**Appendix B:** SMKI Organisation Certificate Policy

**Appendix C:** SMKI Compliance Policy

**INTRODUCTION**

- A) This Code has been designated by the Secretary of State pursuant to the DCC Licence, and is subject to modification in accordance with the Secretary of State's statutory powers and the DCC Licence.
- B) The Parties comprise the DCC, Users (or prospective Users) of DCC's Services, and persons holding certain Energy Licences that are obliged by those licences to accede to this Code (some of whom are Users of DCC's Services).
- C) The Original Parties have agreed to give effect to, and to be bound by, this Code in accordance with the Framework Agreement.
- D) The other Parties have agreed to give effect to, and to be bound by, this Code in accordance with an Accession Agreement.
- E) SECCo is a company established to facilitate the operation of this Code. SECCo is not a Party (as defined), and only has rights and obligations under this Code where specified.

## SECTION A: DEFINITIONS AND INTERPRETATION

### A1 DEFINITIONS

A1.1 In this Code, except where the context otherwise requires, the expressions in the left hand column below shall have the meanings given to them in the right hand column below:

<b>Acceptance Testing</b>	means testing of a software release undertaken by Users in order to determine whether the required specification for that software is met.
<b>Accession Agreement</b>	means an accession agreement entered into pursuant to Section B1 (Accession).
<b>Acknowledgement</b>	means, in respect of any Service Request or Signed Pre-Command sent by a User to the DCC, a communication by the DCC to the User via the DCC User Gateway acknowledging receipt of the User's communication.
<b>Affected Party</b>	has the meaning given to that expression in the definition of Force Majeure.
<b>Affiliate</b>	means, in relation to any person, any holding company of that person, any subsidiary of that person or any subsidiary of a holding company of that person, in each case within the meaning of section 1159 of the Companies Act 2006.
<b>Agency for the Co-operation of Energy Regulators</b>	means the agency of that name established under Regulation 2009/713/EC of the European Parliament and of the Council of 13 July 2009 establishing an Agency for the Co-operation of Energy Regulators.
<b>Alert</b>	means a DCC Alert or a Device Alert.

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<b>Alternate</b>	has the meaning given to that expression in Section C5.19 (Alternates).
<b>Alternative Proposal</b>	has the meaning given to that expression in Section D6.15 (Alternative Proposals).
<b>Anomalous Event</b>	means, in relation to any System, an activity or event that is not expected to occur in the course of the ordinary operation of that System.
<b>Applicant</b>	has the meaning given to that expression in Section B1.1 (Eligibility for Admission).
<b>Application Fee</b>	has the meaning given to that expression in Section B1.5 (Application Fee).
<b>Application Form</b>	means a form requesting the information set out in Schedule 5 (and which must not request any further information), in such format as the Code Administrator may determine from time to time.
<b>Application Guidance</b>	has the meaning given to that expression in Section B1.4 (Application Form and Guidance).
<b>Application Server</b>	means a software framework that enables software applications to be installed on an underlying operating system, where that software framework and operating system are both generally available either free of charge or on reasonable commercial terms.
<b>Appropriate Permission</b>	means, in respect of a Communication Service or Local Command Service to be provided to a User in respect of a Smart Metering System at a premises that will result in the User obtaining Consumption Data, either:  (a) (where that User is the Import Supplier, Export Supplier, Gas Supplier, Electricity Distributor or

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Gas Transporter for that Smart Metering System) that the User does not need consent to access that Consumption Data in accordance with its Energy Licence, or that the User has consent (whether explicit or implicit) in accordance with the requirements of its Energy Licence; or

- (b) (where that User is not the Import Supplier, Export Supplier, Gas Supplier, Electricity Distributor or Gas Transporter for that Smart Metering System) that the Energy Consumer has given the User explicit consent to obtain that Consumption Data and such consent has not been withdrawn.

**Approved Budget** has the meaning given to that expression in Section C8.13 (Approval of Budgets).

**Approved Finance Party** means, in respect of each Communications Hub Finance Facility, the person to whom the DCC accepts payment obligations under the Direct Agreement relating to that facility, and which has (from time to time) been notified by the DCC to the Authority and the Panel as meeting the requirements of this definition.

**Authority Revocation List (or ARL)** has the meaning given to that expression in Annex A of the Organisation Certificate Policy.

**Associated** means:

- (a) in respect of a Smart Meter, that the Smart Meter is identified in the Smart Metering Inventory as being associated with a Communications Hub Function; and
- (b) in respect of any Device other than a Smart Meter or a Communications Hub Function, that

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the Device is identified in the Smart Metering Inventory as being associated with a Smart Meter,

and the expression “**Associate**” shall be interpreted accordingly.

**Assurance Certificate** has the meaning given to that expression in Section F2.4 (Background to Assurance Certificates).

**Assurance Certification Body** has the meaning given to that expression in Section F2.3 (Background to Assurance Certificates).

**Authorised Business** in relation to the DCC, has the meaning given in the DCC Licence.

**Authorised Subscriber** means a Party which is an Authorised Subscriber for the purposes (and in accordance with the meaning given to that expression in Annex A) of either or both of the Certificate Policies.

**Authority** means the Gas and Electricity Markets Authority as established under section 1 of the Utilities Act 2000.

**Auxiliary Load Control** means, in respect of a premises, a device installed for the purposes of the Supply of Energy to that premises that, on the date on which it is installed, as a minimum:

- (a) consists of the apparatus identified in;
- (b) has the functional capability specified by; and
- (c) complies with the other requirements of,

Section 5, Part D of the Smart Metering Equipment Technical Specification that is applicable at that date and was published on or after [*SMETS2 date*] (or, in the context of a device that has not yet been installed, means a device that is intended to meet the foregoing

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requirements once it has been installed).

<b>Back-Up</b>	means, in relation to Data which is held on any System, the storage of a copy of that Data for the purpose of ensuring that the copy may be used (if required) to restore or replace the original Data; and “ <b>Backed-Up</b> ” is to be interpreted accordingly.
<b>Bank Guarantee</b>	means an on demand bank guarantee in a form reasonably acceptable to the DCC from a bank with the Required Bank Rating which guarantee has not been breached or disclaimed by the provider and has at least one month left until it expires.
<b>Batched Certificate Signing Request</b>	has the meaning given to that expression in Section L8.2 (SMKI Services: Target Response Times).
<b>Bilateral Agreement</b>	means an agreement entered into pursuant to Section H7 (Elective Communication Services) between the DCC and a User.
<b>Cash Deposit</b>	means a deposit of funds by or on behalf of the User into a bank account in the name of the DCC, such that title in such funds transfers absolutely to the DCC.
<b>Certificate</b>	means a Device Certificate, DCA Certificate, Organisation Certificate or OCA Certificate.
<b>Certificate Policy</b>	means either the Device Certificate Policy or the Organisation Certificate Policy.
<b>Certificate Revocation List (or CRL)</b>	has the meaning given to that expression in Annex A of the Organisation Certificate Policy.
<b>Certificate Signing Request</b>	means a request for a Certificate submitted by an Eligible Subscriber in accordance with the RAPP.

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<b>Certified Products List</b>	has the meaning given to that expression in Section F2.1 (Certified Products List).
<b>CESG</b>	means the UK Government's national technical authority for information assurance.
<b>Change Board</b>	has the meaning given to that expression in Section D8.1 (Establishment of the Change Board).
<b>Change Board Member</b>	has the meaning given to that expression in Section D8.4 (Membership of the Change Board).
<b>Charges</b>	means the charges payable to the DCC pursuant to this Code (including pursuant to Bilateral Agreements).
<b>Charging Methodology</b>	means the methodology for determining the Charges, as set out in Section K (Charging Methodology).
<b>Charging Objectives</b>	has the meaning given to that expression in Section C1 (SEC Objectives).
<b>Charging Statement</b>	means, from time to time, the statement prepared by DCC pursuant to Condition 19 of the DCC Licence that is in force at that time.
<b>Check Cryptographic Protection</b>	<p>means, in respect of a communication, to check the Digital Signature or Message Authentication Code, as applicable, in accordance with:</p> <ul style="list-style-type: none"><li>(a) where the Digital Signature or Message Authentication Code has been applied by a Device, the GB Companion Specification; or</li><li>(b) where the Digital Signature or Message Authentication Code has been applied by the DCC or a User, the DCC User Gateway Interface Specification,</li></ul>

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and in each case using the Certificate corresponding to the Device ID, User ID or DCC ID included within the communication.

<b>Code</b>	means this Smart Energy Code (including its Schedules and the SEC Subsidiary Documents).
<b>Code Administration Code of Practice</b>	means the document of that name as approved by the Authority from time to time.
<b>Code Administration Code of Practice Principles</b>	means the principles set out as such in the Code Administration Code of Practice.
<b>Code Administrator</b>	has the meaning given to that expression in Section C7.1 (Code Administrator).
<b>Code Performance Measures</b>	means the performance measures set out in Section H13.1 (Code Performance Measures) or L8 (SMKI Performance Standards and Demand Management).
<b>Command</b>	means a communication to a Device in the format required by the GB Companion Specification.
<b>Commercial Activities</b>	includes, in particular, Energy Efficiency Services, Energy Management Services, Energy Metering Services, and Energy Price Comparison Services, in each case as defined in the DCC Licence and in relation to the Supply of Energy (or its use) under the Electricity Act and the Gas Act.
<b>Commissioned</b>	means:  (a) in respect of a Communications Hub Function, that it has been installed and commissioned in accordance with Section H5.17 (Commissioning of Communications Hub Functions); or  (b) in respect of any other Device, that it has been

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installed and commissioned in accordance with Section H5.21 or H5.23 (Commissioning of other Devices),

and (in each case) that such Device has not subsequently been Decommissioned, Withdrawn or Suspended.

**Common Test Scenario Document**

means the SEC Subsidiary Document set out in Appendix [TBC], which is originally to be developed pursuant to Section T5 (Development of Test Scenario Documents).

**Communication Services**

means the Core Communication Services or the Elective Communication Services.

**Communications Hub**

has the meaning given to that expression in the DCC Licence.

**Communications Hub Charges**

*[The charging regime for Communications Hubs is to be the subject of future consultations.]*

**Communications Hub Finance Acceleration Event**

means, in respect of each Communications Hub Finance Facility, that:

- (a) an acceleration of repayment of the indebtedness thereunder occurs such that it is immediately due and payable by the borrower in circumstances where the DCC is liable for the same under the Direct Agreement; or
- (b) the DCC becomes liable under the Direct Agreement to immediately pay the unamortised asset value of the Communications Hubs to which that facility relates.

**Communications Hub Finance Charges**

[means, in respect of each Communications Hub Finance Facility, the DCC's charge to recover the

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applicable Communications Hub Finance Costs (being a subset of the Communications Hub Charges).]

### **Communications Hub Finance Costs**

means, in respect of each Communications Hub Finance Facility, the costs the DCC incurs in procuring the provision (but not the maintenance) of the tranche of Communications Hubs to which that facility relates.

### **Communications Hub Finance Facility**

means a facility relating exclusively to the funding of the cost of acquiring a tranche of Communications Hubs, including by way of a loan facility, an equity subscription, or an assignment or sale of receivables.

### **Communications Hub Function**

means, in respect of a premises, a device installed for the purposes of the Supply of Energy to that premises that, on the date on which it is installed, as a minimum:

- (a) consists of the apparatus identified in;
- (b) has the functional capability specified by; and
- (c) complies with the other requirements of,

the Communications Hub Technical Specification (excluding those provisions that apply only to ‘Gas Proxies’) that is applicable at that date and was published on or after [*SMETS2 date*] (or, in the context of a device that has not yet been installed, means a device that is intended to meet the foregoing requirements once it has been installed).

### **Communications Hub Hot Shoe**

means equipment, other than a Smart Meter, to which a Communications Hub can be connected (provided the Communications Hub complies with the ICHIS).

### **Communications Hub Service**

means the Service described in Section [TBC] (Communications Hub Service).

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<b>Competent Authority</b>	means the Secretary of State, the Authority, and any local or regional or national agency, authority, department, inspectorate, minister, ministry, official or public or statutory person (whether autonomous or not) of the government of the United Kingdom or of the European Union (but only insofar as each has jurisdiction over the relevant Party, this Code or its subject matter).
<b>Completion of Implementation</b>	has the meaning given to that expression in Section XI (General Provisions Regarding Transition).
<b>Compromised</b>	means: <ul style="list-style-type: none"><li>(a) in relation to any System, that the intended purpose or effective operation of that System is compromised by the occurrence of any event which has an adverse effect on the confidentiality, integrity or availability of the System or of any Data that are stored on or communicated by means of it;</li><li>(b) in relation to any Device, that the intended purpose or effective operation of that Device is compromised by the occurrence of any event which has an adverse effect on the confidentiality, integrity or availability of the Device or of any Data that are stored on or communicated by means of it;</li><li>(c) in relation to any Data, that the confidentiality, integrity or availability of that Data is adversely affected by the occurrence of any event;</li><li>(d) in relation to any Secret Key Material, that that</li></ul>

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Secret Key Material (or any part of it), or any Cryptographic Module within which it is stored, is accessed by, or has become accessible to, a person not authorised to access it; and

- (e) in relation to any Certificate, that any of the following Private Keys is Compromised:
  - (i) the Private Key associated with the Public Key that is contained within that Certificate;
  - (ii) the Private Key used by the relevant Certification Authority to Digitally Sign the Certificate; or
  - (iii) where relevant, the Private Key used by the relevant Certification Authority to Digitally Sign the Certification Authority Certificate associated with the Private Key referred to in (ii),

(and “**Compromise**” and “**Compromising**” are to be interpreted accordingly).

**Confidential Information** means, in respect of a Party other than DCC, the Data belonging or relating to that Party or that otherwise becomes available to the DCC as a result (whether directly or indirectly) of that Party being a party to this Code.

**Confirm Validity** means:

- (a) where the DCC or relevant User has not previously done so in relation to a particular Certificate (including a Certificate contained within a Service Request or Command), to

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confirm that the Certificate is not a Test Certificate and to successfully confirm the certificate path validation in accordance with:

- (i) for Device Certificates, the GB Companion Specification; or
- (ii) for other Certificates either:

- (A) by using the algorithm specified in ‘IETF RFC 5280’ (as defined in the GB Companion Specification); or

- (B) by using functionality equivalent to the external behaviour resulting from that algorithm,

and for either such purpose, the ‘trust anchor’ information (with the meaning of IETF RFC 5280) shall be that in the Root OCA Certificate; and

- (b) in relation to DCC Certificates that are to be used by Users to check Cryptographic Protection in accordance with the User Gateway Interface Specification, to confirm that:

- (i) the Certificate validity period includes the then current time;

- (ii) that the User has not been notified in accordance with Section L (Smart Metering Key Infrastructure) that the Certificate has been placed on the Certificate Revocation List; and

- (iii) confirm that the Certificate is not a Test Certificate; or

- (c) in relation to User Certificates that are used by

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DCC to Check Cryptographic Protection in accordance with the User Gateway Interface Specification, to confirm that:

- (i) the Certificate validity period includes the then current time;
- (B) the Certificate has not been placed on the Certificate Revocation List; and
- (C) the Certificate is not a Test Certificate.

**Consultation Summary** has the meaning given to that expression in Section D6.14 (Working Group Consultation).

**Consumer Data** has the meaning given to that expression in Section M5.6 (Consumer Data).

**Consumer Member** has the meaning given to that expression in Section C3.1 (Panel Composition).

**Consumption Data** means, in respect of a premises, the quantity of electricity or gas measured by the Energy Meter as having been supplied to the premises.

**Core Communication Services** means the provision of the Services set out in the DCC User Gateway Services Schedule in a manner that involves communication via the SM WAN, but excluding the Enrolment Services.

**Correlate** means, in respect of one or more Pre-Commands received by a User from the DCC in respect of a Service Request sent by that User, carrying out a process to check that the Pre-Command or Pre-Commands are substantively identical to that Service Request using either (at the User's discretion):

- (a) the Parse and Correlate Software; or

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(b) equivalent software procured or developed by the User in accordance with Good Industry Practice,

and “**Correlated**” shall be interpreted accordingly.

#### **CoS Party**

means the DCC when performing the role of updating Security Credentials on Devices in response to ‘CoS Update Security Credentials’ Service Requests, in respect of which role the DCC will be treated in some respects as if it was a User (as further described in Section H4.15 (‘CoS Update Security Credentials’ Service Requests)).

#### **CPA Certificates**

has the meaning given to that expression in Section F2.4 (Background to Assurance Certificates).

#### **Credit Assessment Score**

means, in respect of a User, a credit assessment score in respect of that User procured from one of the credit assessment companies named in Section J3.8 (User’s Credit Cover Factor). Where more than one credit assessment product is listed in respect of that company, it shall be the score determined in accordance with the listed product that the DCC reasonably considers the most appropriate for the User.

#### **Credit Cover Factor**

has the meaning given to that expression in Section J3.4 (User’s Credit Cover Factor).

#### **Credit Cover Requirement**

has the meaning given to that expression in Section J3.2 (Calculation of Credit Cover Requirement).

#### **Credit Support**

means one or more of a Bank Guarantee, Cash Deposit and/or Letter of Credit procured by a User pursuant to Section J3 (Credit Cover).

#### **Critical Command**

has the meaning given to that expression in the GB

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Companion Specification.

<b>Critical Service Request</b>	means a Service Request which is identified as critical in the DCC User Gateway Services Schedule (or, in the case of Elective Communication Services, the relevant Bilateral Agreement).
<b>Critical Service Response</b>	means a Service Response in respect of a Critical Service Request.
<b>Cryptographic Hash Function</b>	means an algorithm: <ul style="list-style-type: none"><li>(a) the inputs to which it would be computationally infeasible to determine from knowledge of its outputs; and</li><li>(b) in relation to which it would be computationally infeasible to find an input which generates the same output as any other input.</li></ul>
<b>Cryptographic Module</b>	means a set of hardware, software and/or firmware that is Separated from all other Systems and that is designed for: <ul style="list-style-type: none"><li>(a) the secure storage of Secret Key Material; and</li><li>(b) the implementation of Cryptographic Processing without revealing Secret Key Material.</li></ul>
<b>Cryptographic Processing</b>	means the generation, storage or use of any Secret Key Material.
<b>Data</b>	means any information, data, knowledge, figures, methodologies, minutes, reports, forecasts, images or sounds (together with any database made up of any of these) embodied in any medium (whether tangible or electronic).

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<b>Data Protection Act</b>	means the Data Protection Act 1998.
<b>Data Retention Policy</b>	means a document developed and maintained by a Party which sets out, in relation to Data held by that Party, the periods for which such Data will be held by it for the purpose of ensuring that it is able to satisfy its legal, contractual and commercial requirements in respect of the Data.
<b>DCA Certificate</b>	has the meaning given to that expression in Annex A of the Device Certificate Policy.
<b>DCC</b>	means, subject to Section M9 (Transfer of DCC Licence), the holder from time to time of the DCC Licence. In accordance with Section A2.1(1), references to the DCC shall (where applicable) include references to the DCC Service Providers with whom the DCC has contracted in order to secure performance of its obligations under this Code.
<b>DCC Alert</b>	has the meaning given to that expression in the DCC User Gateway Interface Specification.
<b>DCC ID</b>	means each identification number established by the DCC pursuant to Section H4.28 (DCC IDs).
<b>DCC Internal Systems</b>	means those aspects of the DCC Total System for which the specification or design is not set out in this Code.
<b>DCC IT Supporting Systems</b>	means, with regard to the DCC's duty to Separate parts of the DCC Total System, those parts of the DCC Total System which are used to support the DCC Live Systems and DCC IT Testing and Training Systems.
<b>DCC IT Testing and Training Systems</b>	means, with regard to the DCC's duty to Separate parts of the DCC Total System, those parts of the DCC Total

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System which are used to support the testing and training of DCC Personnel and third parties in relation to the provision of Services by the DCC.

**DCC Licence** means the licences granted under section 6(1A) of the Electricity Act and section 7AB(2) of the Gas Act.

**DCC Live Systems** means, with regard to the DCC's duty to Separate parts of the DCC Total System, those parts of the DCC Total System which are used for the purposes of:

- (a) processing Service Requests, Pre-Commands, Commands, Service Responses, Alerts and Registration Data and for providing the Repository Service;
- (b) Threshold Anomaly Detection;
- (c) discharging the obligations placed on the DCC in its capacity as CoS Party;
- (d) providing SMKI Services;
- (e) the Self-Service Interface;
- (f) discharging the DCC's obligations under the Recovery Procedure,

each of which shall be treated as an individual System within the DCC Live Systems.

**DCC Member** has the meaning given to that expression in Section C3.1 (Panel Composition).

**DCC Personnel** means those persons who are engaged by the DCC, in so far as such persons carry out, or are authorised to carry out, any activity in relation to the Authorised Business.

**DCC Release Management** has the meaning given to that expression in Section

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<b>Policy</b>	H8.8 (Release Management)
<b>DCC Service Provider</b>	means an External Service Provider, as defined in the DCC Licence (but always excluding the DCC itself).
<b>DCC Service Provider Contract</b>	means, as between the DCC and each DCC Service Provider, any arrangement (however described) pursuant to which the DCC procures services for the purpose of providing the Services.
<b>DCC Systems</b>	means the Systems used by the DCC and/or the DCC Service Providers in relation to the Services and/or this Code, including the SM WAN but excluding the Communications Hub Functions.
<b>DCC Total System</b>	means the DCC Systems together with all Communications Hubs provided by the DCC as part of the Communications Hub Service.
<b>DCC User Gateway</b>	means the communications interface designed to allow the communications referred to in Section H3 (DCC User Gateway) to be sent between the User and the DCC.
<b>DCC User Gateway Code of Connection</b>	means, in respect of each DCC User Gateway Means of Connection, the code of connection applicable to that means of connection, each of which is set out as a SEC Subsidiary Document in Appendix [TBC].
<b>DCC User Gateway Equipment</b>	means the computer hardware and other equipment forming part of the DCC System that is (or is to be) located within each User's premises in order to enable that User to access the DCC User Gateway.
<b>DCC User Gateway Interface Specification</b>	means the SEC Subsidiary Document of that name set out in Appendix [TBC].

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<b>DCC User Gateway Means of Connection</b>	means one of the technology solutions provided by the DCC for Users to enable connection of Users to the DCC User Gateway, as further described in the DCC User Gateway Code of Connection
<b>DCC User Gateway Services Schedule</b>	means the SEC Subsidiary Document of that name set out in Appendix [TBC].
<b>DCC Website</b>	means the DCC's publicly available website (or, where the Panel and the DCC so agree, the Website).
<b>Decommissioned</b>	means, in respect of a Device that has previously been Commissioned, that the Device has been decommissioned in accordance with Section H6.5 (Decommissioning).
<b>Default Interest Rate</b>	means, for any day, 8% above the base lending rate of the Bank of England at 13.00 hours on that day.
<b>Defaulting Party</b>	has the meaning given to that expression in Section M8.1 (Events of Default).
<b>Denial of Service Event</b>	means any unauthorised attempt to make any part of a System wholly or partially unavailable for use for a period of time.
<b>Designated Premises</b>	means Non-Domestic Premises defined as Designated Premises within the meaning given to that expression in the Electricity Supply Licences or the Gas Supply Licences.
<b>Detailed Evaluation</b>	has the meaning given to that expression in Section H7.7 (Detailed Evaluation of Elective Communication Services).
<b>Device</b>	means one of the following individual devices: (a) an Electricity Smart Meter; (b) a Gas Smart Meter; (c) a

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Communications Hub Function; (d) a Gas Proxy Function; (e) a Pre-Payment Interface; (f) an Auxiliary Load Control; and (g) any Type 2 Device.

<b>Device Alert</b>	has the meaning given to ‘Alert’ in the GB Companion Specification.
<b>Device Certificate</b>	has the meaning given to that expression in Annex A of the Device Certificate Policy.
<b>Device Certificate Policy</b>	means the SEC Subsidiary Document of that name set out in Appendix A.
<b>Device Certification Practice Statement (or Device CPS)</b>	has the meaning given to that expression in Section L9.8 (the Device Certification Practice Statement).
<b>Device ID</b>	means the unique number by which an individual Device can be identified, as allocated to that Device in accordance with SMETS or CHTS (where applicable).
<b>Device Log</b>	means, in respect of a Device (excluding Type 2 Devices), the electronic record within that Device which records the other Devices to which that Device can send Data via the HAN.
<b>Device Model</b>	means, in respect of a Device, the Device’s manufacturer, model, hardware version and firmware version.
<b>Device Security Credentials</b>	means, in respect of any Device (other than a Type 2 Device), the electronic record within that Device of any Certificates required to be held on the Device in accordance with the GB Companion Specification.
<b>Device Selection Methodology</b>	has the meaning given to that expression in Section T1.3 (Device Selection Methodology).

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### Device Type

means, in respect of a Device, a generic description of the category of Devices into which the Device falls.

### Digital Signature

means:

- (a) in respect of a Service Request to be sent by a User, a digital signature generated by the User in accordance with the DCC User Gateway Interface Specification;
- (b) in respect of a Pre-Command to be sent by a User, a digital signature generated by the User in accordance with the GB Companion Specification;
- (c) in respect of Service Responses and Alerts to be signed by the DCC and sent to an Unknown Remote Party, a digital signature generated by the DCC in accordance with the GB Companion Specification (and sent to Users as documented in the DCC User Gateway Interface Specification);
- (d) in respect of Pre-Commands to be sent by the DCC to a User, a digital signature generated by the DCC in accordance with the DCC User Gateway Interface Specification;
- (e) in respect of a Service Response or Alert to be sent by a Device, any digital signature generated by the Device in accordance with the GB Companion Specification; and
- (f) in respect of a Certificate, a digital signature generated by the relevant Certification Authority in accordance with the relevant

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Certificate Policy and included within that Certificate.

<b>Digitally Signed</b>	means, in respect of a communication, that such communication has had the necessary Digital Signatures applied to it (and “ <b>Digitally Sign</b> ” and “ <b>Digitally Signing</b> ” are to be interpreted accordingly).
<b>Direct Agreement</b>	means, in respect of each Communications Hub Finance Facility, any agreement entered into by the DCC in relation to that facility under which the DCC owes direct payment obligations.
<b>Dispute</b>	means any dispute or difference (of whatever nature) arising under, out of or in connection with this Code and/or any Bilateral Agreement.
<b>DLMS Certificates</b>	has the meaning given to that expression in Section F2.4 (Background to Assurance Certificates).
<b>DLMS User Association</b>	means the association of that name located in Switzerland (see - <a href="http://www.dlms.com">www.dlms.com</a> ).
<b>Domestic Premises</b>	means premises at which a Supply of Energy is or will be taken wholly or mainly for domestic purposes, which is to be interpreted in accordance with Condition 6 of the relevant Energy Supply Licence.
<b>Draft Budget</b>	has the meaning given to that expression in Section C8.11 (Preparation of Draft Budgets).
<b>Due Date</b>	has the meaning given to that expression in Section J1.4 (Payment of Charges).
<b>Elected Members</b>	has the meaning given to that expression in Section C3.1 (Panel Composition).

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<b>Elective Communication Services</b>	means the provision of communication services that are (or are to be) defined in a Bilateral Agreement (rather than the DCC User Gateway Services Schedule) in a manner that involves communication via the SM WAN (provided that such services must relate solely to the Supply of Energy or its use).
<b>Electricity Act</b>	means the Electricity Act 1989.
<b>Electricity Distribution Licence</b>	means a licence granted, or treated as granted, under section 6(1)(c) of the Electricity Act.
<b>Electricity Distributor</b>	means, for a Smart Metering System or a Device, the holder of the Electricity Distribution Licence for the network to which the relevant premises are connected.
<b>Electricity Meter</b>	means any meter that conforms to the requirements of paragraph 2 of schedule 7 to the Electricity Act and is used for the purpose of measuring the quantity of electricity that is supplied to premises.
<b>Electricity Network Party</b>	means a Party that holds an Electricity Distribution Licence.
<b>Electricity Registration Data Interface Code of Connection</b>	means the SEC Subsidiary Document of that name set out in Appendix [TBC].
<b>Electricity Registration Data Interface Documents</b>	means the Electricity Registration Data Interface Code of Connection and Electricity Registration Data Interface Specification.
<b>Electricity Registration Data Interface Specification</b>	means the SEC Subsidiary Document of that name set out in Appendix [TBC].

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<b>Electricity Smart Meter</b>	<p>means, in respect of a premises, a device installed for the purposes of the Supply of Energy to the premises that, on the date on which it is installed, as a minimum:</p> <ul style="list-style-type: none"><li>(a) consists of the apparatus identified in;</li><li>(b) has the functional capability specified by; and</li><li>(c) complies with the other requirements of,</li></ul> <p>Section 5, Parts A, B or C of the Smart Metering Equipment Technical Specification that is applicable at that date and was published on or after [<i>SMETS2 date</i>] (or, in the context of a device that has not yet been installed, means a device that is intended to meet the foregoing requirements once it has been installed).</p>
<b>Electricity Supplier Party</b>	<p>means a Party that holds an Electricity Supply Licence (regardless of whether that Party also holds a Gas Supply Licence).</p>
<b>Electricity Supply Licence</b>	<p>means a licence granted, or treated as granted, pursuant to section 6(1)(d) of the Electricity Act.</p>
<b>Eligible Subscriber</b>	<p>has the meaning given to that expression in Section L3.6 (Eligible Subscribers).</p>
<b>Eligible User</b>	<p>means, in respect of a Service set out in the DCC User Gateway Services Schedule or an Elective Communication Service and (in either case) a Smart Metering System (or a Device forming, or to form, part of a Smart Metering System), one of the Users eligible to receive that Service in respect of that Smart Metering System (or such a Device), as further described in Section H3.13 (Eligibility for Services).</p>
<b>Eligible User Role</b>	<p>means, in respect of a Service set out in the DCC User Gateway Services Schedule or an Elective</p>

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Communication Service, one of the User Roles that is capable of being an Eligible User in respect of that Service (determined without reference to a particular Smart Metering System or Device).

#### **Enabling Services**

means one or more of the Enrolment Service, the Communications Hub Service, and the Other Enabling Services.

#### **Encrypt**

means, in respect of Section H4 (Processing Service Requests), the process of encoding Data using the methods set out for that purpose in the GB Companion Specification; and “**Encrypted**” shall be interpreted accordingly.

#### **End-to-End Technical Architecture**

means the DCC Systems and the Smart Metering Systems together, including as documented in the Technical Specifications.

#### **Energy Code**

means a multilateral code or agreement maintained pursuant to one or more of the Energy Licences.

#### **Energy Consumer**

means a person who receives, or wishes to receive, a Supply of Energy at any premises in Great Britain.

#### **Energy Licence**

means a licence that is granted, or treated as granted, under section 6 of the Electricity Act or under section 7, 7A or 7AB of the Gas Act.

#### **Energy Meter**

means an Electricity Meter or a Gas Meter.

#### **Energy Supply Licence**

means an Electricity Supply Licence or a Gas Supply Licence.

#### **Enrolment**

means, in respect of a Smart Metering System, the act of enrolling that Smart Metering System in accordance with the Enrolment Service (and the words “**Enrol**” and

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“**Enrolled**” will be interpreted accordingly). Enrolment of a Smart Metering System ends on its Withdrawal.

<b>Enrolment Service</b>	means the Service described in Section H5 (Enrolment Services and the Smart Metering Inventory).
<b>Error Handling Strategy</b>	means the SEC Subsidiary Document of that name set out in Appendix [TBC].
<b>EU Regulations</b>	means: <ul style="list-style-type: none"><li>(a) Regulation 2009/714/EC of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchange in electricity and repealing Regulation 2003/1228/EC; and</li><li>(b) Regulation 2009/715/EC of the European Parliament and of the Council of 13 July 2009 on conditions for access to the national gas transmission networks and repealing Regulation 2005/1775/EC, as amended by Commission Decision 2010/685/EU of 10 November 2010 amending Chapter 3 of Annex I to Regulation 2009/715/EC of the European Parliament and of the Council on conditions for access to the natural gas transmission networks.</li></ul>
<b>EUI-64 Compliant</b>	means a 64-bit globally unique identifier governed by the Institute of Electrical and Electronics Engineers.
<b>Event of Default</b>	has the meaning given to that expression in Section M8.1 (Events of Default).
<b>Export MPAN</b>	means an MPAN for a Metering Point relating to the export of electricity from a premises.

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<b>Export Supplier</b>	means, for a Smart Metering System or a Device and any period of or point in time, the User Registered during that period of or at that point in time in respect of the Export MPAN relating to that Smart Metering System or Device.
<b>Fast-Track Modifications</b>	has the meaning given to that expression in Section D2.8 (Fast-Track Modifications).
<b>Firmware Hash</b>	means the application of a hash function, being a repeatable process to create a fixed size and condensed representation of a message using the SHA-256 algorithm as specified in the US Government's Federal Information Processing Standards document 180-4.
<b>Fixed Charges</b>	has the meaning given to that expression in the Charging Methodology.
<b>Force Majeure</b>	means, in respect of any Party (the <b>Affected Party</b> ), any event or circumstance which is beyond the reasonable control of the Affected Party, but only to the extent such event or circumstance (or its consequences) could not have been prevented or avoided had the Affected Party acted in accordance with Good Industry Practice. Neither lack of funds nor strikes or other industrial disturbances affecting only the employees of the Affected Party and/or its contractors shall be interpreted as an event or circumstance beyond the Affected Party's control.
<b>Framework Agreement</b>	means an agreement in the form set out in Schedule 1.
<b>Future-Dated Services</b>	has the meaning given to that expression in Section H3.17 (Categories of Services).
<b>Gas Act</b>	means the Gas Act 1986.

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<b>Gas Meter</b>	means a meter that conforms to the requirements of section 17(1) of the Gas Act for the purpose of registering the quantity of gas supplied through pipes to premises.
<b>Gas Network Party</b>	means a Party that holds a Gas Transporter Licence.
<b>Gas Proxy Function</b>	<p>means, in respect of a premises, a device installed for the purposes of the Supply of Energy to the premises that, on the date on which it is installed, as a minimum:</p> <ul style="list-style-type: none"><li>(a) consists of the apparatus identified in;</li><li>(b) has the functional capability specified by; and</li><li>(c) complies with the other requirements of,</li></ul> <p>those sections of the Communications Hub Technical Specification that apply to ‘Gas Proxies’ and that are applicable at that date and was published on or after [SMETS2 date] (or, in the context of a device that has not yet been installed, means a device that is intended to meet the foregoing requirements once it has been installed).</p>
<b>Gas Registration Data Interface Code of Connection</b>	means the SEC Subsidiary Document of that name set out in Appendix [TBC].
<b>Gas Registration Data Interface Documents</b>	means the Gas Registration Data Interface Code of Connection and Gas Registration Data Interface Specification.
<b>Gas Registration Data Interface Specification</b>	means the SEC Subsidiary Document of that name set out in Appendix [TBC].
<b>Gas Smart Meter</b>	means, in respect of a premises, a device installed for the purposes of the Supply of Energy to the premises

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that, on the date on which it is installed, as a minimum:

- (a) consists of the apparatus identified in;
- (b) has the functional capability specified by; and
- (c) complies with the other requirements of,

Section 4 of the Smart Metering Equipment Technical Specification that is applicable at that date and was published on or after [*SMETS2 date*] (or, in the context of a device that has not yet been installed, means a device that is intended to meet the foregoing requirements once it has been installed).

#### **Gas Supplier**

means, for a Smart Metering System or a Device and any period of or point in time, the User Registered during that period of or at that point in time in respect of the MPRN relating to that Smart Metering System or Device.

#### **Gas Supplier Party**

means a Party that holds a Gas Supply Licence (regardless of whether that Party also holds an Electricity Supply Licence).

#### **Gas Supply Licence**

means a licence granted, or treated as granted, pursuant to section 7A(1) of the Gas Act.

#### **Gas Transporter**

means, for a Smart Metering System or a Device, the holder of the Gas Transporter Licence for the network to which the relevant premises are connected.

#### **Gas Transporter Licence**

means a licence granted, or treated as granted, under section 7 of the Gas Act (but not the licence in respect of the National Transmission System, as defined in the UNC).

#### **GB Companion**

means the specifications set out as a SEC Subsidiary

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<b>Specification</b>	Document in Appendix [TBC].
<b>General SEC Objectives</b>	has the meaning given to that expression in Section C1 (SEC Objectives).
<b>Good Industry Practice</b>	means, in respect of a Party, the exercise of that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced person engaged in a similar type of undertaking as that Party under the same or similar circumstances.
<b>Greenhouse Gas Emissions</b>	means emissions of Greenhouse Gases, as defined in section 92 of the Climate Change Act 2008.
<b>HAN</b>	means, for each Smart Metering System, the home area network created by the Communications Hub Function forming part of that Smart Metering System.
<b>ICHIS</b>	means the Intimate Communications Hub Interface Specifications.
<b>IHD</b>	<p>means, in respect of a premises, a device installed for the purposes of the Supply of Energy to the premises that, on the date on which it is installed, as a minimum:</p> <ul style="list-style-type: none"><li>(a) consists of the apparatus identified in;</li><li>(b) has the functional capability specified by; and</li><li>(c) complies with the other requirements of,</li></ul> <p>Section 6 of the Smart Metering Equipment Technical Specification that is applicable at that date and was published on or after [<i>SMETS2 date</i>] (or, in the context of a device that has not yet been installed, means a device that is intended to meet the foregoing requirements once it has been installed).</p>

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<b>Import MPAN</b>	means an MPAN for a Metering Point relating to the import of electricity to a premises.
<b>Import Supplier</b>	means, for a Smart Metering System or a Device and any period of or point in time, the User Registered during that period of or at that point in time in respect of the Import MPAN relating to that Smart Metering System or Device.
<b>Incident</b>	means an event which causes (or may cause) an interruption to (or a reduction in the quality or security of) the Services, as further described in the Incident Management Policy (but excluding incidents that are subject to the Registration Data Incident Management Policy).
<b>Incident Category</b>	has the meaning given to that expression in Section H9.1 (Incident Management Policy).
<b>Incident Management</b>	means a framework of processes designed to identify, raise, allocate responsibility for, track and close Incidents.
<b>Incident Management Log</b>	has the meaning given to that expression in Section H9.3 (Incident Management Log).
<b>Incident Management Policy</b>	means the SEC Subsidiary Document of that name set out in Appendix [TBC].
<b>Independent Assurance Scheme</b>	has the meaning given to that expression in Part 2.1 of the SMKI Compliance Policy (DCC: Duty to Submit to an Independent Assurance Scheme).
<b>Independent SMKI Assurance Service Provider</b>	has the meaning given to that expression in Part 3.1 of the SMKI Compliance Policy (DCC: Duty to Procure Independent Assurance Services).

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<b>Information Classification Scheme</b>	means a methodology for: <ul style="list-style-type: none"><li>(a) the appropriate classification of all Data that are processed or stored on a System by reference to the potential impact of those Data being Compromised; and</li><li>(b) determining the controls to be applied to the processing, storage, transfer and deletion of each such class of those Data.</li></ul>
<b>Information Commissioner</b>	means the Commissioner, as defined in the Data Protection Act.
<b>Insolvency Type Event</b>	means, in respect of a Party, that that Party: <ul style="list-style-type: none"><li>(a) is unable to pay its debts as they fall due, or is deemed to be unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986 (but as if the reference in such section to “£750” was replaced with “£10,000”);</li><li>(b) calls a meeting for the purpose of passing a resolution for its winding-up, or such a resolution is passed;</li><li>(c) presents, or has presented in respect of it, a petition for a winding-up order;</li><li>(d) has an application to appoint an administrator made in respect of it, or a notice of intention to appoint an administrator is filed in respect of it;</li><li>(e) has an administrator, administrative receiver, or receiver appointed over all or a substantial part of its business, undertaking, property or assets;</li><li>(f) takes any steps in connection with proposing a company voluntary arrangement or a company</li></ul>

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voluntary arrangement is passed in relation to it;

or

- (g) suffers or undergoes any procedure analogous to any of those specified above, including in respect of a Party who is a natural person or in any jurisdiction outside the UK in which a Party is incorporated.

### **Intellectual Property Rights**

means patents, trade marks, trade names, service marks, rights in designs, copyright (including rights in computer software), logos, rights in internet domain names, and moral rights, database rights, rights in know-how, and other intellectual property rights (in each case, whether registered or unregistered or subject to an application for registration), and includes any and all rights or forms of protection having equivalent or similar effect anywhere in the world.

### **Interface Testing**

means the testing described in Section T3 (Interface Testing).

### **Interface Testing Approach Document**

has the meaning given to that expression in Section T3.7 (Interface Testing Approach Document).

### **Interface Testing Objective**

has the meaning given to that expression in Section T3.2 (Interface Testing Objective).

### **Interim Election**

has the meaning given to that expression in Section C4.2 (Election of Elected Members).

### **Intimate Communications Hub Interface Specifications**

means the specifications described as such and originally developed by the DCC pursuant to schedule 3 of the DCC Licence, as amended from time to time in accordance with Section H12.9 (Amendments to the ICHIS).

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<b>Invoice</b>	has the meaning given to that expression in Section J1.2 (Invoicing of Charges).
<b>Issue</b>	in relation to: <ul style="list-style-type: none"><li>(a) a Device Certificate or DCA Certificate, has the meaning given to that expression in Annex A of the Device Certificate Policy;</li><li>(b) an Organisation Certificate or OCA Certificate, has the meaning given to that expression in Annex A of the Organisation Certificate Policy.</li></ul>
<b>Key Pair</b>	means a Private Key and its mathematically related Public Key, where the Public Key may be used to Check Cryptographic Protection in relation to a communication that has been Digitally Signed using the Private Key.
<b>Known Remote Party</b>	has the meaning given to that expression in the GB Companion Specification.
<b>Large Supplier Party</b>	means a Supplier Party that is not a Small Supplier Party.
<b>Laws and Directives</b>	means any law (including the common law), statute, statutory instrument, regulation, instruction, direction, rule, condition or requirement (in each case) of any Competent Authority (or of any authorisation, licence, consent, permit or approval of any Competent Authority).
<b>Lead Supplier</b>	means, in respect of a Device forming part of one or more Smart Metering Systems: <ul style="list-style-type: none"><li>(a) where one of those Smart Metering Systems relates to an Import MPAN, the Import Supplier</li></ul>

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(whether or not one of those Smart Metering Systems also relates to an Export MPAN or an MPRN);

- (b) where one of those Smart Metering Systems relates to a MPRN but none relate to an Import MPAN, the Gas Supplier (whether or not one of those Smart Metering Systems also relates to an Export MPAN); or
- (c) where none of those Smart Metering Systems relate to an Import MPAN or an MPRN, the Export Supplier.

#### **Letter of Credit**

means an unconditional irrevocable standby letter of credit in substantially the form set out in Schedule 6 from a bank with the Required Bank Rating which letter of credit has not been breached or disclaimed by the provider.

#### **Liability**

includes any loss, liability, damages, costs (including legal costs), expenses and claims.

#### **Local Command Services**

means the sending of Commands to a User via the DCC User Gateway pursuant to Section H4.13(b) or H4.17(d).

#### **Maintenance**

includes repair, replacement, upgrade or modification.

#### **Major Incident**

means an Incident that is categorised as a major incident in accordance with the Service Management Standards, as further described in the Incident Management Policy.

#### **Major Security Incident**

means, in relation to any System, any event which results, or was capable of resulting, in that System being Compromised to a material extent.

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<b>Malicious Software</b>	means any software program or code intended to destroy, interfere with, corrupt, or cause undesired effects on Data, software, files, programs or codes (whether or not its operation is immediate or delayed, and whether it is introduced wilfully, negligently or without knowledge of its existence).
<b>Manufacturer</b>	means, in respect of any Device Model, the person:  (a) that manufactures some or all of the Devices of that Device Model; or  (b) on whose behalf some or all of those Devices are manufactured for onward sale or other provision.
<b>Material Risk</b>	means, in respect of any Maintenance of the DCC Systems, that such Maintenance poses either: (a) a material risk of disruption to the Services; or (b) a risk of material disruption to the Services.
<b>Message Authentication Code</b>	has the meaning given to that expression in the GB Companion Specification.
<b>Message Mapping Catalogue</b>	means the SEC Subsidiary Document of that name set out in Appendix [TBC].
<b>Meter Asset Manager</b>	has the meaning given to that expression in the SPAA.
<b>Meter Operator</b>	has the meaning given to that expression in the MRA.
<b>Metering Point</b>	has the meaning given to that expression in the MRA.
<b>Minimum Service Level</b>	means, in respect of each Performance Measure, the percentage intended to represent the minimum level of performance for the activity which is the subject of the Performance Measure, as:  (a) set out in Section H13.1 (Code Performance

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Measure);

- (b) published in accordance with Section H13.2 (Service Provider Performance Measure); or
- (c) set out in Section L8 (SMKI Performance Standards and Demand Management).

**Modification Proposal** has the meaning given to that expression in Section D1.2 (Modifications).

**Modification Register** has the meaning given to that expression in Section D1.8 (Modification Register).

**Modification Report** has the meaning given to that expression in Section D7.1 (Modification Report).

**Modification Report Consultation** has the meaning given to that expression in Section D7.8 (Modification Report Consultation).

**Monthly Service Metric** has the meaning set out in the DCC User Gateway Services Schedule.

**Monthly Service Threshold** has the meaning set out in the DCC User Gateway Services Schedule.

**MPAN** means, in respect of a Smart Metering System (or Electricity Meter), the Supply Number (or each of the Supply Numbers) allocated under the MRA to the Metering Point(s) at which the import or export of electricity is recorded by that Smart Metering System (or Electricity Meter).

**MPRN** means, in respect of a Smart Metering System (or Gas Meter), the Supply Meter Point Reference Number allocated by the relevant Gas Network Party to the Supply Point at which the supply of gas is recorded by that Smart Metering System (or Gas Meter).

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<b>MRA</b>	means the Master Registration Agreement established pursuant to the Electricity Distribution Licences.
<b>National Consumer Council</b>	means the body of that name established by section 1 of the Consumers, Estate Agents and Redress Act 2007.
<b>Network Party</b>	means a Party that is either an Electricity Network Party or a Gas Network Party.
<b>New Party</b>	means a Party that is a Party pursuant to an Accession Agreement.
<b>Non-Critical Service Request</b>	means a Service Request which is not identified as critical in the DCC User Gateway Services Schedule (or, in the case of Elective Communication Services, the relevant Bilateral Agreement).
<b>Non-Critical Service Response</b>	means a Service Response in respect of a Non-Critical Service Request.
<b>Non-Default Interest Rate</b>	means, for any day, the base lending rate of the Bank of England at 13.00 hours on that day.
<b>Non-Device Service Request</b>	means a Service Request in respect of a Service identified as a non-device service in the DCC User Gateway Services Schedule (or, in the case of Elective Communication Services, the relevant Bilateral Agreement).
<b>Non-Domestic Premises</b>	means premises other than Domestic Premises.
<b>Notification</b>	means, in respect of a Modification Proposal, notification of that modification to the EU Commission pursuant to EU Directive 98/34/EC.
<b>NSA Suite B Cryptographic Algorithm</b>	means a cryptographic algorithm that meets the standards required by the US National Security

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Agency's suite B cryptography standards ([www.nsa.gov/ia/programs/suiteb\\_cryptography/](http://www.nsa.gov/ia/programs/suiteb_cryptography/)).

<b>OCA Certificate</b>	has the meaning given to that expression in Annex A of the Organisation Certificate Policy.
<b>On-Demand Services</b>	has the meaning given to that expression in Section H3.17 (Categories of Services).
<b>Organisation Certificate</b>	has the meaning given to that expression in Annex A of the Organisation Certificate Policy.
<b>Organisation Certificate Policy</b>	means the SEC Subsidiary Document of that name set out in Appendix B.
<b>Organisation Certification Practice Statement (or Organisation CPS)</b>	has the meaning given to that expression in Section L9.14 (the Organisation Certification Practice Statement).
<b>Original Party</b>	means a Party that is a Party pursuant to the Framework Agreement.
<b>Other Enabling Services</b>	means the Services described in Section H (DCC Services) or L (Smart Metering Key Infrastructure), but excluding the Enrolment Services, the Communications Hub Services and the Communication Services.
<b>Other SEC Party</b>	means a Party that is not the DCC, is not a Network Party, and is not a Supplier Party.
<b>Other User</b>	means, for a Smart Metering System or a Device and any period of or point in time, a User that is not a Responsible Supplier or the Electricity Distributor or the Gas Transporter or the Supplier Nominated Agent during that period of or at that point in time.
<b>Panel</b>	means the body established as such in accordance with

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Section C2.1 (Establishment of the Panel).

<b>Panel Chair</b>	has the meaning given to that expression in Section C3.1 (Composition of the Panel).
<b>Panel Member</b>	has the meaning given to that expression in Section C3.1 (Composition of the Panel).
<b>Panel Objectives</b>	has the meaning given to that expression in Section C2.2 (Panel Objectives).
<b>Panel Release Management Policy</b>	has the meaning given to that expression in Section D10.7 (Release Management).
<b>Parent Company Guarantee</b>	means a guarantee in such form as the DCC may reasonably approve from an Affiliate of the User in question which guarantee has not been breached or disclaimed by the guarantor and has at least one month left until it expires. Where the guarantor is incorporated outside of the United Kingdom, the guarantee will only be validly given where supported by a legal opinion regarding capacity and enforceability in a form reasonably satisfactory to the DCC.
<b>Parse and Correlate Software</b>	has the meaning given to that expression in Section H11.1 (Provision of Parse and Correlate Software).
<b>Party</b>	means, from time to time, a person that has agreed to be bound by this Code (either pursuant to the Framework Agreement or an Accession Agreement), and (without prejudice to Section M8.14 (Consequences of Ceasing to be a Party)) that has not at that time ceased to be so bound in accordance with Section M8 (but excluding SECCo).
<b>Party Category</b>	means, as the context requires, one of the following

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categories:

- (a) the Large Supplier Parties collectively;
- (b) the Small Supplier Parties collectively;
- (c) the Electricity Network Parties collectively;
- (d) the Gas Network Parties collectively; and
- (e) the Other SEC Parties collectively.

**Party Data** has the meaning given to that expression in Section M5.10 (Party Data).

**Party Details** means, in respect of each Party, the information relating to that Party and corresponding to the heads of information set out in the Application Form from time to time.

**Path 1 Modification** has the meaning given to that expression in Section D2.4 (Path 1 Modification: Authority-led).

**Path 2 Modification** has the meaning given to that expression in Section D2.6 (Path 2 Modification: Authority Determination).

**Path 3 Modification** has the meaning given to that expression in Section D2.7 (Path 3 Modification: Self-Governance).

**Performance Measurement Methodology** means a methodology for establishing the DCC's performance against each Performance Measure, which may include sampling and/or test communications.

**Performance Measurement Period** means, in respect of each Performance Measure, the applicable period over which the Service Level for that Performance Measure is to be measured, as:

- (a) set out in Section H13.1 (Code Performance Measure);
- (b) published in accordance with Section H13.2

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(Service Provider Performance Measure); or

- (c) set out in Section L8 (SMKI Performance Standards and Demand Management).

**Performance Measures** means the Code Performance Measures and the Service Provider Performance Measures.

**Permitted Communication Service** means, in respect of a User and a Smart Metering System (or a Device forming, or to form, part of that Smart Metering System):

- (a) a service that results in the sending of a Command to a Device (other than the Communications Hub Function) for which the User is the Responsible Supplier (except where, were the Command to be sent as a Core Communication Service, it would be a Critical Command requiring another User's Digital Signature);
- (b) a service that only results in the sending of a Command to a Device which is the same as a Command which results from a Service listed in the DCC User Gateway Services Schedule for which that User is an Eligible User; or
- (c) a service which the Panel has (on the application of the User) approved as a permitted communication service.

**Personal Data** means personal data, as defined in the Data Protection Act.

**Planned Maintenance** means, in respect of a month, Maintenance of the DCC Systems planned prior to the start of that month and which will disrupt, or poses a Material Risk of

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disruption to, provision of the Services.

<b>Pre-Command</b>	means a Command to which all of the necessary Digital Signatures and Message Authentication Codes have not yet been applied, to be sent from the DCC to a User (to be Digitally Signed by the User).
<b>Preliminary Assessment</b>	has the meaning given to that expression in Section H7.4 (Preliminary Assessment of Elective Communication Services).
<b>Pre-Payment Interface</b>	<p>means, in respect of a premises, a device installed for the purposes of the Supply of Energy to the premises that, on the date on which it is installed, as a minimum:</p> <ul style="list-style-type: none"><li>(a) consists of the apparatus identified in;</li><li>(b) has the functional capability specified by; and</li><li>(c) complies with the other requirements of,</li></ul> <p>Section [TBC] of the Smart Metering Equipment Technical Specification that is applicable at that date and was published on or after [SMETS2 date] (or, in the context of a device that has not yet been installed, means a device that is intended to meet the foregoing requirements once it has been installed). <i>[To reference relevant section of SMETs once settled.]</i></p>
<b>Private Key</b>	means the private part of an asymmetric Key Pair used for the purposes of public key encryption techniques
<b>Privileged Person</b>	means a member of DCC Personnel who is authorised to carry out activities which involve access to resources, or Data held, on the DCC Total System and which are capable of being a means by which the DCC Total System, any User Systems, any RDP Systems or any Device are Compromised to a material extent.

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<b>Process</b>	means, in respect of any Personal Data, to ‘process’ that Personal Data, as defined in the Data Protection Act (and “ <b>Processing</b> ” shall be interpreted accordingly).
<b>Projected Operational Service Levels</b>	[TBC] [ <i>For a discussion of this term, please refer to the SEC3 Consultation Document.</i> ]
<b>Proposer</b>	has the meaning given to that expression in Section D1.3 (Persons Entitled to Propose Modification Proposals).
<b>RDP Systems</b>	means any Systems: <ul style="list-style-type: none"><li>(a) which are operated by or on behalf of an Electricity Distributor or Gas Transporter responsible for providing (or procuring the provision of) Registration Data in respect of a particular MPAN or MPRN; and</li><li>(b) which are used wholly or partly for the collection, storage, Back-Up, processing or communication of that Registration Data prior to, or for the purposes of, its provision to the DCC over the Registration Data Interface.</li></ul>
<b>Recoverable Costs</b>	has the meaning given to that expression in Section C8.2 (SEC Costs and Expenses).
<b>Recovery Procedure</b>	means the SEC Subsidiary Document of that name set out in Appendix [TBC].
<b>Refinement Process</b>	has the meaning given to that expression in Section D6 (Refinement Process).
<b>Region</b>	means each of the geographical regions of Great Britain that are subject to different DCC Service Provider Contracts, the exact boundaries of which will be as

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published by the DCC (or the Panel on behalf of the DCC) from time to time.

<b>Registered</b>	means Registered, as defined in the MRA or the SPAA, as applicable (and “ <b>Registration</b> ” shall be interpreted accordingly).
<b>Registration Authority</b>	means the DCC, acting in its capacity as such for the purposes (and in accordance with the meaning given to that expression in Annex A) of either or both of the Certificate Policies.
<b>Registration Authority Policies and Procedures (or RAPP)</b>	means the SEC Subsidiary Document of that name set out in Appendix [TBC], which is originally to be developed pursuant to Sections L9.5 to L9.6 (the Registration Authority Policies and Procedures: Document Development).
<b>Registration Data</b>	has the meaning given to that expression in Section E1 (Reliance on Registration Data).
<b>Registration Data Incident Management Policy</b>	means the SEC Subsidiary Document of that name set out in Appendix [TBC].
<b>Registration Data Provider</b>	means: <ul style="list-style-type: none"><li>(a) in respect of each Electricity Distributor, the person nominated in writing to the DCC from time to time by that Electricity Distributor; or</li><li>(b) in respect of each Gas Transporter, the person nominated in writing to the DCC from time to time by that Gas Transporter,</li></ul> on the basis that more than one Party may specify the same Registration Data Provider, and that the Electricity Distributor or the Gas Transporter shall be deemed to have so nominated itself in the absence of

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any other nomination

### **Regulatory Year**

means a period of twelve months beginning at the start of 1 April in any calendar year and ending at the end of 31 March in the next following calendar year.

### **Related Person**

means, in relation to an individual, that individual's spouse, civil partner, parent, grandparent, sibling, child, grandchild or other immediate family member; any partner with whom that individual is in partnership; that individual's employer; any Affiliate of such employer; any person by whom that individual was employed in the previous 12 months; and any company (or Affiliate of a company) in respect of which that individual (individually or collectively with any member of his immediate family) controls more than 20% of the voting rights.

### **Release Management**

means the process adopted for planning, scheduling and controlling the build, test and deployment of releases of IT updates procedures and processes.

### **Relevant Instruments**

means:

- (a) the Electricity Act and the Gas Act;
- (b) the Data Protection Act;
- (c) the Energy Licences; and
- (d) the Energy Codes.

### **Relying Party Agreement**

means the provisions in respect of Relying Parties set out at Section [TBC] of the Code (the Relying Party Agreement).

### **Report Phase**

has the meaning given to that expression in Section D7.1 (Modification Report).

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<b>Required Bank Rating</b>	<p>means that a person has one or more long-term Recognised Credit Ratings of at least (based, where the person has more than one such rating, on the lower of the ratings):</p> <ul style="list-style-type: none"><li>(a) “A-” by Standard &amp; Poor’s Financial Services LLC;</li><li>(b) “A3” by Moody’s Investors Services Inc; and/or</li><li>(c) “A-” by Fitch Ratings Limited; and/or</li><li>(d) “A(low)” by DBRS Ratings Limited.</li></ul>
<b>Responsible Supplier</b>	<p>means, in respect of a Smart Metering System (or any Device forming, or intended to form, part of a Smart Metering System) which relates to:</p> <ul style="list-style-type: none"><li>(a) an Import MPAN, the Import Supplier for that Smart Metering System;</li><li>(b) an Export MPAN, the Export Supplier for that Smart Metering System; and/or</li><li>(c) an MPRN, the Gas Supplier for that Smart Metering System.</li></ul>
<b>Restricted Communication Service</b>	<p>means, in respect of any User requesting an Elective Communication Service, a service which is not a Permitted Communication Service.</p>
<b>Root OCA Certificate</b>	<p>has the meaning given to that expression in the SMKI Organisation Certificate Policy.</p>
<b>Scheduled Election</b>	<p>has the meaning given to that expression in Section C4.2 (Election of the Elected Members).</p>
<b>Scheduled Services</b>	<p>has the meaning given to that expression in Section H3.17 (Categories of Services).</p>

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<b>SEC Arrangements</b>	has the meaning given to that expression in the DCC Licence.
<b>SEC Materials</b>	has the meaning given to that expression in Section M5.1 (SEC Materials).
<b>SEC Objectives</b>	means, in respect of the Charging Methodology only, the Charging Objectives and, in all other cases, the General SEC Objectives.
<b>SEC Subsidiary Documents</b>	means each of the documents set out as such in the appendices to this Code. Each SEC Subsidiary Document will identify the Section(s) of this Code to which the SEC Subsidiary Document relates, and references to the “applicable SEC Subsidiary Document” shall be construed accordingly.
<b>SECCo</b>	has the meaning given to that expression in Schedule 4.
<b>Secretariat</b>	has the meaning given to that expression in Section C7.6 (Secretariat).
<b>Secretary of State</b>	has the meaning given to that expression in the Interpretation Act 1978.
<b>Secret Key Material</b>	means any Private Key, Shared Secret, Symmetric Key or other functionally equivalent cryptographic material (and any associated input parameter) that is generated and maintained by a Party for the purposes of complying with its obligations under, or in relation to, this Code, but excluding: <ul style="list-style-type: none"><li>(a) any Digital Signature; and</li><li>(b) any output of a Cryptographic Hash Function operating on an input communication.</li></ul>

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<b>Security Check</b>	means the vetting of personnel, carried out to a level that is identified by that name, under and in accordance with the HMG National Security Vetting Procedures.
<b>Self-Service Code of Connection</b>	means the SEC Subsidiary Document of that name set out in Appendix [TBC].
<b>Self-Service Interface</b>	has the meaning given to that expression in Section H8.14 (Self-Service Interface).
<b>Self-Service Interface Design Specification</b>	means the SEC Subsidiary Document of that name set out in Appendix [TBC].
<b>Separate</b>	means, in relation to any System or software, to establish controls which are appropriately designed to ensure that no communication may take place between it and any other System or software (as the case may be) except to the extent that such communication is for a necessary purpose having regard to the intended operation of the System or software (and “ <b>Separated</b> ”, and “ <b>Separation</b> ” are to be interpreted accordingly).
<b>Sequenced Services</b>	has the meaning given to that expression in Section H3.19 (Sequenced Services).
<b>Service Desk</b>	has the meaning given to that expression in Section H8.18 (Service Desk).
<b>Service Level</b>	means, in respect of each Performance Measure: (a) the number of occasions during the Performance Measurement Period on which the DCC performed the activity that is the subject of the Performance Measure in accordance with the Service Level Requirements; expressed as a percentage of (b) the number of occasions during the Performance Measurement Period on which the DCC performed the activity that is the

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subject of the Performance Measure; provided that the DCC may establish the Service Level for a Performance Measure in accordance with the Performance Measurement Methodology.

#### **Service Level**

#### **Requirements**

means:

- (a) in respect of each Code Performance Measure, the Target Response Time or the Target Resolution Time (as applicable in accordance with the table in Section H13 (Performance Standards and Reporting) or L8 (SMKI Performance Standards and Demand Management)); or
- (b) in respect of each Service Provider Performance Measure, the standard to which the relevant DCC Service Provider is obliged by its DCC Service Provider Contract to perform the activity that is the subject of the Service Provider Performance Measure.

#### **Service Management Standards**

means the Information Technology Infrastructure Library (ITIL®) standards for IT services management, as issued and updated by the Cabinet Office from time to time.

#### **Service Provider Performance Measures**

means the performance measures (however described and from time to time) for each DCC Service Provider under each DCC Service Provider Contract.

#### **Service Request**

means a request for one of the Services listed in the DCC User Gateway Services Schedule (or, in the case of Elective Communication Services, provided for in the relevant Bilateral Agreement).

#### **Service Response**

means, in respect of a Service Request sent by a User, one or more communications in response to that Service

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Request, either (as the context requires) from a Device to the DCC, or from the DCC to the User.

#### **Services**

means the services provided, or to be provided, by the DCC pursuant to Section H (DCC Services) or Section L (Smart Metering Key Infrastructure), including pursuant to Bilateral Agreements.

#### **Services FM**

means, in respect of any Services, the occurrence of any of the following:

- (a) war, civil war, riot, civil commotion or armed conflict;
- (b) terrorism (being the use or threat of action designed to influence the government or intimidate the public or for the purpose of advancing a political, religious or ideological cause and which involves serious violence against a person or serious damage to property, endangers a person's life, creates a serious risk to the public or is designed to seriously interfere with or disrupt an electronic system);
- (c) nuclear, chemical or biological contamination;
- (d) earthquakes, fire, storm damage or severe flooding (if in each case it affects a significant geographical area); and/or
- (e) any blockade or embargo (if in each case it affects a significant geographical area).

#### **Services IPR**

has the meaning given to that expression in Section M5.14 (Services IPR).

#### **Shared Secret**

means a parameter that is (or may be) derived from a Private Key and a Public Key which are not from the same Key Pair in accordance with the GB Companion

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Specification.

**Signed Pre-Command** means a Pre-Command that has been Digitally Signed by a User.

**Significant Code Review** means a review of one or more matters by the Authority which the Authority considers is:

- (a) related to this Code (whether on its own or together with other Energy Codes); and
- (b) likely to be of significance in relation to the Authority's principal objective and/or general duties (as set out in section 3A of the Electricity Act and section 4AA of the Gas Act), statutory functions and/or relevant obligations arising under EU law,

and concerning which the Authority has issued a notice that the review will constitute a significant code review.

**Significant Code Review Phase** means, in respect of each Significant Code Review, the period from the date on which the Authority issues the notice stating that the matter is to constitute a Significant Code Review, and ending on the earlier of:

- (a) the date on which the DCC submits a Modification Proposal in respect of any variations arising out of a Significant Code Review that the DCC is directed to submit by the Authority;
- (b) the date on which the Authority issues a conclusion that no modification is required to this Code as a result of the Significant Code Review; or
- (c) the date 28 days after the date on which the

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Authority issues its conclusion document in respect of the Significant Code Review.

<b>SIT Approach Document</b>	has the meaning given to that expression in Section T2.4 (SIT Approach Document).
<b>SIT Objective</b>	has the meaning given to that expression in Section T2.2 (SIT Objective).
<b>SM WAN</b>	means the means by which the DCC sends, receives and conveys communications to and from Communications Hub Functions.
<b>Small Supplier Party</b>	means a Supplier Party which, at the time at which it is necessary to assess the status of the Party, supplies electricity and/or gas to fewer than 250,000 (two hundred and fifty thousand) Domestic Premises.
<b>Smart Meter</b>	means either an Electricity Smart Meter or a Gas Smart Meter (as the context requires).
<b>Smart Metering Equipment Technical Specification</b>	means the document of that name designated for the purposes of the Energy Supply Licences, which it is intended will be incorporated into this Code pursuant to Section X5 (Incorporation of Certain Documents into this Code).
<b>Smart Metering Inventory</b>	means an electronic database of Devices which records (as a minimum) the following information in respect of each Device:  (a) its Device Type;  (b) its Device ID;  (c) its Device Model (provided that no firmware version is needed for Type 2 Devices);  (d) for Devices other than Type 2 Devices, its SMI

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Status, and the date from which that status has applied;

- (e) for Devices other than Type 2 Devices, its SMI Status history;
- (f) where it is a Smart Meter which has been installed, its MPAN or MPRN and the Communications Hub Function with which that Smart Meter is associated; and
- (g) where it is a Device (other than a Smart Meter or a Communications Hub Function), the Smart Meter with which that Device is associated.

#### **Smart Metering System**

means either:

- (a) an Electricity Smart Meter together with the Communications Hub Function with which it is Associated; or
- (b) a Gas Smart Meter together with the Communications Hub Function with which it is Associated and an Associated Gas Proxy Function,

together (in each case) with the Type 1 Devices that may from time to time be Associated with that Smart Meter.

#### **SMETS**

means the Smart Metering Equipment Technical Specification.

#### **SMI Status**

means the status indicator of each Device recorded within the Smart Metering Inventory, which indicator may (as a minimum) be set to any one of the following:

- (a) 'pending', indicating that the Device has not yet been Commissioned;

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- (b) 'installed not commissioned', indicating that the Device is ready to be Commissioned, but has not yet been Commissioned;
- (c) 'commissioned', indicating that the Device has been Commissioned;
- (d) 'decommissioned', indicating that the Device has been Decommissioned;
- (e) 'withdrawn', indicating that the Device has been Withdrawn; or
- (f) 'suspended', indicating that the Device has been Suspended.

**SMKI and Repository Entry Process Tests** means the tests described in Section H14.23 (SMKI and Repository Entry Process Tests).

**SMKI and Repository Service Entry Process** means the process described in Section L7 (SMKI and Repository Service Entry Process).

**SMKI and Repository Test Scenario Document** means the SEC Subsidiary Document of that name set out in Appendix [TBC], which is originally to be developed pursuant to Section T5 (Development of Test Scenario Documents).

**SMKI and Repository Testing** means the testing described in Section T4 (SMKI and Repository Testing).

**SMKI Code of Connection** means the SEC Subsidiary Document of that name set out in Appendix [TBC], which:

- (a) has the purpose described in Section L4.5 (SMKI Code of Connection); and
- (b) is originally to be developed pursuant to Sections L4.6 to L4.7 (SMKI Document Development).

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<b>SMKI Compliance Policy</b>	means the SEC Subsidiary Document of that name set out in Appendix C.
<b>SMKI Document Set</b>	has the meaning given to that expression in Section L9.3 (the SMKI Document Set).
<b>SMKI Interface Design Specification</b>	means the SEC Subsidiary Document of that name set out in Appendix [TBC], which: <ul style="list-style-type: none"><li>(a) has the purpose described in Section L4.4 (SMKI Interface Design Specification); and</li><li>(b) is originally to be developed pursuant to Sections L4.6 to L4.7 (SMKI Document Development).</li></ul>
<b>SMKI Participants</b>	means the DCC (acting in its capacity as the provider of the SMKI Services), all Authorised Subscribers and all Relying Parties.
<b>SMKI PMA</b>	means the Sub-Committee of that name established pursuant to Section L1 (SMKI Policy Management Authority).
<b>SMKI PMA Chair</b>	has the meaning given to that expression in Section L1.5 (Membership of the SMKI PMA).
<b>SMKI PMA Member</b>	has the meaning given to that expression in Section L1.3 (Membership of the SMKI PMA).
<b>SMKI PMA (Supplier) Members</b>	has the meaning given to that expression in Section L1.6 (Membership of the SMKI PMA).
<b>SMKI Repository</b>	has the meaning given to that expression in Section L5.1 (the SMKI Repository).
<b>SMKI Repository Code of</b>	means the SEC Subsidiary Document of that name set

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<b>Connection</b>	out in Appendix [TBC], which: <ul style="list-style-type: none"><li>(a) has the purpose described in Section L6.5 (SMKI Repository Code of Connection); and</li><li>(b) is originally to be developed pursuant to Sections L6.6 to L6.7 (SMKI Repository Document Development).</li></ul>
<b>SMKI Repository Interface</b>	has the meaning given to that expression in Section L6.3 (the SMKI Repository Interface).
<b>SMKI Repository Interface Design Specification</b>	means the SEC Subsidiary Document of that name set out in Appendix [TBC], which: <ul style="list-style-type: none"><li>(a) has the purpose described in Section L6.4 (SMKI Repository Interface Design Specification); and</li><li>(b) is originally to be developed pursuant to Sections L6.6 to L6.7 (SMKI Repository Document Development).</li></ul>
<b>SMKI Repository Service</b>	has the meaning given to that expression in Section L5.2 (the SMKI Repository Service).
<b>SMKI SEC Documents</b>	has the meaning given to that expression in Section L9.4 (the SMKI SEC Documents).
<b>SMKI Service Interface</b>	has the meaning given to that expression in Section L4.3 (the SMKI Service Interface).
<b>SMKI Services</b>	has the meaning given to that expression in Section L3.1 (the SMKI Services).
<b>SMKI Specialist</b>	means an individual (rather than a body corporate, association or partnership) with experience and expertise in public key infrastructure arrangements, who

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is chosen by the SMKI PMA Chair from time to time (to be appointed and remunerated under a contract with SECCo).

### **Solution Architecture Information**

means a description of the overall technical architecture of the DCC Systems (or any part thereof) in more detail than the Technical Architecture Document so as to describe the individual components of the DCC Systems (including hardware and software) and how they interface with the User Systems.

### **SPAA**

means the Supply Point Administration Agreement established pursuant to the Gas Supply Licences.

### **Specimen Accession Agreement**

means the specimen form of agreement set out in Schedule 2.

### **Specimen Bilateral Agreement**

means the specimen form of agreement set out in Schedule 3.

### **SRT Approach Document**

has the meaning given to that expression in Section T4.4 (SRT Approach Document).

### **SRT Objective**

has the meaning given to that expression in Section T4.2 (SRT Objective).

### **Statement of Service Exemptions**

means a statement of that name developed by the DCC in accordance with Condition 17 of the DCC Licence.

### **Sub-Committee**

has the meaning given to that expression in Section C6 (Sub-Committees).

### **Subscriber**

means, in relation to any Certificate, a Party which has been Issued with and accepted that Certificate, acting in its capacity as the holder of the Certificate.

### **Subscriber Agreement**

means the provisions in respect of Subscribers set out at

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Section [TBC] of the Code (the Subscriber Agreement).

<b>Successor Licensee</b>	has the meaning given to that expression in Section M9.2 (Application and Interpretation of Section M9).
<b>Supplier Nominated Agent</b>	means, for a Smart Metering System or a Device and any period of or point in time, the User that is:  (a) in the case of electricity, appointed as the Meter Operator in respect of the MPAN relating to that Smart Metering System or Device; or  (b) in the case of gas, appointed as the Meter Asset Manager in respect of the MPRN relating to that Smart Metering System or Device,  (in either case) during that period of or at that point in time.
<b>Supplier Party</b>	means a Party that is an Electricity Supplier Party and/or a Gas Supplier Party.
<b>Supply Meter Point Reference Number</b>	has the meaning given to that expression in the UNC.
<b>Supply Number</b>	has the meaning given to that expression in the MRA.
<b>Supply of Energy</b>	means either or both of the supply of gas pursuant to the Gas Act and the supply of electricity pursuant to the Electricity Act (in each case within the meaning that is given to the expression “supply” in the respective Act).
<b>Supply Point</b>	has the meaning given to that expression in the UNC.
<b>Supply Sensitive Check</b>	means a check carried out by a User in relation to a Supply Sensitive Service Request in order to confirm the intention of the User that the associated Command should be executed on the relevant Device, having regard to the reasonably foreseeable effect that the

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Command could have on the quantity of gas or electricity that is supplied to a consumer at premises.

### **Supply Sensitive Service Request**

means any Service Request in respect of which it is reasonably foreseeable that the associated Command, if it were to be executed on the relevant Device, could affect (either directly or indirectly) the quantity of gas or electricity that is supplied to a consumer at premises.

### **Suspended**

means, in respect of a Device, that the Device has been suspended (or deemed suspended) in accordance with Section H6 (Decommissioning, Withdrawal and Suspension of Devices); and the word “**Suspension**” shall be interpreted accordingly.

### **Symmetric Key**

means any key derived from a Shared Secret in accordance with the GB Companion Specification

### **System**

means a system for generating, sending, receiving, storing (including for the purposes of Back-Up), manipulating or otherwise processing electronic communications, including all hardware, software and Data associated therewith.

### **System Development Lifecycle**

means, in relation to any System, the whole of the life of that System from its initial concept to ultimate disposal, including the stages of development, design, build, testing, configuration, implementation, operation, maintenance, modification and decommissioning.

### **Systems Integration Testing**

means the testing described in Section T2 (Systems Integration Testing).

### **Target Resolution Time**

has the meaning given to that expression in Section H9.1 (Incident Management Policy).

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<b>Target Response Time</b>	has the meaning given to that expression in Section H3.20 (Target Response Times) or L8 (SMKI Performance Standards and Demand Management).
<b>Target Service Level</b>	<p>means, in respect of each Performance Measure, the percentage intended to represent a reasonable level of performance for the activity which is the subject of the Performance Measure, as:</p> <ul style="list-style-type: none"><li>(a) set out in Section H13.1 (Code Performance Measure);</li><li>(b) published in accordance with Section H13.2 (Service Provider Performance Measure); or</li><li>(c) set out in Section L8 (SMKI Performance Standards and Demand Management).</li></ul>
<b>Technical Architecture Document</b>	means a document setting out a representation of the End-to-End Technical Architecture.
<b>Technical Specifications</b>	means the SMETS, the CHTS, the DCC User Gateway Code of Connection, the DCC User Gateway Interface Specification, the Self-Service Interface Design Specification, the Self-Service Code of Connection, the Electricity Registration Data Interface Documents, the Gas Registration Data Interface Documents, the Error Handling Strategy, the User Mapping Catalogue, the Incident Management Policy, the Registration Data Incident Management Policy, the DCC Release Management Policy, the Panel Release Management Policy, the SMKI Interface Design Specification, the SMKI Code of Connection, the SMKI Repository Interface Design Specification and the SMKI Repository Code of Connection.

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<b>Technical Sub-Committee</b>	means the Sub-Committee established pursuant to Section F1 (Technical Sub-Committee).
<b>Test Certificate</b>	means a certificate that simulates the function of a Certificate for the purpose of testing pursuant to this Code.
<b>Test Repository</b>	means a repository that simulates the function of the SMKI Repository for the purpose of testing pursuant to this Code.
<b>Test Stubs</b>	means Systems and actions which simulate the behaviour of Devices and User Systems.
<b>Testing Issue</b>	means, in respect of any tests: <ul style="list-style-type: none"><li>(a) anything that is preventing the execution of the tests; or</li><li>(b) once commenced or executed, the test has an unexpected or unexplained outcome or response.</li></ul>
<b>Testing Objectives</b>	means one or more of the SIT Objective and the Interface Testing Objective.
<b>Testing Participant</b>	means, in respect of each Testing Service, the persons (whether or not they are Parties) who are entitled to undertake such tests, as described in Section H14 (Testing Services).
<b>Testing Service</b>	has the meaning given to that expression in Section H14.1 (General Testing Requirements).
<b>Threshold Anomaly Detection</b>	means, in respect of each User, a process for detecting whether the number of messages (in general or of a particular type) sent, received or processed by the DCC in relation to that User over such period of time as the DCC may have agreed with the User exceeds any

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agreed threshold number.

<b>Transform</b>	means, in respect of a Service Request in relation to a Device, the conversion of that Service Request into one or more Pre-Commands or Commands (as required by the GB Companion Specification in respect of a Service Request of that type and the Device Type of that Device); and “ <b>Transformed</b> ” shall be interpreted accordingly.
<b>Transition Objective</b>	has the meaning given to that expression in Section X1 (General Provisions Regarding Transition).
<b>Type 1 Device</b>	means a Device that is capable of operating as a ‘Type 1 Device’ (as defined in the SMETS).
<b>Type 2 Device</b>	means a Device that is not capable of operating as a ‘Type 1 Device’ (as defined in the SMETS).
<b>UNC</b>	means the Uniform Network Code established pursuant to the Gas Transporter Licences.
<b>Unknown Remote Party</b>	has the meaning given to that expression in the GB Companion Specification.
<b>Unplanned Maintenance</b>	means, in respect of a month, Maintenance of the DCC Systems that was not planned prior to the start of that month and which disrupts will disrupt, or poses a Material Risk of disruption to, provision of the Services.
<b>UPRN</b>	means the unique property reference number (if any) recorded in respect of a premises so as to link the MPAN(s) and MPRN for that premises.
<b>Urgent Proposal</b>	has the meaning given to that expression in Section D4.6 (Urgent Proposals).

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<b>User</b>	means a Party that has completed the User Entry Process (and, in respect of Services available in accordance with this Code to Users acting only in one or more User Roles, a Party that has completed the User Entry Process for that User Role).
<b>User Entry Process</b>	means the process described in Section H1 (User Entry Process).
<b>User Entry Process Tests</b>	means the tests described in Section H14.13 (User Entry Process Tests).
<b>User ID</b>	means, in respect of a User and a User Role, one of the unique identification numbers accepted by the DCC in respect of that User and that User Role under Section H1.5 (User Roles and User IDs).
<b>User Personnel</b>	means those persons who are engaged by a User, in so far as such persons carry out, or are authorised to carry out, any activity in relation to the business of the User in the exercise of rights and compliance with obligations under this Code.
<b>User Role</b>	means, in respect of the Service set out in the DCC User Gateway Services Schedule and Elective Communication Services, one of the categories of User that is capable of being an Eligible User in respect of those Services (determined without reference to a particular Smart Metering System), and which comprise the following categories (construed without reference to a particular Smart Metering System): Import Supplier, Export Supplier, Gas Supplier, Electricity Distributor, Gas Transporter, Supplier Nominated Agent and Other User.

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<b>User Systems</b>	means any Systems (excluding any Devices):  (a) which are operated by or on behalf of a User; and  (b) which are used wholly or partly for the collection, storage, Back-Up, processing or communication of Data prior to, or for the purposes of, its sending or receipt over the DCC User Gateway or the Self-Service Interface.
<b>Value at Risk</b>	has the meaning given to that expression in Section J3.3 (User's Value at Risk).
<b>VAT</b>	means VAT, as defined in the Value Added Tax Act 1994, and any tax of a similar nature which may be substituted for or levied in addition to it.
<b>Verify</b>	means, in respect of a Service Request, to confirm that it meets all the applicable requirements of the DCC User Gateway Interface Specification.
<b>Voting Group</b>	means, in respect of each Party Category, each Party that falls into that Party Category collectively with that Party's Affiliates (if any) who also fall into that Party Category.
<b>Website</b>	means a dedicated website established at the direction of the Panel for the purposes of this Code.
<b>Withdrawal</b>	means, in respect of a Smart Metering System (or a Device), the act of ending that Smart Metering System's Enrolment (or, in the case of a Device, of ending the Enrolment of the Smart Metering System of which that Device forms part) in accordance with Section H6.7 (Withdrawal); and the words " <b>Withdraw</b> " and " <b>Withdrawn</b> " shall be interpreted accordingly.

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<b>Working Day</b>	means any day other than a Saturday, a Sunday, Christmas Day, Good Friday, or a day that is a bank holiday within the meaning of the Banking and Financial Dealings Act 1971.
<b>Working Group</b>	has the meaning given to that expression in Section D6.2 (Establishment of a Working Group).
<b>Zigbee Alliance</b>	means the association of that name administered by ZigBee Alliance Inc (2400 Camino Ramon, Suite 375, San Ramon, CA 94583, USA) (see - <a href="http://www.zigbee.org">www.zigbee.org</a> ).

**A2 INTERPRETATION**

A2.1 In this Code, unless the context otherwise requires, any reference to:

- (a) a “person” includes a reference to an individual, a body corporate, an association, a partnership or a Competent Authority;
- (b) the singular includes the plural, and vice versa;
- (c) a gender includes every gender;
- (d) a Section or Schedule is a reference (respectively) to the section of, or schedule to, this Code which bears the relevant letter, number or letter and number;
- (e) a numbered Paragraph is a reference to the paragraph of the Schedule in which such reference occurs;
- (f) a numbered Condition (with or without a letter) is a reference to the licence condition bearing that number (and, where relevant, letter) in the Energy Licence indicated (and, save in the case of the DCC Licence, is a reference to the standard licence conditions of that Energy Licence);
- (g) writing (or similar) includes all methods of reproducing words in a legible and non-transitory form (including email);
- (h) a day, week or month is a reference (respectively) to a calendar day, a week starting on a Monday, or a calendar month;
- (i) a time is a reference to that time in the UK;
- (j) any statute or statutory provision includes any subordinate legislation made under it, any provision which it has modified or re-enacted, and any provision which subsequently supersedes or re-enacts it (with or without modification);
- (k) an agreement, code, licence or other document is to such agreement, code, licence or other document as amended, supplemented, novated or replaced from time to time;
- (l) a Party shall include reference to that Party’s respective successors, (in the

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case of the DCC) to the person to whom the DCC may novate its rights and obligations pursuant to Section M9 (Transfer of DCC Licence), and (as the context permits) reference to the respective persons to whom that Party may sub-contract or otherwise delegate its rights and/or obligations under this Code in accordance with Section M11.8 and M11.9 (which shall include, in the case of the DCC, reference to the DCC Service Providers);

- (m) a Competent Authority or other public organisation includes a reference to its successors, or to any organisation to which some or all of its functions and responsibilities have been transferred; and
- (n) an expression that is stated to have the meaning given to it in an Energy Licence (other than the DCC Licence) is a reference to that expression as defined in the standard licence conditions for the Energy Licence indicated.

A2.2 The headings in this Code are for ease of reference only and shall not affect its interpretation.

A2.3 In this Code, the words preceding “include”, “including” or “in particular” are to be construed without limitation to the generality of the words following those expressions.

A2.4 The language of this Code is English. All notices and other communications sent between any of the Parties, the Panel, SECCo, the Code Administrator and the Secretariat shall be in English.

A2.5 In the event of any conflict between the provisions of this Code, the following order of precedence shall apply:

- (a) the Sections, as among which Section X (Transition) shall take precedence; then
- (b) the Schedules; then
- (c) the SEC Subsidiary Documents.

## SECTION B: ACCESSION

### B1 ACCESSION

#### **Eligibility for Admission**

B1.1 Any person who applies to be admitted as a Party (an **Applicant**) shall be entitled to be admitted as a Party, subject to and in accordance with the provisions of this Section B1.

B1.2 An Applicant may not be admitted as a Party if:

- (a) it is already a Party; or
- (b) it was expelled from this Code in accordance with Section M8 (Suspension, Expulsion and Withdrawal) within the 12 months preceding the date of its application (or such shorter period as the Panel may determine from time to time).

#### **Application Form and Guidance**

B1.3 The Code Administrator shall create an Application Form, and publish such form on the Website.

B1.4 The Code Administrator shall establish and publish on the Website a guide for Applicants describing, and providing guidance in respect of, the process set out in this Section B1 (the **Application Guidance**).

#### **Application Fee**

B1.5 The Panel shall determine (and publish on the Website) a fee from time to time (the **Application Fee**) to be payable by Applicants to SECCo. The Panel shall set the Application Fee at a level intended to recover the reasonable costs incurred by or on behalf of the Panel (including amounts payable to the Code Administrator) in administering the process set out in this Section B1.

B1.6 The Code Administrator shall include within the Application Guidance details of the

methods by which the Application Fee may be paid.

**Accession Process**

- B1.7 An Applicant shall submit to the Code Administrator a duly completed Application Form (together with any supporting documents required by that form), and the Application Fee (by a method of payment provided for in the Application Guidance).
- B1.8 As soon as reasonably practicable following receipt of an Application Form and the Application Fee from an Applicant, the Code Administrator shall:
- (a) notify the Applicant if it is ineligible to be admitted as a Party in accordance with Section B1.2;
  - (b) where the Applicant is not ineligible, check that the Application Form has been duly completed and that any supporting documentation requested has been provided, and notify the Applicant of any omissions; and
  - (c) where there are no such omissions, notify the Applicant and the Panel that the Applicant is to be admitted as a Party subject to execution of an Accession Agreement.

**Accession Agreement**

- B1.9 Where an Applicant is to be admitted as a Party in accordance with Section B1.8(c), the Code Administrator shall prepare two counterparts of the Accession Agreement for the Applicant (in substantially the form of the Specimen Accession Agreement), and send them to the Applicant.
- B1.10 An Applicant that wishes to proceed with its accession to this Code should sign (but not date) both counterparts of the Accession Agreement, and return them to the Code Administrator.
- B1.11 Upon return to the Code Administrator of the two counterparts of the Accession Agreement as envisaged by Section B1.10, the Panel shall procure that (as soon as reasonably practicable thereafter) SECCo:
- (a) signs each counterpart on behalf of itself and all the Parties (as it is authorised to do under Section B1.14); and

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(b) dates each counterpart with the date of such execution.

B1.12 The Code Administrator shall return one signed and dated counterpart of the Accession Agreement to the Applicant, and retain the other counterpart for the Panel's records.

### **Accession**

B1.13 An Applicant will accede to this Code and become a Party with effect from the date of its executed Accession Agreement. The Code Administrator shall give notice of each Applicant's accession to the Applicant, to each other Party and to the Authority. Such notice will confirm the Applicant's Party Details.

### **SECCo Authority to enter into Accession Agreements**

B1.14 Subject to and in accordance with this Section B1, each Party hereby irrevocably and unconditionally authorises SECCo to execute and deliver, on behalf of such Party, any and all Accession Agreements that are substantially in the form of the Specimen Accession Agreement and that have been signed by an Applicant.

### **Disputes Regarding Admission**

B1.15 Where an Applicant disagrees with any decision of the Code Administrator pursuant to Section B1.8, the Applicant may refer the matter to the Panel for determination.

B1.16 Where an Applicant disagrees with any decision of the Panel made pursuant to Section B1.15, the Applicant may refer the matter to the Authority for its determination, which shall be final and binding for the purposes of this Code.

## SECTION C – GOVERNANCE

### C1 SEC OBJECTIVES

#### General SEC Objectives

C1.1 The objectives of this Code otherwise than in respect of the Charging Methodology are set out in Condition 22 of the DCC Licence (such objectives being the **General SEC Objectives**). For ease of reference, the General SEC Objectives are set out below using the terminology of this Code (but in the case of any inconsistency with the DCC Licence, the DCC Licence shall prevail):

- (a) the first General SEC Objective is to facilitate the efficient provision, installation, and operation, as well as interoperability, of Smart Metering Systems at Energy Consumers' premises within Great Britain;
- (b) the second General SEC Objective is to enable the DCC to comply at all times with the General Objectives of the DCC (as defined in the DCC Licence), and to efficiently discharge the other obligations imposed upon it by the DCC Licence;
- (c) the third General SEC Objective is to facilitate Energy Consumers' management of their use of electricity and gas through the provision to them of appropriate information by means of Smart Metering Systems;
- (d) the fourth General SEC Objective is to facilitate effective competition between persons engaged in, or in Commercial Activities connected with, the Supply of Energy;
- (e) the fifth General SEC Objective is to facilitate such innovation in the design and operation of Energy Networks (as defined in the DCC Licence) as will best contribute to the delivery of a secure and sustainable Supply of Energy;
- (f) the sixth General SEC Objective is to ensure the protection of Data and the security of Data and Systems in the operation of this Code;
- (g) the seventh General SEC Objective is to facilitate the efficient and transparent

administration and implementation of this Code.

**Transition Objective**

C1.2 As provided for in Condition 22 of the DCC Licence, during the period prior to the Completion of Implementation, the General SEC Objectives must be read and given effect (so far as it is possible to do so) in a way that is compatible with achieving the Transition Objective.

**Charging Objectives**

C1.3 The objectives of this Code in respect of the Charging Methodology only (such objectives being the **Charging Objectives**) comprise the “**First Relevant Policy Objective**” and the “**Second Relevant Policy Objective**” as set out in Condition 18 of the DCC Licence. For ease of reference, the First Relevant Policy Objective and the Second Relevant Policy Objective are set out in Sections C1.4 and C1.5 using the terminology of this Code (but in the case of any inconsistency with the DCC Licence, the DCC Licence shall prevail).

C1.4 The First Relevant Policy Objective:

- (a) applies in relation to Smart Metering Systems installed (or to be installed) at Domestic Premises; and
- (b) requires the Charging Methodology to ensure that Charges (other than Charges for Elective Communication Services) in respect of such Smart Metering Systems do not distinguish (whether directly or indirectly) between Energy Consumers at Domestic Premises in different parts of Great Britain.

C1.5 The Second Relevant Policy Objective is that, subject to compliance with the First Relevant Policy Objective, the Charging Methodology must result in Charges that:

- (a) facilitate effective competition in the Supply of Energy (or its use) under the Electricity Act and the Gas Act;
- (b) do not restrict, distort, or prevent competition in Commercial Activities that are connected with the Supply of Energy under the Electricity Act and the Gas Act;

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- (c) do not deter the full and timely installation by Energy Suppliers of Smart Metering Systems at Energy Consumers' premises in accordance with their obligations under the Energy Supply Licence; and
- (d) do not unduly discriminate in their application and are reflective of the costs incurred by the DCC, as far as is reasonably practicable in all of the circumstances of the case, having regard to the costs of implementing the Charging Methodology.

C1.6 The Charging Methodology will achieve the Second Relevant Policy Objective if it is compliant with the provisions of Section C1.5 in the round, weighing them as appropriate in each particular case.

**C2 PANEL**

**Establishment of the Panel**

C2.1 The Panel is hereby established. The Panel shall:

- (a) pursue the objectives, undertake the duties, and have the powers, set out in Sections C2.2 to C2.4;
- (b) be composed of the Panel Members described in Section C3 (Panel Members), some of whom will be elected in accordance with Section C4 (Elected Members); and
- (c) conduct its activities in accordance with the procedures set out in Section C5 (Proceedings of the Panel).

**Panel Objectives**

C2.2 The Panel shall, in all its activities, always act in a manner designed to achieve the following objectives (the **Panel Objectives**):

- (a) that this Code is given full and prompt effect in accordance with its terms and conditions;
- (b) that this Code is given effect in such a manner as will facilitate achievement of the SEC Objectives;
- (c) that this Code is given effect in a fair manner without undue discrimination between the Parties or any classes of Party; and
- (d) that the Panel conducts its affairs in an open and transparent manner.

**Panel Duties**

C2.3 Without prejudice to any other tasks, duties or obligations imposed on the Panel in this Code, the Panel shall, subject to and in accordance with the other provisions of this Code:

- (a) oversee the process by which Applicants apply to become a Party, as set out in Section B (Accession);

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- (b) manage the Code Administrator and Secretariat, and oversee their performance;
- (c) develop, consult upon, and report upon its performance against three-year budgets and work plans in accordance with Section C8 (Panel Costs and Budgets);
- (d) oversee and co-ordinate the process for assessing Modification Proposals, and implement successful Modification Proposals, each as set out in Section D (Modification Process);
- (e) manage and co-ordinate arrangements for the resolution of certain Disputes under or in relation to this Code, as set out in Section M7.3 (Reference to the Panel or its Sub-Committees);
- (f) manage and co-ordinate the suspension of Parties' rights under this Code, as set out in Section M8 (Suspension, Expulsion and Withdrawal);
- (g) manage and co-ordinate the withdrawal or expulsion of Parties from this Code, as set out in Section M8 (Suspension, Expulsion and Withdrawal);
- (h) by no later than 30 Working Days following the end of each Regulatory Year prepare and publish a report on the implementation of this Code and the activities of the Panel during that Regulatory Year, including so as to evaluate whether this Code continues to meet the SEC Objectives;
- (i) at the written request of the Authority at any time, undertake a review of such parts of this Code as the Authority may specify to evaluate whether this Code continues to meet the SEC Objectives;
- (j) at the written request of the Authority, collect and provide to the Authority (or publish in such manner as the Authority may direct) such information regarding the SEC Arrangements as the Authority may reasonably request (and each Party shall provide to the Panel such information as the Panel reasonably requires in order to enable the Panel to comply with any such request of the Authority);
- (k) hold a general meeting during the month of July each year, which each Panel

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Member will (subject to unforeseen circumstances) attend, at which a representative of each Party shall be entitled to attend and speak, and at which the Panel will endeavour to answer any reasonable questions submitted to the Secretariat in advance of the meeting;

- (l) establish (and, where appropriate, revise from time to time) joint working arrangements with the panels, committees and administrators responsible for the governance and operation of other Energy Codes, in order to facilitate the timely identification, co-ordination, making and implementation of changes to other Energy Codes consequent on a Modification Proposal (and vice versa);
- (m) establish joint working arrangements with the Information Commissioner pursuant to which the Panel shall notify the Information Commissioner of matters in which the Panel believes the Information Commissioner may have an interest; and
- (n) periodically commission a review of the effectiveness of the End-to-End Technical Architecture by the Technical Sub-Committee (including so as to evaluate whether the Technical Specifications continue to meet the SEC Objectives).

#### **Panel Powers**

C2.4 Without prejudice to any other rights or powers granted to the Panel in this Code, the Panel shall, subject to and in accordance with the other provisions of this Code, have the power to:

- (a) appoint and remove the Code Administrator and the Secretariat in accordance with Section C7 (Code Administrator, Secretariat and SECCo);
- (b) appoint and remove professional advisers;
- (c) consider, approve and authorise the entering into by SECCo of contracts in accordance with Section C7 (Code Administrator, Secretariat and SECCo);
- (d) constitute Sub-Committees in accordance with Section C6 (Sub-Committees);
- (e) consider, approve and authorise the licensing, sub-licensing, or any other manner of dealing with the Intellectual Property Rights in the SEC Materials,

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for any use which does not hinder, delay or frustrate, in any way whatsoever, the SEC Objectives; and

- (f) do anything necessary for, or reasonably incidental to, the discharge of its duties under this Code.

**C3 PANEL MEMBERS**

**Panel Composition**

C3.1 The Panel shall be composed of the following categories of persons (each a **Panel Member**, and the Panel Members referred to in Sections C3.1(a) to (e) being the **Elected Members**):

- (a) two persons elected by the Large Supplier Parties;
- (b) two persons elected by the Small Supplier Parties;
- (c) one person elected by the Electricity Network Parties;
- (d) one person elected by the Gas Network Parties;
- (e) two persons elected by the Other SEC Parties;
- (f) one person nominated by the DCC in accordance with Section C3.3 (the **DCC Member**);
- (g) two persons nominated in accordance with Section C3.4 (the **Consumer Members**);
- (h) one person appointed in accordance with Section C3.5 (the **Panel Chair**); and
- (i) any additional person appointed by the Panel Chair in accordance with Section C3.6.

C3.2 Each Panel Member must be an individual (and cannot be a body corporate, association or partnership). No one person can hold more than one office as a Panel Member.

**DCC Member**

C3.3 The DCC Member shall be one person nominated by the DCC by notice to the Secretariat. The DCC may replace such person from time to time by prior notice to the Secretariat.

**Consumer Members**

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C3.4 The Consumer Members shall be two persons nominated by the National Consumer Council by notice to the Secretariat from time to time. The National Consumer Council may replace each such person from time to time by prior notice to the Secretariat.

### **Appointment of the Panel Chair**

C3.5 The first Panel Chair to be appointed following the designation of this Code shall be appointed in accordance with the appointment process developed in accordance with Section X (Transition). Thereafter, each Panel Chair shall be appointed in accordance with the same process, as modified from time to time by the Panel; provided that such process as modified must be designed to ensure that:

- (a) the candidate selected is sufficiently independent of any particular Party or class of Parties;
- (b) the appointment is conditional on the Authority approving the candidate;
- (c) the Panel Chair is appointed for a three-year term (following which he or she can apply to be re-appointed);
- (d) the Panel Chair is remunerated at a reasonable rate;
- (e) the Panel Chair's appointment is subject to Section C3.8 and terms equivalent to those set out in Section C4.6 (Removal of Elected Members); and
- (f) provision is made for the Panel Chair to continue in office for a reasonable period following the end of his or her term of office in the event of any delay in appointing his or her successor.

### **Panel Chair Appointee**

C3.6 Where at any time:

- (a) no person is currently appointed as a Panel Member pursuant to this Section C3.6; and
- (b) the Panel Chair (having consulted with the other Panel Members) considers that there is a class or category of person having an interest in the SEC

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Arrangements whose interests are not adequately represented in the composition of the Panel at that time, and whose interests would be better represented if a particular person were appointed as an additional Panel Member,

the Panel Chair may (having consulted with the other Panel Members) appoint that particular person as a Panel Member by notice to the Secretariat. The Panel Chair may (having consulted with the other Panel Members), at any time thereafter by notice to the Secretariat, remove that person from the office of Panel Member.

### **Duties of Panel Members**

- C3.7 A person appointed as Panel Member, when acting in that capacity, shall:
- (a) act independently, not as a delegate, and without undue regard to the interests, of any Related Person;
  - (b) exercise reasonable skill and care to the standard reasonably expected of a director of a company under the Companies Act 2006; and
  - (c) act in a manner designed to facilitate the performance by the Panel of its duties under this Code.

### **Panel Member Confirmation**

- C3.8 Each Panel Member must confirm in writing to SECCo (for the benefit of SECCo and each Party) that that person:
- (a) agrees to act as a Panel Member in accordance with this Code, including the requirements of Section C3.7; and
  - (b) agrees to accept appointment as a director of SECCo, and to act in such capacity in accordance with this Code; and
  - (c) will be available as reasonably required throughout his or her term of office, both to attend Panel meetings and to undertake work outside those meetings as may reasonably be required,

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and must further complete any and all forms required to be completed by law in order for that person to become a director of SECCo.

- C3.9 The appointment of a person who would otherwise be a Panel Member shall lapse (and the relevant office shall become vacant) if that person does not comply with the requirements of Section C3.8 within 20 Working Days after a request from the Secretariat to do so.

### **Notification of Related Persons**

- C3.10 Each Panel Member shall, at the time of his appointment and upon any relevant change in circumstance, disclose, in writing to the Panel, the name of each Related Person who is a Party, a DCC Service Provider or is otherwise likely to be materially affected by the SEC Arrangements (other than in the capacity of Energy Consumer).

- C3.11 Without prejudice to the generality of Section C3.10, where a Panel Member changes employer, the Panel Member shall (as soon as reasonably practicable after such change) notify the Secretariat of such change in writing. The Secretariat shall then notify the Parties of such change in employer.

### **Protections for Panel Members and Others**

- C3.12 SECCo shall indemnify, and keep indemnified:

- (a) each Panel Member (whether as a Panel Member or as a director of SECCo);
- (b) each Reserve (whether acting as an Alternate or otherwise);
- (c) each person who serves on a Sub-Committee or Working Group; and
- (d) each Party, or an Affiliate of a Party, as employer of any person referred to in Sections C3.12(a) to (c),

from and against any and all costs (including legal costs), charges, expenses, damages or other liabilities properly incurred or suffered by that person or employer in relation to the exercise of the person's powers duties or responsibilities under this Code, including where such powers duties or responsibilities are exercised negligently. The persons and employers shall be entitled to enforce their rights under this Section C3.12 pursuant to Section M11.5 (Third Party Rights).

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C3.13 The indemnity set out in Section C3.12 shall not apply to any costs, charges, expenses, damages or other liabilities that are:

- (a) costs and expenses expressly stated to be incapable of recovery by the Panel under Section C8 (Panel Costs and Budgets); or
- (b) suffered or incurred or occasioned by the wilful default, fraud or bad faith of, or breach of contract by, the relevant person.

**C4 ELECTED MEMBERS**

**Elected Members**

C4.1 The first Elected Members to be appointed on the designation of this Code shall be appointed in accordance with Section X (Transition). All other Elected Members shall be elected in accordance with the process set out in Section C4.2. Each Elected Member shall serve as a Panel Member until his or her retirement in accordance with Section C4.4, or until he or she is removed from office in accordance with Section C3.9, C4.5 or C4.6.

**Election of Elected Members**

C4.2 The process set out in this Section C4.2 shall apply in respect of the election of each Elected Member. This process shall apply in respect of Elected Member vacancies arising by virtue of a Panel Member's retirement in accordance with Section C4.4 (a **Scheduled Election**), or a Panel Member being removed from office in accordance with Section C3.9, C4.5 or C4.6 (an **Interim Election**). In each case, the following process shall apply:

- (a) each Elected Member is to be elected by a Party Category as described in Section C3.1;
- (b) each Voting Group within a Party Category is entitled to cast one vote in the election of the Panel Member(s) to be elected by that Party Category;
- (c) the Secretariat shall publish on the Website and send to each Party within the relevant Party Category an invitation for nominations for candidates for the role of Elected Member for that Party Category;
- (d) in the case of Scheduled Elections, the invitation for nomination of candidates shall be published and sent by the Secretariat at least 35 Working Days ahead of the date on which the relevant Panel Member's term of office expires;
- (e) in the case of Interim Elections, the invitation for nomination of candidates shall be published and sent by the Secretariat by no later than 5 Working Days after the date on which the relevant Panel Member was removed from office;

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- (f) the invitation for nomination of candidates shall request nominations within 15 Working Days after the date of the invitation;
- (g) the eligible candidates for election shall be those persons who are (at the time of their nomination) capable of becoming and remaining Panel Members in accordance with Sections C3.2 and C4.6, and whose nominations (whether nominated by themselves or a third party) are received by the Secretariat within the period of time set out in the request for nominations;
- (h) where the Secretariat receives a nomination for a candidate that the Secretariat does not consider to be an eligible candidate in accordance with Section C4.2(g), the Secretariat shall notify that person that this is the case as soon as reasonably practicable after receipt of the nomination (and, in any event, by no later than 2 Working Days following the expiry of the period of time set out in the request for nominations);
- (i) where a candidate disputes the Secretariat's notification under Section C4.2(h), the candidate shall have 2 Working Days following receipt of such notification to refer the matter to the Panel Chair for final determination (which determination shall be made by the Panel Chair by no later than 5 Working Days following the expiry of the period of time set out in the request for nominations);
- (j) 6 Working Days following the expiry of the period of time set out in the request for nominations, the Secretariat shall give notice to each Party within the relevant Party Category of the names of each eligible candidate (together with any supporting information provided to the Secretariat with his or her nomination);
- (k) at the same time as the Secretariat issues such notice, where there are more eligible candidates for a Party Category than there are positions to be filled as Elected Members for that Party Category, the Secretariat shall invite the Voting Groups comprising that Party Category to vote for their preferred eligible candidate;
- (l) each such Voting Group shall be entitled to cast one vote, and shall cast such

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vote by means of a system established by the Panel which ensures that each Voting Group casts only one vote, and which allows 10 Working Days following the invitation pursuant to Section C4.2(k) for such vote to be cast;

- (m) the successful candidate or candidates elected as a result of the votes cast in accordance with this Section C4.2 shall be determined in accordance with Section C4.3;
- (n) the Secretariat shall not publish details of the votes cast by each Voting Group, but shall disclose such details to the Panel Chair for scrutiny;
- (o) as soon as reasonably practicable following the election of an Elected Member in accordance with this Section C4.2, the Secretariat shall publish on the Website and notify each Party of the identity of the person who has been so elected; and
- (p) each person elected as a Panel Member in accordance with this Section C4.2 shall commence his or her office as a Panel Member: (i) in the case of Scheduled Elections, simultaneously with the retirement of the relevant Panel Member; or (ii) in the case of Interim Elections, simultaneously with the notification by the Secretariat pursuant to Section C4.2(o).

C4.3 As a result of the process set out in Section C4.2:

- (a) where there are the same number of eligible candidates for a Party Category as there are positions to be filled as Elected Members for that Party Category, all of the eligible candidates shall be elected as Elected Members;
- (b) where there are more eligible candidates for a Party Category than there are positions to be filled as Elected Members for that Party Category, the eligible candidate(s) that received the most votes in accordance with Section C4.2(l) shall be elected as Elected Members (and, in the case of a tie, the Secretariat shall determine the Elected Member by drawing lots, to be witnessed by the Panel Chair); or
- (c) where there are fewer eligible candidates for a Party Category than there are positions to be filled as Elected Members for that Party Category (including

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where there are no eligible candidates), the Authority will (at its discretion) be entitled to nominate an Elected Member for that Party Category. Where this Section C4.3(c) applies, the Panel shall be entitled (at any time thereafter) to determine that a further Interim Election should be held in accordance with Section C4.2 in respect of that Party Category.

#### **Retirement of Elected Members**

C4.4 Subject to earlier removal from office of an Elected Member in accordance with Section C3.9, C4.5 or C4.6 and without prejudice to his or her ability to stand for re-election, each Elected Member shall retire (at which point his or her office shall become vacant) as follows:

- (a) the Elected Members elected in accordance with Section X (Transition) shall retire in accordance with that Section;
- (b) the Elected Members elected in accordance with this Section C4.2, shall retire two years after the date on which they first took office; and
- (c) any Elected Member nominated by the Authority pursuant to Section C4.3(c), shall retire on the Authority determining (at its discretion) that such person should be removed from office, or on the successful election of a replacement Elected Member in an election pursuant to Section C4.3(c).

#### **Removal of Elected Members**

C4.5 An Elected Member may:

- (a) resign his or her office by 10 Working Days' notice in writing to the Panel Chair;
- (b) be removed from office by the Panel Chair on notice to the Panel if the Elected Member fails to attend (either in person or via his or her Alternate) at least 50% of the Panel meetings held in any period of 12 months; or
- (c) be removed from office by the other Panel Members (acting unanimously) if such other Panel Members consider that the Elected Member is in breach of the confirmation given by that Elected Member pursuant to Section C3.8

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(Panel Member Confirmation).

- C4.6 An Elected Member shall automatically be removed from office if he or she:
- (a) dies;
  - (b) is admitted to hospital in pursuance of an application under the Mental Health Act 1983 or the Mental Health (Care and Treatment) (Scotland) Act 2003, or an order is made by a court with competent jurisdiction in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person with respect to his property or affairs;
  - (c) becomes bankrupt or makes any arrangement or composition with his creditors;
  - (d) becomes prohibited by law from being a director of a company under the Companies Act 2006; and/or
  - (e) is convicted of an indictable criminal offence.

**C5 PROCEEDINGS OF THE PANEL**

**Meetings of the Panel**

- C5.1 The Panel shall hold meetings with such frequency as it may determine or the Panel Chair may direct, but in any event shall meet when necessary to meet its responsibilities under Section D (Modification Process) and at least once every two months.
- C5.2 The location and timing of each meeting shall be determined by the Panel. Panel Members shall endeavour to attend each meeting in person, but attendance by telephone conference or other technological means shall be permitted (provided that each of the Panel Members attending the meeting acknowledges that he or she can communicate with each other).
- C5.3 Subject to the other provisions of this Code, the Panel may regulate the conduct of its meetings as it sees fit.

**Quorum**

- C5.4 No business shall be transacted at any meeting of the Panel unless a quorum is present at that meeting. The quorum for each Panel meeting shall be one half of all Panel Members appointed at the relevant time, at least one of whom must be the Panel Chair.

**Meeting Notice and Papers**

- C5.5 Each meeting that the Panel determines, or the Panel Chair directs, is to be held shall be convened by the Secretariat. Such meeting shall be convened on at least 5 Working Days' advance notice (or such shorter period as the Panel may approve). Such notice must be given to:
- (a) the Panel Members (and any appointed Alternates);
  - (b) each of the persons referred to in Section C5.13;
  - (c) the Parties; and
  - (d) any other person that the Panel determines, or the Panel Chair directs, should

be invited to the meeting.

C5.6 The notice of each Panel meeting shall contain or be accompanied by the following:

- (a) the time, date and location of the meeting;
- (b) the arrangements for those wishing to attend the meeting by telephone conference or other technological means; and
- (c) an agenda and supporting papers.

C5.7 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a Panel meeting by, a person entitled to receive notice shall not invalidate the proceedings of that meeting.

**Panel Chair**

C5.8 The Panel Chair shall preside at every meeting of the Panel. If the Panel Chair is unable to attend a Panel meeting, the Panel Chair shall ensure that his or her Alternate attends the meeting as Panel Chair.

C5.9 The Panel Chair shall not be entitled to vote unless there is a deadlock, in which case the Panel Chair shall have the casting vote.

**Voting**

C5.10 Subject to Section C5.9, each Panel Member shall be entitled to attend, and to speak and vote at, every meeting of the Panel.

C5.11 All decisions of the Panel shall be by resolution. In order for a resolution of the Panel to be passed at a meeting, a simple majority of those Panel Members attending that meeting must vote in favour of that resolution.

C5.12 A resolution in writing signed by or on behalf of all the Panel Members shall be as valid and effective as if it had been passed at a meeting of the Panel duly convened and held. Such a resolution may be signed in any number of counterparts.

**Attendance by other persons**

C5.13 One representative from each of the following persons shall be entitled to attend and

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speak (but not vote) at any meeting of the Panel:

- (a) the Secretary of State;
- (b) the Authority; and
- (c) any other person that the Panel determines, or the Panel Chair directs, should be invited to attend.

C5.14 Any Party shall be entitled to send a representative to attend a Panel meeting provided that Party gives the Secretariat at least 3 Working Days' notice in advance of such meeting (or such shorter period of notice as the Panel Chair may approve). Such a representative shall be entitled to attend and (at the Panel Chair's invitation) speak at (but in no circumstances vote at) the meeting.

C5.15 The Panel Chair may (at his or her discretion on grounds of confidentiality) exclude from any part of a Panel meeting persons admitted pursuant to Section C5.13(c) or C5.14.

### **Minutes of Panel Meetings**

C5.16 The Secretariat shall, following each Panel meeting (and in any event at or before the next Panel meeting), circulate copies of the minutes of that meeting to each person who was entitled to receive a notice of that meeting. The Panel may determine that certain parts of a meeting are confidential, in which case those matters will not be included in the minutes circulated to persons other than the Panel, the Secretary of State and the Authority.

C5.17 If any Panel Member disagrees with any item of the minutes, he shall notify the Secretariat of those items with which he or she disagrees, and the Secretariat shall incorporate those items upon which there is disagreement into the agenda for the next following meeting of the Panel.

C5.18 The Secretariat shall maintain a record of all resolutions voted on by the Panel, indicating how each Panel Member voted on each resolution, and shall make such record available on request to any Party.

**Alternates**

- C5.19 Each Panel Member may, from time to time by notice in writing to the Secretariat, appoint another natural person to act as his or her alternate (an **Alternate**). The Panel Chair must appoint a person to act as his or her Alternate.
- C5.20 Each such Alternate must, before his or her appointment as such can become valid, have provided the confirmations referred to in Sections C3.8(a) and (c) (Panel Member Confirmation).
- C5.21 Where a Panel Member does not attend at a Panel meeting, the Panel Member's Alternate shall be entitled to attend (and count, in his capacity as Alternate, towards the quorum at) that meeting, and to exercise and discharge all the functions, powers and duties of the Panel Member at that meeting.
- C5.22 Each Panel Member may, by notice in writing to the Secretariat, remove or replace the person appointed from time to time by that Panel Member as his or her Alternate. An Alternate shall immediately cease to be an Alternate on the occurrence of any of the events set out in Section C4.5 (Removal of Elected Members) in respect of the Alternate. Where an Alternate's appointor ceases to be a Panel Member for any reason, the Alternate's role as such shall also cease.
- C5.23 Unless the context otherwise requires, any reference in this Code to a Panel Member shall be construed as including a reference to that Panel Member's Alternate.

**Conflicts of interest**

- C5.24 Given the duty of each Panel Member to act independently, as set out in C3.7 (Duties of the Panel), conflicts of interest should not regularly arise.
- C5.25 Notwithstanding Section C5.24, where a decision of the Panel will have particular consequences for a particular Party or class of Parties, each Panel Member shall consider whether that decision presents a conflict of interest (whether because such Party or Parties comprise Related Persons of the Panel Member or otherwise).
- C5.26 Where a Panel Member considers that a decision does present a conflict of interest, the Panel Member shall absent him or herself from the Panel meeting for that decision and abstain from the vote regarding that decision. Furthermore, where the Panel Chair

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considers that a decision does present a conflict of interest for a Panel Member, the Panel Chair may require the Panel Member to absent him or herself from the Panel meeting for that decision and to abstain from the vote regarding that decision.

**C6 SUB-COMMITTEES**

**Sub-Committees**

- C6.1 The Panel may establish committees (**Sub-Committees**) for the purposes of doing or assisting the Panel in doing anything to be done by the Panel pursuant to this Code. The Panel shall establish those Sub-Committees expressly provided for in this Code.
- C6.2 The Panel may establish a Sub-Committee on a standing basis or for a fixed period or a finite purpose.
- C6.3 The Panel may decide that any Sub-Committee (other than one whose establishment is expressly provided for in this Code) is to be dissolved. Those Sub-Committees expressly provided for in this Code are to remain established for so long as they are provided for in this Code.
- C6.4 Subject to Section C6.5, the Panel may delegate to any Sub-Committee such of the duties, powers and functions of the Panel as the Panel may specify. The Panel shall delegate to any Sub-Committee expressly provided for in this Code all of the duties, powers, and functions of the Panel relating to the functions of that Sub-Committee described in this Code.

**Working Groups**

- C6.5 The Panel may not establish Sub-Committees to undertake the functions expressly reserved to Working Groups under Section D (Modification Process). Working Groups are to be subject to the requirements of Section D6 (Refinement Process), which may impose requirements by reference to this Section C6.

**Membership**

- C6.6 Each Sub-Committee expressly provided for in this Code shall be composed of such persons as are determined in accordance with the provisions of this Code (if any) that prescribe such membership (and otherwise in accordance with Section C6.7).
- C6.7 Subject to Section C6.6:
- (a) each Sub-Committee shall be composed of such persons of suitable experience and qualifications as the Panel shall decide and as are willing to serve thereon,

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and which may include any Panel Member;

- (b) before establishing each Sub-Committee, the Panel shall invite (by such means as it considers appropriate) applications from individuals who wish to serve on that Sub-Committee;
- (c) once a Sub-Committee has been established, the Panel may admit such additional persons to, or remove any person from, that Sub-Committee as the Panel considers appropriate (including on the application of any Party or any member of the Sub-Committee).

C6.8 Each person serving on a Sub-Committee shall, when acting in that capacity:

- (a) act independently, not as a delegate, and without undue regard to the interests, of any Related Person; and
- (b) act in a manner designed to facilitate the performance by the Panel of its duties under this Code.

### **Member Confirmation**

C6.9 Unless the Panel otherwise directs, a person who is to serve on a Sub-Committee shall not do so unless he or she has first provided a written confirmation to SECCo (for the benefit of SECCo and each Party) that that person:

- (a) agrees to serve on the Sub-Committee in accordance with this Code, including the requirements of Section C6.8; and
- (b) will be available as reasonably required throughout his or her term of office, both to attend Sub-Committee meetings and to undertake work outside those meetings as may reasonably be required.

### **Terms of Reference and Procedural Requirements**

C6.10 The Panel shall set out in writing the duties, powers, and functions of the Panel that it has delegated to each Sub-Committee. The Panel shall also specify in the same document the terms of reference and procedural rules that are to be followed by the Sub-Committee (which may be revised from time to time by the Panel); provided that, in the case of Sub-Committees expressly provided for in this Code, the Panel must

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specify terms of reference and procedural rules consistent with the requirements (if any) expressly set out in this Code.

C6.11 Save to the extent otherwise specified by the Panel in accordance with Section C6.10, each Sub-Committee shall conduct its business in accordance with the requirements applying to the Panel in accordance with Section C5 (Proceedings of the Panel).

C6.12 No Sub-Committee may further delegate any of its duties, powers and functions unless expressly authorised to do so by the terms of reference and procedural rules specified in accordance with Section C6.10.

#### **Decisions of Sub-Committees**

C6.13 Resolutions of Sub-Committees shall only have binding effect as decisions of the Panel if the Panel has formally delegated the decision-making powers to the Sub-Committee.

C6.14 The Panel shall be deemed to have delegated its decision-making powers to each Sub-Committee expressly provided for in this Code, insofar as such decision-making powers relate to the functions of the Sub-Committee. The delegation of decision-making powers to any other Sub-Committee shall require the unanimous agreement of all Panel Members at the meeting at which the decision to delegate such powers is agreed.

C6.15 For the avoidance of doubt, the delegation to a Sub-Committee of any duties, powers and functions of the Panel shall not relieve the Panel of its general responsibility to ensure that such duties, powers and functions are exercised in accordance with this Code.

**C7 CODE ADMINISTRATOR, SECRETARIAT AND SECCO**

**Code Administrator**

- C7.1 The Panel may, from time to time, appoint and remove, or make arrangements for the appointment and removal of, one or more persons to be known as the **Code Administrator**.
- C7.2 The Code Administrator shall perform those tasks and functions expressly ascribed to it under this Code, and any other tasks and functions as the Panel may assign to the Code Administrator from time to time. In particular, the Code Administrator shall:
- (a) comply with the Code Administration Code of Practice and perform its tasks and functions in a manner consistent with the Code Administration Code of Practice Principles (provided that the requirements of this Code shall apply in the event of any inconsistencies between this Code and the requirements of the Code Administration Code of Practice);
  - (b) in conjunction with the other persons named as code administrators in the Code Administration Code of Practice, review and where appropriate propose to the Authority that amendments be made to the Code Administration Code of Practice (subject always to the Authority's approval of those amendments);
  - (c) report to the Panel on any inconsistencies between this Code and the requirements of the Code Administration Code of Practice;
  - (d) support the process by which Applicants apply to become a Party, as set out in Section B (Accession);
  - (e) support the process for Modifications, as set out in Section D (Modification Process);
  - (f) facilitate a process whereby Parties can submit a potential Modification Proposal to the Code Administrator to have that potential variation developed, refined and discussed prior to the Party deciding whether to formally submit a Modification Proposal (whether through the Change Board or another forum);
  - (g) support the process by which Parties become Users, as set out in Section H1

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(User Entry Process);

- (h) support the process by which persons become Eligible Supplier Agents, as set out in Section H2 (Supplier Nominated Agents);
- (i) act as a critical friend in providing assistance and support to Parties (and prospective Parties) in relation to the other tasks and functions to be performed by the Code Administrator, with a view to providing particular assistance and support to small Parties and the Consumer Members;
- (j) without prejudice to the generality of Section C7.2(i), provide support and assistance to the Proposer of a Modification Proposal, including assistance in understanding this Code so as to properly frame the Modification Proposal;
- (k) advise the Panel (and Sub-Committees and Working Groups) as to, and in respect of, the matters of which it is necessary or appropriate that the Panel (or the Sub-Committee or Working Group) should be aware in order to discharge their functions in accordance with this Code; and
- (l) provide or procure such information in connection with the implementation of this Code as the Panel may require.

C7.3 The Panel shall be responsible for ensuring that the Code Administrator undertakes its tasks and functions in respect of this Code. In particular, the Panel shall ensure that the arrangements under which the Code Administrator is appointed oblige the Code Administrator to undertake such tasks and functions on terms no less onerous than those provided for by this Code.

C7.4 Subject to the other requirements of this Section C7, the Code Administrator shall be appointed by the Panel on such terms and conditions and in return for such remuneration as the Panel sees fit.

C7.5 In no event shall the Code Administrator be a Party, an Affiliate of a Party, an employee of a Party, an employee of an Affiliate of a Party, a DCC Service Provider, an Affiliate of a DCC Service Provider, an employee of a DCC Service Provider, or an employee of an Affiliate of a DCC Service Provider.

**Secretariat**

- C7.6 The Panel may, from time to time, appoint and remove, or make arrangements for the appointment and removal of, one or more persons to be known as the **Secretariat**.
- C7.7 The Secretariat shall perform those tasks and functions expressly ascribed to it under this Code, and any other tasks and functions as the Panel may assign to the Secretariat from time to time. In particular, the Secretariat shall:
- (a) support the election of Elected Members, as set out in Section C4 (Elected Members);
  - (b) support the proceedings of the Panel (and Sub-Committees and Working Groups), as set out in Section C5 (Proceedings of the Panel);
  - (c) provide or procure such facilities and services in connection with the operation of the Panel (and Sub-Committees and Working Groups) as the Panel may require;
  - (d) maintain each Party's Party Details, as set out in Section M6 (Party Details);
  - (e) procure the creation, hosting and maintenance of the Website; and
  - (f) make an accurate and up-to-date copy of this Code available on the Website.
- C7.8 The Panel shall be responsible for ensuring that the Secretariat undertakes its tasks and functions in respect of this Code. In particular, the Panel shall ensure that the arrangements under which the Secretariat is appointed oblige the Secretariat to undertake such tasks and functions on terms no less onerous than those provided for by this Code.
- C7.9 Subject to the other requirements of this Section C7, the Secretariat shall be appointed by the Panel on such terms and conditions and in return for such remuneration as the Panel sees fit.
- C7.10 In no event shall the Secretariat be a Party, an Affiliate of a Party, an employee of a Party, an employee of an Affiliate of a Party, a DCC Service Provider, and Affiliate of a DCC Service Provider, an employee of a DCC Service Provider, or an employee of an Affiliate of a DCC Service Provider.

**SECCo**

C7.11 SECCo shall be established in accordance with Schedule 4.

C7.12 SECCo shall act as a corporate vehicle in relation to the business of the Panel, including entering into any contractual arrangements in order to give effect to any resolution of the Panel which it is necessary or desirable to implement by means of a binding contract.

**C8 PANEL COSTS AND BUDGETS**

**General**

C8.1 The costs and expenses incurred by (or on behalf of) the Panel in exercising its powers and performing its duties in respect of this Code shall be incurred by SECCo, and the DCC shall provide SECCo with the funds necessary to meet such costs and expenses.

**SEC Costs and Expenses**

C8.2 The costs and expenses capable of recovery under this Section C8 (the **Recoverable Costs**) shall be all the reasonable costs and expenses incurred:

- (a) subject to Section C8.3, by the Panel Members in their capacity as such (including in their capacity as directors of SECCo);
- (b) subject to Section C8.3, by those serving on Sub-Committees (but not, for the avoidance of doubt, Working Groups) in their capacity as such;
- (c) by SECCo under or in connection with this Code; or
- (d) by SECCo under or in connection with contracts that SECCo has entered into in accordance with this Code, including the contracts for:
  - (i) the appointment of the Code Administrator and the Secretariat;
  - (ii) the appointment of the Panel Chair;
  - (iii) the appointment of any person serving on a Sub-Committee expressly provided for in this Code where that person is expressly stated to be remunerated; and
  - (iv) the appointment of advisers,

(in each case) provided that such costs or expenses are provided for in, or otherwise consistent with, an Approved Budget.

C8.3 Subject to the terms of those contracts referred to in Sections C8.2(d):

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- (a) each Panel Member and each person serving on a Sub-Committee shall be entitled to recover all reasonable travel expenses properly incurred by them in their roles as such (and the Panel shall establish a policy that sets out guidelines regarding what constitutes reasonable travel expenses); and
- (b) no Panel Member or person serving on a Sub-Committee shall be entitled to a salary in respect of their role as such, or to any payment in respect of time they incur in their role as such.

#### **Reimbursing Panel Members**

- C8.4 Where a Panel Member or person serving on a Sub-Committee or Working Group wishes to recover any Recoverable Costs, he or she shall submit evidence of the Recoverable Costs in question to the Panel (or a named person approved by the Panel) for approval. The cost or expense in question shall only be approved to the extent that it is a Recoverable Cost, and only if the evidence is submitted in a timely manner (and in any event on or before the 20th Working Day following the end of the relevant Regulatory Year). Once approved, the evidence of the Recoverable Cost shall be submitted to SECCo for payment.
- C8.5 Within 20 Working Days following receipt of evidence of a Recoverable Cost that has been approved in accordance with Section C8.4, SECCo shall pay the relevant amount to the relevant person.

#### **SEC Costs to be Reimbursed by DCC**

- C8.6 The Recoverable Costs incurred by SECCo shall be reimbursed to SECCo by the DCC.
- C8.7 SECCo may periodically invoice the DCC for the Recoverable Costs incurred, or reasonably expected to be incurred, by SECCo; provided that SECCo shall deduct from such Recoverable Costs amounts that SECCo has received by way of Application Fee payments and any amounts that represent previous overpayments by the DCC (due to the inaccuracy of SECCo estimates, or otherwise).
- C8.8 The DCC shall pay each invoice submitted by SECCo in accordance with Section C8.7 within 10 Working Days of receipt of such invoice by the DCC.

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C8.9 It is acknowledged that the DCC is entitled to recover amounts paid by it to SECCo in accordance with this Section C8 through the Charges (subject to the requirements of the DCC Licence).

C8.10 In the event that the DCC does not pay SECCo in accordance with Section C8.8, and subject to prior approval from the Authority, SECCo may invoice the Parties who hold Energy Licences for the unpaid amount (and those Parties shall pay the invoiced amounts to SECCo as if they were Charges). Where this Section C8.10 applies, the amount to be paid by each Party shall be determined in accordance with a methodology approved by the Authority, and all amounts paid shall be reimbursed by SECCo to the relevant Party (plus interest at the Non-Default Interest Rate) at such time as the Authority may determine.

#### **Draft Budgets and Work Plans**

C8.11 The Panel shall, during January of each year, prepare and circulate to all the Parties a draft budget for the next three Regulatory Years commencing thereafter (a **Draft Budget**).

C8.12 Each Draft Budget shall set out the Panel's good-faith estimate of the Recoverable Costs that it anticipates will be incurred (or committed to) during the relevant Regulatory Years, and shall be accompanied by a detailed work plan showing the activities and projects to which the relevant costs and expenses relate. Each Draft Budget must provide for limits (both individually and in the aggregate) on costs and expenses not expressly provided for in the budget which can be incurred without having to amend the budget.

#### **Approval of Budgets**

C8.13 In respect of the Draft Budget circulated in January for the next Regulatory Year commencing thereafter, the Panel shall:

- (a) arrange for the circulation to all the Parties of the comments received from the Parties regarding the Draft Budget in the 20 Working Days following its circulation;
- (b) consider and respond to those comments, and circulate its responses to all the

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Parties;

- (c) to the extent that it considers it appropriate to do so, amend the Draft Budget and/or the accompanying work plan in the light of those comments;
- (d) approve the Draft Budget (subject to any such amendments) and publish that budget and the accompanying work plan on the Website; and
- (e) specify a date in such publication (being not less than 15 Working Days following the date of publication) from which such budget will (subject to Section C8.14) become the **Approved Budget** for the relevant Regulatory Year.

### Appeal of Budget

C8.14 Each of the Parties or the National Consumer Council may appeal to the Authority the Panel's approval of a budget as the Approved Budget for a Regulatory Year. Any such appeal will only be validly made if notified to the Authority within 10 Working Days following the publication of such Draft Budget pursuant to Section C8.13(e), and if copied to the Panel. In the event an appeal is validly made, the Panel shall arrange for a copy of the appeal to be circulated to all the Parties, and:

- (a) the Authority may give notice that it dismisses the appeal where it considers that the appeal is trivial or vexatious or has no reasonable prospect of success, in which case the budget approved by the Panel shall remain the Approved Budget; or
- (b) the Authority may give notice that it will further consider the appeal, in which case the budget approved by the Panel shall remain the Approved Budget pending and subject to any interim directions issued by the Authority, and:
  - (i) where the Authority determines that the budget approved by the Panel is consistent with the General SEC Objectives, then such budget shall remain the Approved Budget; or
  - (ii) where the Authority determines that the budget approved by the Panel is not consistent with the General SEC Objectives, then either (as directed by the Authority):

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- (A) such budget shall be amended in such manner as the Authority may direct, and such budget as so amended will be Approved Budget; or
- (B) the Panel shall produce a further Draft Budget and re-commence the process set out in Section C8.13.

### **Amendments to Budgets**

C8.15 The Approved Budget relating to each Regulatory Year may be amended by the Panel from time to time (whether before during or after that Regulatory Year, and including in respect of Recoverable Costs already incurred), provided that the Panel has first:

- (a) circulated and invited comments on the proposed amendments in accordance with Section C8.13 as if it were a Draft Budget; and
- (b) circulated and considered any comments received on the proposed amendments within 20 Working Days of such circulation on the same basis as is referred to in Section C8.13.

### **Reports**

C8.16 The Panel shall, as soon as is reasonably practicable following the end of each Regulatory Year, produce and circulate to Parties a report on the costs and expenses incurred (or committed to) during that Regulatory Year and the activities and projects to which those costs and expenses relate.

### **Audit**

C8.17 The Panel shall arrange for the monies paid by and to SECCo pursuant to this Section C8 during each Regulatory Year to be audited by a firm of chartered accountants on an annual basis in order to verify whether the requirements of this Section C8 have been met.

C8.18 The Panel shall send a copy of such auditor's report to all the Parties within 10 Working Days of its receipt by the Panel.

## SECTION D – MODIFICATION PROCESS

### D1 RAISING MODIFICATION PROPOSALS

#### Modifications

- D1.1 This Code may only be varied in accordance with the provisions of this Section D.
- D1.2 Each variation of this Code must commence with a proposal made in accordance with the provisions of this Section D1 (a **Modification Proposal**).

#### Persons Entitled to Submit Modification Proposals

- D1.3 A Modification Proposal may be submitted by any of the following persons (the **Proposer**):
- (a) a Party;
  - (b) the National Consumer Council;
  - (c) any person or body that may from time to time be designated in writing by the Authority for the purpose of this Section D1.3;
  - (d) the Authority or the DCC acting at the direction of the Authority, but in each case only in respect of variations to this Code which the Authority reasonably considers are necessary to comply with or implement:
    - (i) the EU Regulations; and/or
    - (ii) any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators; and
  - (e) the Panel (where all Panel Members at the relevant meeting vote unanimously in favour of doing so), but only in respect of variations to this Code which are intended to give effect to:
    - (i) recommendations contained in a report published by the Panel pursuant to Section C2.3(i) (Panel Duties);
    - (ii) recommendations contained in a report published by the Code

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Administrator pursuant to Section C7.2(c) (Code Administrator);

- (iii) Fast-Track Modifications (as described in Section D2 (Modification Paths)); and/or
- (iv) consequential changes to this Code required as a result of changes proposed or already made to one or more other Energy Codes.

### **Form of the Proposal**

- D1.4 The Proposer must submit a Modification Proposal to the Code Administrator.
- D1.5 The Code Administrator shall from time to time publish a prescribed form of Modification Proposal on the Website. The prescribed form must require the provision by the Proposer of all of the information set out in Section D1.7, and any other information that the Panel may reasonably approve.
- D1.6 Each Proposer must use the prescribed form when submitting a Modification Proposal.

### **Content of the Proposal**

- D1.7 A Modification Proposal must contain the following information:
  - (a) the name of the Proposer;
  - (b) the name and contact details of an employee or representative of the Proposer who will act as a principal point of contact in relation to the proposal;
  - (c) the date on which the proposal is submitted;
  - (d) a description in sufficient detail of the nature of the proposed variation to this Code and of its intended purpose and effect;
  - (e) a statement of whether, in the opinion of the Proposer, the Modification Proposal should be a Path 1 Modification, a Path 2 Modification or a Path 3 Modification;
  - (f) a statement of whether the Proposer considers, in the light of any guidance on the topic issued by the Authority from time to time, that the Modification

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Proposal should be treated as an Urgent Proposal (and, if so, its reasons for so considering);

- (g) a statement of whether or not the Modification Proposal is intended to be a Fast-Track Modification (bearing in mind that only the Panel may raise Fast-Track Modifications);
- (h) a statement of the reasons why the Proposer believes that this Code would, if the proposed variation were made, better facilitate the achievement of the SEC Objectives than if that variation were not made;
- (i) a statement of whether the Proposer believes that there would be a material impact on Greenhouse Gas Emissions as a result of the proposed variation being made;
- (j) a statement as to which parts of this Code the Proposer considers would require to be amended in order to give effect to the proposed variation or as a consequence of that variation (including legal drafting if the Proposer so wishes);
- (k) a statement as to which Party Categories, in the opinion of the Proposer, are likely to be affected by the proposed variation;
- (l) a statement of whether changes are likely to be required to other Energy Codes as a result of the proposed variation being made;
- (m) a statement of whether, in the opinion of the Proposer, the Modification Proposal will require changes to DCC Systems, User Systems and/or Smart Metering Systems; and
- (n) the timetable in accordance with which the Proposer recommends that the proposed variation should be implemented (including the proposed implementation date).

#### **Modification Register**

D1.8 The Secretariat shall establish and maintain a register (the **Modification Register**) of all current and past Modification Proposals from time to time.

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D1.9 The Modification Register shall contain, in respect of each Modification Proposal submitted pursuant to this Section D1:

- (a) a unique reference number by which the Modification Proposal can be identified;
- (b) a brief summary of the Modification Proposal and its purpose and effect;
- (c) a copy of (or internet link to) the Modification Proposal;
- (d) the stage of the process set out in this Section D that the Modification Proposal has reached;
- (e) following the Modification Proposal's initial consideration by the Panel pursuant to Section D3:
  - (i) whether it is a Path 1 Modification, a Path 2 Modification or a Path 3 Modification;
  - (ii) whether the proposal is a Fast-Track Proposal; and
  - (iii) the timetable applying in respect of the Modification Proposal;
- (f) whether the Authority has determined the Modification Proposal to be an Urgent Proposal;
- (g) where the Modification Proposal has been submitted to the Refinement Process, the agendas and minutes for Working Group meetings;
- (h) once it has been produced, the Modification Report for the Modification Proposal;
- (i) once it has been made, the decision of the Panel (in the case of Fast-Track Modifications) or of the Change Board (in the case of all other Modification Proposals); and
- (j) such other matters relating to the Modification Proposal as the Panel may reasonably determine from time to time.

D1.10 The Secretariat shall ensure that the Modification Register is updated at regular

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intervals so that the information it contains in relation to each Modification Proposal is, so far as is reasonably practicable, accurate and up-to-date.

D1.11 The Secretariat shall ensure that the Modification Register is published on the Website, and that a copy of the Modification Register is sent to each Party at least once every month.

#### **Representations from Parties**

D1.12 Each Party shall be free to make written representations from time to time regarding each Modification Proposal. Such representations should be made to the Code Administrator in the first instance. The Code Administrator shall:

- (a) in the case of Fast-Track Modifications, bring such representations to the attention of the Panel;
- (b) in the case of Modifications Proposals (other than Fast-Track Modifications) which are not following the Refinement Process, consider such representations when producing the Modification Report; and
- (c) in the case of Modifications Proposals (other than Fast-Track Modifications) which are following the Refinement Process, bring such representations to the attention of the relevant Working Group.

## D2 MODIFICATION PATHS

### General

- D2.1 Each Modification Proposal will follow one of four modification paths (as described in this Section D2). The modification path to be followed in respect of a Modification Proposal will depend upon the nature of the variation proposed in the Modification Proposal.
- D2.2 The Panel's determination (whether under Section D3.6 or subsequently) of whether a Modification Proposal is a Path 1 Modification, a Path 2 Modification or a Path 3 Modification shall be conclusive unless and until any contrary determination is made by the Authority in accordance with Section D4 (Authority Determinations).
- D2.3 Where the Panel raises a Fast-Track Modification, such Modification Proposal shall be treated as a Fast-Track Modification unless and until any contrary determination is made by the Authority in accordance with Section D4 (Authority Determinations).

### Path 1 Modifications: Authority-led

- D2.4 A Modification Proposal that proposes variations to this Code that satisfy one or more of the following criteria shall have the status of a **Path 1 Modification**:
- (a) the variations arise out of a Significant Code Review and the Authority directs the DCC to submit the Modification Proposal; and/or
  - (b) the Modification Proposal is submitted by the Authority or the DCC at the direction of the Authority pursuant to Section D1.3(d).
- D2.5 The DCC shall submit a Modification Proposal in respect of any variations arising out of a Significant Code Review that the DCC is directed to submit by the Authority.

### Path 2 Modifications: Authority Determination

- D2.6 Unless it is a Path 1 Modification, a Modification Proposal that proposes variations to this Code that satisfy one or more of the following criteria shall have the status of a **Path 2 Modification**:
- (a) the variations are likely to have a material effect on existing or future Energy

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Consumers;

- (b) the variations are likely to have a material effect on competition in the Supply of Energy or Commercial Activities connected with the Supply of Energy;
- (c) the variations are likely to have a material effect on the environment, on access to or privacy of Data, on security of the Supply of Energy, and/or on the security of Systems and/or Smart Metering Systems;
- (d) the variations are likely to have a material effect on the arrangements set out in Section C (Governance) or this Section D; and/or
- (e) the variations are likely to unduly discriminate in their effects between one Party (or class of Parties) and another Party (or class of Parties).

### **Path 3 Modification: Self-Governance**

D2.7 A Modification Proposal that is not a Path 1 Modification, a Path 2 Modification or a Fast Track Modification shall have the status of a **Path 3 Modification**.

### **Fast-Track Modifications**

D2.8 The Panel may itself raise Modification Proposals where it considers it necessary to do so to correct typographical or other minor errors or inconsistencies in this Code (**Fast-Track Modifications**).

**D3 INITIAL CONSIDERATION OF MODIFICATION PROPOSALS**

**Invalid Modification Proposals**

- D3.1 The Code Administrator shall refuse (and may only refuse) to accept the submission of a Modification Proposal that is not submitted:
- (a) by a person entitled to submit Modification Proposals in accordance with Section D1.3 (Persons Entitled to Submit Modification Proposals); and/or
  - (b) in the form, and containing the content, required by Sections D1.6 (Form of the Proposal) and D1.7 (Content of the Proposal).
- D3.2 Where the Code Administrator refuses to accept the submission of a Modification Proposal, it shall notify the Panel and the Proposer of that refusal as soon as is reasonably practicable, setting out the grounds for such refusal.
- D3.3 Where the Panel is notified that the Code Administrator has refused to accept the submission of a Modification Proposal, the Panel may instruct the Code Administrator to accept the submission of that proposal (and Section D3.4 shall apply as if the Code Administrator had not refused to accept the Modification Proposal).

**Initial Comment by the Code Administrator**

- D3.4 Unless the Code Administrator has refused to accept the submission of the Modification Proposal, the Code Administrator shall, within the time period reasonably necessary to allow the Panel to comply with the time periods set out in Section D3.5, submit to the Panel:
- (a) each Modification Proposal; and
  - (b) without altering the Modification Proposal in any way and without undertaking any detailed evaluation of the Modification Proposal, the Code Administrator's written views on the matters that the Panel is to consider under Section D3.6.

**Initial Consideration by the Panel**

- D3.5 The Panel shall consider each Modification Proposal and the accompanying

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documents referred to in section D3.4:

- (a) in the case of Modification Proposals expressed by the Proposer to be urgent, within 5 Working Days after the proposal's submission; and
- (b) in respect of all other Modification Proposals, at the next Panel meeting occurring more than 6 Working Days after the Modification Proposal's submission (provided that, in the case of Fast-Track Modifications, the Panel shall not consider the Modification Proposal earlier than 15 Working Days after it was raised).

D3.6 In considering each Modification Proposal pursuant to Section D3.6, the Panel shall determine:

- (a) whether to refuse the Modification Proposal in accordance with Section D3.8;
- (b) whether the Modification Proposal is a Path 1 Modification, a Path 2 Modification or a Path 3 Modification (taking into account the view expressed by the Proposer in the Modification Proposal and as described in Section D2);
- (c) whether the Authority should be asked to consider whether the Modification Proposal should be treated as an Urgent Proposal (and, where the Proposer has expressed the Modification Proposal to be urgent, the Panel shall so ask the Authority);
- (d) in the case of Fast-Track Modifications, whether the Modification Proposal should be approved or withdrawn (and such approval shall require the unanimous approval of all the Panel Members present at the relevant meeting);
- (e) whether, in accordance with Section D3.9, it is necessary for the Modification Proposal to go through the Refinement Process, or whether it can progress straight to the Report Process;
- (f) the timetable to apply in respect of the Modification Proposal, in accordance with the criteria set out in Section D3.10; and
- (g) whether the Modification Proposal should be considered together with any other current Modification Proposal(s) (whether because they complement or

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contradict one another or for any other reason), in which case the Modification Proposals in question shall be considered by the same Working Group.

D3.7 The Secretariat shall, as soon as reasonably practicable following the Panel's determination under Section D3.6 in respect of each Modification Proposal, confirm that determination to the Proposer and update the Modification Register.

#### **Refusal by the Panel**

D3.8 The Panel may not refuse a Path 1 Modification. Save in the case of Path 1 Modifications, the Panel may choose to refuse a Modification Proposal if that Modification Proposal has substantively the same effect as another Modification Proposal which was submitted by a Proposer on an earlier date and which:

- (a) has not been refused, approved, rejected or withdrawn pursuant to this Section D at the time of the Panel's decision under this Section D3.8; or
- (b) was refused or rejected pursuant to this Section D on a date falling within the period of two months immediately preceding the time of the Panel's decision under this Section D3.8.

#### **Determining whether the Refinement Process should be followed**

D3.9 The Panel shall determine whether each Modification Proposal must go through the Refinement Process, or whether it can progress straight to the Report Process. The Panel shall ensure that the following Modification Proposals are subject to the Refinement Process:

- (a) those submitted by the Panel itself (other than Fast-Track Modifications);
- (b) those that the Panel considers are likely to have an impact on the ability of the DCC to discharge its duties and comply with its obligations under the Relevant Instruments;
- (c) those that the Panel considers are likely to require changes to DCC Systems, User Systems and/or Smart Metering Systems; or
- (d) any other Modification Proposals, unless the Panel considers them to be clearly expressed and concerned solely with:

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- (i) insubstantial or trivial changes that are unlikely to be controversial (including typographical errors and incorrect cross-references); and/or
- (ii) giving effect to variations that are mandated by the Relevant Instruments in circumstances where there is little or no discretion as to how they are to be given effect.

#### **Timetable**

D3.10 The Panel shall determine the timetable to be followed in respect of each Modification Proposal. In particular, the Panel shall:

- (a) in the case of Path 1 Modifications, determine a timetable consistent with any relevant timetable issued by the Authority;
- (b) in the case of Urgent Proposals, determine a timetable that is (or amend the existing timetable so that it becomes) consistent with any relevant timetable issued by the Authority; and
- (c) (subject to Sections D3.10(a) and (b)) specify the date by which the Modification Report is to be finalised; being as soon as reasonably practicable after the Panel's decision in respect of such timetable (having regard to the complexity, importance and urgency of the Modification Proposal).

D3.11 The Panel may, whether at its own initiation or on the application of another person, determine amendments to the timetable applying from time to time to each Modification Proposal; provided that any such amendment is consistent with Section D3.10. The Secretariat shall, as soon as reasonably practicable following any Panel determination under this Section D3.11, confirm that determination to the Proposer and the Change Board and update the Modification Register.

D3.12 The Panel, the Code Administrator, the Secretariat, any relevant Working Group, the Change Board and the Parties shall each (insofar as within its reasonable control) complete any and all of the respective tasks assigned to them in respect of a Modification Proposal in accordance with the timetable applying to that Modification Proposal from time to time (including as provided for in Section D4.9).

**D4 AUTHORITY DETERMINATIONS**

**Authority Determination of Modification Path**

D4.1 This Section D4.1 applies in respect of each Modification Proposal that the Panel has determined to be a Path 2 Modification or a Path 3 Modification. The Authority may:

- (a) at its own initiation, or on the application of a Party or the National Consumer Council; and
- (b) having consulted with the Panel,

determine that the Modification Proposal should properly (in accordance with Section D2) be considered (in the case of a Path 2 Modification) to be a Path 3 Modification or be considered (in the case of a Path 3 Modification) to be a Path 2 Modification. Any such determination shall be final and binding for the purposes of this Code.

**Referral of Disputes to the Authority**

D4.2 Where the Panel:

- (a) refuses a Modification Proposal pursuant to Section D3 (Initial Consideration of Modification Proposals);
- (b) determines that the Modification Proposal is a Path 1 Modification, a Path 2 Modification or a Path 3 Modification where such determination differs from the view of the Proposer expressed in the Modification Proposal; and/or
- (c) determines a timetable (or an amendment to the timetable) in respect of the Modification Proposal which the Proposer considers inconsistent with the requirements of Section D3 (Initial Consideration of Modification Proposals),

then the Proposer may refer the matter to the Authority for determination in accordance with Section D4.3.

D4.3 The Proposer may only refer a matter to the Authority pursuant to Section D4.2 where such referral is made within 10 Working Days of the Proposer being notified by the Secretariat of the relevant matter. The Proposer shall send to the Panel a copy of any referral made pursuant to this Section D4.3.

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D4.4 Where the Authority, after having consulted with the Panel, considers that the Panel's decision that is the subject of a matter referred to the Authority by a Proposer in accordance with Section D4.3 was made otherwise than in accordance with Section D3, then the Authority may determine the matter. Any such determination shall be final and binding for the purposes of this Code.

#### **Authority Determination in respect of Urgent Proposals**

D4.5 Where a Proposer has expressed a Modification Proposal to be urgent and/or where the Panel considers a Modification Proposal to be urgent, the Panel shall ask the Authority whether the Modification Proposal should be treated as an Urgent Proposal.

D4.6 A Modification Proposal shall only be an **Urgent Proposal** where the Authority directs the Panel to treat the Modification Proposal as an Urgent Proposal (whether following a referral by the Panel pursuant to Section D4.5, or at the Authority's own initiation).

D4.7 An Urgent Proposal shall be progressed:

- (a) in accordance with any timetable specified by the Authority from time to time, and the Panel shall not be entitled to vary such timetable without the Authority's approval; and
- (b) subject to any deviations from the procedure set out in this Section D as the Authority may direct (having consulted with the Panel).

#### **Authority Determination in respect of Significant Code Reviews**

D4.8 During a Significant Code Review Phase:

- (a) the Panel shall report to the Authority on whether or not the Panel considers that any Modification Proposal on which the Change Board had not voted prior to the commencement of the Significant Code Review (whether submitted before or after the commencement of the Significant Code Review) falls within the scope of the Significant Code Review;
- (b) the Panel may (subject to Section D4.8(d)) suspend the progress of any Modification Proposal that the Panel considers to fall within the scope of that

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Significant Code Review;

- (c) the Authority may (subject to Section D4.8(d)) direct the Panel to suspend the progress of any Modification Proposal that the Authority considers to fall within the scope of that Significant Code Review (and the Panel shall comply with such directions); and
- (d) the Authority may direct the Panel to cease the suspension of any Modification Proposal that has been suspended pursuant to this Section D4.8 (and the Panel shall comply with such directions). Any and all suspensions pursuant to this Section D4.8 shall automatically cease at the end of the Significant Code Review Phase.

D4.9 The commencement and cessation of suspensions in respect of a Modification proposal pursuant to Section D4.8 shall have the effect of modifying the timetable applying to that Modification Proposal.

**D5 WITHDRAWAL BY PROPOSER**

**Right to Withdraw**

- D5.1 Subject to Section D5.2, the Proposer for a Modification Proposal may withdraw the Modification Proposal on notice to the Secretariat at any time prior to the decision of the Change Board in respect of that Modification Proposal.
- D5.2 In the case of Path 1 Modifications, the Proposer may only withdraw the Modification Proposal where the Proposer provides evidence that the Authority has given its consent to such withdrawal. The Proposer may not withdraw a Modification Proposal following any direction by the Authority to the Panel pursuant to Section D9.3 (Send-Back Process).
- D5.3 As soon as is reasonably practicable after receiving any notice in accordance with Section D5.1, the Secretariat shall notify the Parties that the Proposer has withdrawn its support and shall update the Modification Register accordingly.

**Adoption of Withdrawn Proposals**

- D5.4 Where, within 10 Working Days of the Secretariat sending notice under Section D5.3, the Secretariat receives notice from a Party that it is prepared to adopt the Modification Proposal, such Party shall (for all purposes in respect of this Code) be deemed thereafter to be the Proposer for the Modification Proposal (and, where the Secretariat receives more than one such notice, the first such notice shall have priority over the others).
- D5.5 Where Section D5.4 applies, the Modification Proposal shall not be withdrawn, and the Secretariat shall notify the Parties and update the Modification Register.

**Withdrawn Proposals**

- D5.6 Subject to Section D5.5, a Modification Proposal that has been withdrawn in accordance with Section D5.1 shall cease to be subject to the process set out in this Section D.

**D6 REFINEMENT PROCESS**

**Application of this Section**

D6.1 This Section D6 sets out the **Refinement Process**. This Section D6 only applies in respect of a Modification Proposal where it is determined that the Modification Proposal is to be subject to the Refinement Process in accordance with Section D3 (Initial Consideration of Modification Proposals). The Refinement Process never applies to Fast-Track Modifications.

**Establishment of a Working Group**

D6.2 Where this Section D6 applies, the Panel shall establish a group of persons (a **Working Group**) for the purposes set out in Section D6.8.

D6.3 Each Working Group so established must comprise:

- (a) at least five individuals who each have relevant experience and expertise in relation to the subject matter of the Modification Proposal and whose backgrounds are broadly representative of the persons likely to be affected by the Modification Proposal if it is approved (and the Panel, with the cooperation of the Parties, shall seek to establish a standing list of persons with potentially relevant experience who may be willing to serve on Working Groups);
- (b) where the Proposer nominates such a person, one person nominated by the Proposer; and
- (c) a Working Group chair to be (subject to Section D6.4) selected from among the members of the Working Group by such members.

D6.4 The Code Administrator shall attend meetings of the Working Groups established pursuant to this Section D6, and support the activities of such Working Groups. The Code Administrator shall provide feedback to any Party that requests it regarding the progress of the Refinement Process and the outcome of Working Group meetings. Where the Panel or the relevant Working Group so determines, the Code Administrator shall act as chair of a Working Group.

D6.5 A person appointed to serve on a Working Group, when acting in that capacity, shall

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act in a manner designed to facilitate the performance by the Panel of its duties under this Code.

- D6.6 Each person appointed to serve on a Working Group must, before that appointment takes effect, confirm in writing to SECCo (for the benefit of itself and each Party) that that person:
- (a) agrees to serve on that Working Group and to do so in accordance with this Code, including the requirements of Section D6.5; and
  - (b) will be available as reasonably required throughout the Refinement Process for the Modification Proposal, both to attend Working Group meetings and to undertake work outside those meetings as may reasonably be required.
- D6.7 Except to the extent inconsistent with this Section D6, the provisions of Section C6 (Sub-Committees) shall apply in respect of each Working Group as if that Working Group was a Sub-Committee.

#### **Purpose of Refinement Process**

- D6.8 The purpose of the Refinement Process is to:
- (a) consider and (to the extent necessary) clarify the likely effects of the Modification Proposal, including to identify the Parties, Party Categories, Energy Consumers and other persons likely to be affected by the Modification Proposal;
  - (b) evaluate and (to the extent necessary) develop and refine the content of the Modification Proposal;
  - (c) evaluate and (to the extent necessary) amend the proposed implementation timetable of the Modification Proposal, including (where relevant) so as to ensure consistency with the Panel Release Management Policy (provided that the proposed implementation timetable of a Path 1 Modification cannot be so amended);
  - (d) consider (to the extent the Working Group considers necessary) the impact which the Modification Proposal would have, if approved, on the matters

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referred to in Section D6.9;

- (e) seek (to the extent the Working Group considers necessary) the Technical Sub-Committee's views of the impact which the Modification Proposal would have, if approved, on the DCC Systems and Smart Metering Systems; provided that the Working Group shall always seek such views:
  - (i) in respect of proposals to modify the Technical Specifications; and/or
  - (ii) where the Technical Sub-Committee has notified the Working Group that the Technical Sub-Committee wishes to express a view;
- (f) seek (to the extent the Working Group considers necessary) the SMKI PMA's views on the Modification Proposal; provided that the Working Group shall always seek such views:
  - (i) in respect of proposals to modify the SMKI SEC Documents; and/or
  - (ii) where the SMKI PMA has notified the Working Group that the SMKI PMA wishes to express a view;
- (g) consider whether, if the Modification Proposal is approved, this Code would better facilitate the achievement of the SEC Objectives than if the Modification Proposal was rejected;
- (h) consider whether it is likely that there would be a material impact on Greenhouse Gas Emissions as a result of the Modification Proposal being approved, and (if so) assessing such impact (which assessment shall be conducted in accordance with any guidance on the evaluation of Greenhouse Gas Emissions issued by the Authority from time to time); and
- (i) consider whether, if the Modification Proposal is approved, changes are likely to be required to other Energy Codes as a result.

#### **Analysis by the DCC**

D6.9 At the request of a Working Group established pursuant to this Section D6 in respect of a Modification Proposal, the DCC shall prepare an analysis of how the following matters would be affected if that Modification Proposal were to be approved:

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- (a) the ability of the DCC to discharge its duties and comply with its obligations under the Relevant Instruments; and/or
- (b) the extent to which changes would be required to DCC Systems, User Systems, and/or Smart metering Systems; and (if so) the likely development, capital and operating costs associated with such changes and any consequential impact on the Charges.

D6.10 The DCC shall provide such further explanation of any analysis prepared pursuant to Section D6.9 as the Working Group may reasonably require.

D6.11 In considering whether the approval of a Modification Proposal would better facilitate the achievement of the SEC Objectives than the rejection of the Modification Proposal, the Working Group shall have regard to any analysis provided by the DCC pursuant to Section D6.9.

#### **Working Group Consultation**

D6.12 Each Working Group established pursuant to this Section D6 in respect of a Modification Proposal shall consider any representations made to it by Parties from time to time regarding the subject-matter of the Modification Proposal.

D6.13 Each Working Group established pursuant to this Section D6 in respect of a Modification Proposal shall undertake at least one formal consultation in respect of the Modification Proposal seeking views on the matters set out in Section D6.8. The Working Group shall consult with the Parties, the National Consumer Council and (where appropriate) any interested third parties (including, where relevant, Energy Consumers and/or those who represent or advise Energy Consumers).

D6.14 Each Working Group established pursuant to this Section D6 in respect of a Modification Proposal shall publish on the Website, and bring to the Parties' attention, a document (the **Consultation Summary**) containing the following:

- (a) the final consultation draft of the Modification Proposal, including in particular the legal text of the proposed variation and the proposed implementation timetable;
- (b) all consultation responses received and not marked as confidential; and

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- (c) a statement of whether the Working Group considers that the approval of the Modification Proposal would better facilitate the achievement of the SEC Objectives than the rejection of the Modification Proposal (and if so why).

### Alternative Proposals

D6.15 Alternative Proposals may arise in one of two ways:

- (a) where the majority of the Working Group considers that there is more than one variation to this Code that could achieve the purpose of the Modification Proposal (and that each such variation would, if made, better facilitate the achievement of the SEC Objectives than if that variation were not made), then the Working Group may decide to submit more than one proposed variation to this Code (identifying one proposal as its preferred variation, and the others as **Alternative Proposals**); and/or
- (b) where the Proposer, or the person appointed to the Working Group pursuant to Section D6.3(b), objects to the proposed variation(s) to this Code preferred by the majority of the Working Group, such person may insist that the variation to this Code that it prefers is included in addition (an **Alternative Proposal**).

D6.16 References in this Section D to a Modification Proposal shall (except where the context otherwise requires) be deemed to include reference to any Alternative Proposal included in accordance with Section D6.15.

**D7 REPORT PHASE**

**Modification Report**

D7.1 The Code Administrator shall, in respect of each Modification Proposal, prepare a written report on the proposal (the **Modification Report**); provided that no Modification Report shall be required for Fast-Track Modifications. This stage of the process is referred to as the **Report Phase**.

D7.2 The Code Administrator shall prepare the Modification Report for each Modification Proposal:

- (a) where the Refinement Process has been followed, in accordance with the instructions of the relevant Working Group; or
- (b) where the Refinement Process has not been followed, on the basis of the Modification Proposal and in consultation with the Proposer.

**Content of the Modification Report**

D7.3 The Modification Report for each Modification Proposal shall:

- (a) be addressed and delivered to the Panel;
- (b) set out the legal text of the proposed variation to this Code (and, where applicable, set out the alternative legal text of the Alternative Proposal);
- (c) specify the proposed implementation timetable (including the proposed implementation date);
- (d) specify the likely effects of the proposed variation if it is implemented;
- (e) specify, in the opinion of the Working Group (or, where the Refinement Process was not followed, the Code Administrator), which Party Categories are likely to be affected by the Modification Proposal;
- (f) specify whether the implementation of the Modification Proposal will require changes to DCC Systems, User Systems and/or Smart Metering Systems; and (if so) the likely development, capital and operating costs associated with such changes and any consequential impact on the Charges;

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- (g) specify whether, if the Modification Proposal is approved, this Code would better facilitate the achievement of the SEC Objectives than if the Modification Proposal was rejected;
- (h) specify whether it is likely that there would be a material impact on Greenhouse Gas Emissions as a result of the Modification Proposal being approved, and (if so) assessing such impact (which assessment shall be conducted in accordance with any guidance on the evaluation of Greenhouse Gas Emissions issued by the Authority from time to time);
- (i) specify whether, if the Modification Proposal is approved, changes are likely to be necessary to other Energy Codes, and whether changes have been proposed in respect of the affected Energy Codes; and
- (j) where the Modification Proposal was subject to the Refinement Process prior to the Report Phase, include the Consultation Summary produced by the Working Group in respect of the Modification Proposal.

#### **Consideration of the Modification Report**

D7.4 Upon completion of the Modification Report, the Code Administrator will place such report on the agenda for the next meeting of the Panel. Where the Refinement Process was followed, a member of the relevant Working Group shall attend that Panel meeting, and may be invited to present the findings of the Working Group to the Panel and/or answer the questions of Panel Members in respect of the Modification Report.

D7.5 The Panel shall consider each Modification Report and shall determine whether to:

- (a) return the Modification Report back to the Working Group (or, where there was no Refinement Process, the Code Administrator) for further clarification or analysis (in which case, the Panel shall determine the timetable and terms of reference of such further analysis); or
- (b) allow the Modification Report to proceed to the Modification Report Consultation.

D7.6 The Panel shall not make any statement regarding whether it believes the

Modification Proposal should be successful.

D7.7 Where the Panel determines that a Modification Report is to proceed to the Modification Report Consultation, the Panel shall determine:

- (a) the timetable for such Modification Report Consultation, including the period for which the consultation is to remain open (which cannot be more than 15 Working Days); and
- (b) the Party Categories that the Panel considers are likely to be affected by the Modification Proposal.

### **Modification Report Consultation**

D7.8 Where the Panel determines that a Modification Report is to proceed to the Modification Report Consultation, the Code Administrator shall arrange for a consultation seeking the views of Parties (other than the DCC) on the Modification Report (the **Modification Report Consultation**). The Code Administrator shall:

- (a) invite consultation responses in accordance with the timetable determined by the Panel and in the form referred to in Section D7.9;
- (b) collate the responses received during the consultation, and add those responses to the Modification Register; and
- (c) place the Modification Report on the agenda for the next meeting of the Change Board following the collation of such consultation responses.

D7.9 Each Modification Report Consultation shall allow for each Party (other than the DCC) that wishes to respond to the consultation to respond by way of a form that provides for a response in one of the following manners (where applicable, in respect of the Modification Proposal and the Alternative Proposal separately):

- (a) 'no interest' where the Party considers that it and its Party Category are unlikely to be affected by the Modification Proposal;
- (b) 'abstain' where the Party wishes to abstain for reasons other than as described in Section D7.9(a);

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- (c) 'approve' where the Party considers that making the variation would better facilitate the achievement of the SEC Objectives than if the variation was rejected; or
- (d) 'reject' where the Party considers that not making the variation would better facilitate the achievement of the SEC Objectives than if the variation was approved,

and which prompts the Party to give a reason for its response by reference to the SEC Objectives.

D7.10 Each Party's response to a Modification Report Consultation will only be validly given if made on the forms provided and received on or before the deadline for responses.

**D8 CHANGE BOARD AND CHANGE BOARD DECISION**

**Establishment of the Change Board**

D8.1 The Panel shall establish a Sub-Committee for the purposes of this Section D8, to be known as the **Change Board**. Save as expressly set out in this Section D8, the Change Board shall be subject to the provisions concerning Sub-Committees set out in Section C6 (Sub-Committees).

**Function of the Change Board**

D8.2 The function of the Change Board shall be to:

- (a) facilitate the development, refinement and discussion of potential variations to this Code prior to their formal submission as Modification Proposals;
- (b) consider each Modification Report and the responses received in response to the Modification Report Consultation; and
- (c) decide whether to approve or reject the Modification Proposal in the form set out in the Modification Report (and, where applicable, whether to approve or reject each Alternative Proposal).

**Effect of the Change Board Decision**

D8.3 The effect of the Change Board decision shall:

- (a) in the case of Path 1 Modifications and Path 2 Modifications, be to recommend to the Authority that the variation be approved or rejected; or
- (b) in the case of Path 3 Modifications, be to approve or reject the variation.

**Membership of the Change Board**

D8.4 The following persons shall serve on the Change Board (each being a **Change Board Member**):

- (a) one of the Consumer Members (or one of their Alternates);
- (b) one person appointed by each of the Voting Groups within the Party Category

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representing the Large Supplier Parties;

- (c) three persons appointed by the Party Category representing the Small Supplier Parties;
- (d) three persons appointed by the Party Categories representing Electricity Network Parties and the Gas Network Parties collectively; and
- (e) three persons appointed by the Party Category representing the Other SEC Parties.

D8.5 Each Voting Group, Party Category or Party Categories (as applicable) referred to in each sub-section of Section D8.4 shall nominate its appointee(s) to serve as Change Board Member(s) to the Secretariat. Each Change Board Member shall serve for a term of one year, and shall be capable of being reappointed at the end of that term. The relevant Voting Group, Party Category or Party Categories may (on notice to the Secretariat) establish a rota whereby more than one person shares the office of Change Board Member.

D8.6 It shall be for the Parties within the relevant Party Category or Party Categories (as applicable) referred to in each sub-section of Section D8.4 to determine how they agree between themselves on the identity of each person to be appointed as a Change Board Member on their behalf. In the event that the Parties within such Party Category or Party Categories cannot so agree, the Secretariat shall seek the preference of the Parties within the relevant Party Category or Party Categories (as applicable) and the person preferred by the majority of those Parties that express a preference (on a one-vote-per-Party basis) shall be appointed as a Change Board Member. In the absence of a majority preference the relevant Change Board Member position shall remain unfilled.

D8.7 The Panel shall only be entitled to remove a Change Board Member from office where such Change Board Member is repeatedly absent from meetings to an extent that frustrates the proceedings of the Change Board. The Voting Group by which a Change Board Member was appointed pursuant to Section D8.4(b) shall be entitled to remove that Change Board Member by notice in writing to the Secretariat. The Party Category or Party Categories (as applicable) referred to in each other sub-section of

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Section D8.4 shall be entitled to remove the Change Board Member appointed by them from office by notice in writing to the Secretariat; provided that the majority of the Parties within the relevant Party Category or Party Categories (as applicable) must approve such removal.

#### **Duties of Change Board Members**

D8.8 The Consumer Member serving on the Change Board will, when acting as a Change Board Member, act in a manner consistent with the statutory functions of the National Consumer Council. Each other Change Board Member will act in the interests of the Voting Group, Party Category or Party Categories (as applicable) by which the Change Board Member was appointed.

D8.9 In giving effect to his or her duties under Section D8.8, each Change Board Member (other than the Consumer Member) shall:

- (a) be guided (but not bound) by the responses to the Modification Report Consultation given by Parties within the Voting Group, Party Category, or Party Categories (as applicable) by which such Change Board Member was appointed;
- (b) seek to clarify with the relevant Party any responses to the Modification Report Consultation that are not clear to the Change Board Member, or which the Change Board Member considers to be based on a misunderstanding of the facts;
- (c) seek to act in the best interests of the majority, whilst representing the minority view (and, where a majority is not significant, the Change Board Member should consider whether abstention from the vote best represents the interests of the Change Board Member's constituents); and
- (d) be entitled to vote or abstain without regard to the Panel's indication of which Party Categories the Panel considered to be affected by the Modification Proposal.

D8.10 The confirmation to be given by each Change Board Member to SECCo in accordance with Section C6.9 (Member Confirmation) shall refer to Section D8.8 in

place of Section C6.8.

**Proceedings of the Change Board**

D8.11 The Code Administrator shall chair the Change Board meetings. The chair shall have no vote (casting or otherwise).

D8.12 The quorum for Change Board meetings shall be:

- (a) at least three persons appointed by the Large Supplier Parties;
- (b) at least one person appointed by the Small Supplier Parties;
- (c) at least two persons appointed by the Electricity Network Parties and Gas Network Parties collectively; and
- (d) at least one person appointed by the Other SEC Parties,

provided that fewer (or no) appointees from a Party Category shall be required where that Party Category has not appointed that many (or any) Change Board Members; and further provided that no appointees from a Party Category shall be required where the Panel indicated pursuant to Section D7.7(b) that that Party Category was not likely to be affected by the Modification Proposal in question.

D8.13 In addition to those persons referred to in Section C5.13, representatives of the DCC shall be entitled to attend and speak (but not vote) at each meeting of the Change Board.

**The Change Board Vote**

D8.14 In respect of each Modification Report referred to the Change Board, the Change Board shall vote:

- (a) whether to recommend to the Panel that the Panel consider returning the Modification Report to the Working Group (or, where there was no Refinement Process, the Code Administrator) for further clarification or analysis; and if not
- (b) whether to approve the variation set out in the Modification Report or any Alternative Modification (on the basis that the Change Board may only

approve one of them).

D8.15 A vote referred to in Section D8.14 shall take the form of a vote by:

- (a) the Consumer Member serving on the Change Board;
- (b) the Change Board Members appointed by the Voting Groups within the Party Category representing the Large Supplier Parties (whose collective vote shall be determined in accordance Section D8.16);
- (c) the Change Board Members appointed by the Party Category representing the Small Supplier Parties (whose collective vote shall be determined in accordance with Section D8.16);
- (d) the Change Board Members appointed by the Party Categories representing Electricity Network Parties and the Gas Network Parties (collectively) (whose collective vote shall be determined in accordance with Section D8.16); and
- (e) the Change Board Members appointed by the Party Category representing the Other SEC Parties (whose collective vote shall be determined in accordance with Section D8.16),

and a vote pursuant to Section D8.14 shall only be successfully passed if the majority of the votes cast in accordance with this Section D8.15 are cast in favour. For the avoidance of doubt: an abstention shall be treated as if no vote was cast; where there are no Change Board Members present from within the categories referred to in each of Sections D8.15(a) to (e) they shall be deemed to have abstained; and a tie amongst the votes cast shall not be a vote in favour.

D8.16 Each of the collective votes by Change Board Members referred to in Section D8.15(b) to (e) shall be determined by a vote among the relevant Change Board Members, such vote to be undertaken on the basis:

- (a) of one vote per Change Board Member; and
- (b) that the majority of those Change Board Members that are present must vote in favour in order for the collective vote to be considered a vote in favour (and, for the avoidance of doubt, a tie amongst the votes cast shall not be a vote in

favour).

D8.17 In casting his or her vote, each Change Board Member must record the reason for his or her vote, and where voting on whether or not to approve a variation must explain whether the making of the variation would better facilitate the achievement of the SEC Objectives than if the variation was rejected.

**Communicating the Change Board Vote**

D8.18 Following the vote of the Change Board in respect of each Modification Report, the Code Administrator shall update the Modification Register to include the outcome of the vote and the reasons given by the Change Board Members pursuant to Section D8.17.

D8.19 Where the outcome of the Change Board vote is to recommend to the Panel that the Panel consider returning the Modification Report for further clarification or analysis (as referred to in Section D8.14(a)), the Panel may either follow such recommendation or return the Modification Report to the Change Board without any further clarification or analysis. Where the Panel returns the Modification Report to the Change Board without any further clarification or analysis, the Change Board shall not vote again on the matters referred to in Section D8.14(a) and must vote on whether to approve the variation (as referred to in Section D8.14(b)).

D8.20 Where the Change Board votes on whether to approve a variation set out in a Modification Report (as referred to in Section D8.14(b)), the Code Administrator shall communicate the outcome of that vote to the Authority and the Panel, and shall send copies of the following to the Authority:

- (a) the Modification Report;
- (b) the Modification Report Consultation and the responses received in respect of the same; and
- (c) the outcome of the Change Board vote, including the reasons given by the Change Board Members pursuant to Section D8.17.

**D9 MODIFICATION PROPOSAL DECISION**

**General**

D9.1 The final decision as to whether or not to approve a Modification Proposal shall depend upon whether the Modification Proposal is:

- (a) a Path 1 Modification or a Path 2 Modification;
- (b) a Path 3 Modification; or
- (c) a Fast-Track Modification.

**Path 1 Modifications and Path 2 Modifications**

D9.2 A Path 1 Modification or a Path 2 Modification shall only be approved where the Authority determines that the Modification Proposal shall be approved (which determination shall, without prejudice to section 173 of the Energy Act 2004, be final and binding for the purposes of this Code). In making such determination, the Authority will have regard to:

- (a) its objectives and statutory duties under the Electricity Act and the Gas Act;
- (b) whether or not the approval of the variation would better facilitate the achievement of the SEC Objectives than if the variation was rejected;
- (c) the decision of the Change Board in respect of the Modification Proposal, which shall be considered to constitute a recommendation by the Parties as to whether or not to approve the Modification Proposal; and
- (d) such other matters as the Authority considers appropriate.

**Send-Back Process**

D9.3 Where the Authority considers that it is unable to form an opinion in relation to a Modification Proposal submitted to it, then it may issue a direction to the Panel specifying any additional steps that the Authority requires in order to form such an opinion (including drafting or amending the proposed legal text, revising the proposed implementation timetable, and/or revising or providing additional analysis and/or

information). Where the Authority issues a direction to the Panel pursuant to this Section D9.3:

- (a) the decision of the Change Board in respect of the Modification Proposal shall be null and void;
- (b) the Panel shall send the Modification Proposal back to the relevant Working Group (or shall establish a Working Group) to consider the matters raised by the Authority, and to prepare a revised Modification Report;
- (c) the Panel shall revise the timetable applying to the Modification Proposal; and
- (d) the Secretariat shall update the Modification Register to record the status of the Modification Proposal.

### **Path 3 Modifications**

D9.4 A Path 3 Modification shall only be approved where the Change Board votes to approve the Modification Proposal, subject to the following:

- (a) any Party that disagrees with the decision of the Change Board, may (within 10 Working Days following the publication of that decision) refer the matter to the Panel, and the Panel shall determine whether it wishes to reverse the decision of the Change Board;
- (b) any Party that disagrees with the decision of the Panel pursuant to Section D9.4(a), may (within 10 Working Days following the publication of that decision) refer the matter to the Authority, and the Authority shall determine whether the Modification Proposal should be rejected or approved in accordance with Section D9.2 (which determination shall, without prejudice to section 173 of the Energy Act 2004, be final and binding for the purposes of this Code); and
- (c) accordingly, where the consequence of the Panel's or the Authority's determination is that the Modification Proposal is to be rejected (where it has previously been approved) the Modification Proposal shall be cancelled and not implemented (or, if already implemented, shall be reversed).

**Fast-Track Modifications**

D9.5 In the case of a Fast-Track Modification, any decision of the Panel under Section D3.6 to approve the Modification Proposal shall be final, subject to the following:

- (a) where the Panel has raised a Fast-Track Modification, any Party may notify the Panel that the Party believes that the procedure for Fast-Track Modifications is inappropriate given the nature of the variation in question (and the Party should give reasons to substantiate this belief);
- (b) when the Panel considers the status of the Fast-Track Modification in accordance with Section D3.6 (Initial Consideration of Modification Proposals), it shall consider any notifications received pursuant to Section D9.5(a);
- (c) where the Panel nevertheless determines under Section D3.6 (Initial Consideration of Modification Proposals) that the Modification Proposal should be approved, the Panel shall notify the Party that raised the issue under Section D9.5(a);
- (d) such Party may, within 10 Working Days thereafter, refer the matter to the Authority for final determination; and
- (e) following a referral to the Authority in accordance with Section D9.5(d), where the Authority determines that the Panel's decision to follow the Fast-Track Procedure was inappropriate given the nature of the variation in question, the Modification Proposal shall be cancelled and not implemented (or, if already implemented, shall be reversed).

**D10 IMPLEMENTATION**

**General**

D10.1 Once a Modification Proposal has been approved in accordance with Section D9 (Modification Proposal Decision), the Panel shall ensure that this Code is varied in accordance with that Modification Proposal, as set out in this Section D10.

**Implementation**

D10.2 The Panel shall, at the next Panel meeting after a Modification Proposal has been approved:

- (a) determine what actions are required in order to ensure that the approved variation to this Code is made in accordance with the approved implementation timetable; and
- (b) set a timetable for the completion of each of those actions.

D10.3 It shall be the duty of the Panel to ensure that the actions which are required to secure that an approved variation to this Code is made in accordance with the approved implementation timetable are taken.

D10.4 Each Party shall co-operate with the Panel to the extent required to ensure that such variation is made with effect from such date.

**Subsequent Amendment to Implementation Timetable**

D10.5 Where, having regard to representations received from the Code Administrator or from any Party, the Panel considers that it is not reasonably practicable to make the approved variation to this Code in accordance with the approved implementation timetable:

- (a) the Panel may request the Authority to direct that a new implementation timetable be substituted for the first such timetable; and
- (b) where the Authority makes such a direction following a request by the Panel, the implementation timetable directed by the Authority shall have effect in substitution for the first such timetable, and the requirements of this Section

D10 shall be defined by relation to that later date.

D10.6 Without prejudice to the generality of Section D10.5, the Panel shall make a request to the Authority under that Section where:

- (a) the decision of the Authority to approve the relevant Modification Proposal is subject to an appeal pursuant to section 173 of the Energy Act 2004 or is challenged by judicial review; and
- (b) the Panel considers that it is appropriate in the circumstances for the timetable to be delayed given such appeal or challenge.

### **Release Management**

D10.7 To the extent that implementation of an approved Modification Proposal will involve Release Management (or require the DCC or Users to undertake Release Management as a consequence of the Modification Proposal), the Panel shall ensure that such implementation is undertaken in accordance with a policy for Release Management (the “**Panel Release Management Policy**”).

D10.8 The Panel shall ensure that the Panel Release Management Policy:

- (a) defines the scope of the matters that are to be subject to the policy in a manner consistent with the Service Management Standards;
- (b) includes a mechanism for setting priorities for different types of such matters;
- (c) defines periods of change-freeze where no such matters may be implemented; and
- (d) defines periods of notice to be given to the Users prior to the implementation of such matters.

D10.9 The Panel shall make the Panel Release Management Policy available to the DCC and Users on the SEC Website. The Panel shall consult with the DCC and Users before it first establishes the Panel Release Management Policy, and before it makes any changes to the Panel Release Management Policy.

## SECTION E: REGISTRATION DATA

### E1 RELIANCE ON REGISTRATION DATA

#### DCC

- E1.1 The DCC shall, from time to time, use and rely upon the Data provided to it pursuant to Section E2 as most recently updated pursuant to Section E2 (the **Registration Data**); provided that the DCC shall be allowed up to three hours from receipt to upload such Data to the DCC Systems.
- E1.2 Without prejudice to the generality of Section E1.1, the DCC shall use and rely upon the Registration Data when:
- (a) assessing a User's eligibility to receive certain Services (as described in Section H4 (Processing Service Requests));
  - (b) calculating the Charges payable by a Party; and
  - (c) identifying a Supplier Nominated Agent.
- E1.3 The DCC shall have no liability to any Party where it provides (or does not provide) a Service in circumstances where it should not (or should) have done so, to the extent that the same arises due to inaccuracies in the Registration Data that are not caused by the DCC.

#### Panel

- E1.4 The Panel shall periodically request from the DCC any Registration Data reasonably required by the Panel in relation to the proper exercise of its duties, powers and functions, including the Registration Data required by the Panel to establish into which Party Category a Party falls. Where aggregated or anonymised data (or similar) is sufficient for the Panel's needs, the Panel shall request, and the DCC shall provide, the data in such format.
- E1.5 The DCC shall provide to the Panel any Registration Data requested by the Panel in accordance with Section E1.4.

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E1.6 The Panel (and the Secretariat) shall, from time to time, use and rely upon the Registration Data most recently provided to the Panel pursuant to Section E1.5.

**E2 PROVISION OF DATA**

**Responsibility for Providing Electricity Registration Data**

E2.1 The Electricity Network Party in respect of each MPAN shall provide (or procure that its Registration Data Provider provides) the following information to the DCC in respect of that MPAN (insofar as such information is recorded in the relevant registration systems). The information in question is the following (as each of the following capitalised expressions is defined in the MRA):

- (a) Source Registration System ID;
- (b) MPAN;
- (c) Supplier ID;
- (d) Supplier ID Effective From Settlement Date (REGI);
- (e) Supplier ID effective to date;
- (f) Network Operator ID;
- (g) Network Operator ID effective from date;
- (h) Meter Operator ID;
- (i) Effective From Date (MOA);
- (j) Metering Point Address;
- (k) Metering Point Postcode;
- (l) Energy Direction indicator;
- (m) Profile Class ID;
- (n) UPRN; and
- (o) Objection Details.

**Responsibility for Providing Gas Registration Data**

E2.2 The Gas Network Party in respect of each MPRN shall provide (or procure that its Registration Data Provider provides) the following information to the DCC in respect of that MPRN (insofar as such information is recorded in the relevant registration systems). The information in question is the following (as each of the following capitalised expressions is defined in the UNC):

- (a) Source registration system ID;
- (b) MPRN;
- (c) Supplier ID;
- (d) Supplier ID effective from date;
- (e) Supplier ID effective to date;
- (f) Network Operator ID;
- (g) Network Operator ID effective from date;
- (h) Meter Asset Manager ID;
- (i) Effective From Date (MAM);
- (j) Metering Point Address;
- (k) Metering Point Postcode;
- (l) UPRN; and
- (m) Market Sector Code.

**Obligation on Electricity Suppliers to Provide Data**

E2.3 [The Party that is the Import Supplier or Export Supplier (as applicable) for an MPAN that is associated with a Non-Domestic Premises shall notify the DCC that such MPAN is associated with a Non-Domestic Premises.]

**Obligation on DCC to Provide Data**

- E2.4 The DCC shall provide the information set out in Section E2.5 to the Registration Data Provider nominated by each Electricity Network Party and each Gas Network Party.
- E2.5 The information to be provided by the DCC:
- (a) to each Electricity Network Party's Registration Data Provider is whether there is (or used to be) an Enrolled Smart Metering System associated with each of the Electricity Network Party's MPANs (and the date of its Enrolment or Withdrawal); and
  - (b) to each Gas Network Party's Registration Data Provider is whether or there is (or used to be) an Enrolled Smart Metering System associated with each of the Gas Network Party's MPRNs (and the date of its Enrolment or Withdrawal).

**Frequency of Data Exchanges**

- E2.6 Following the initial Data exchange on this Section E2.6 coming into full force and effect, the Data to be exchanged under this Section E2 shall be provided by way of incremental updates to Data previously provided (so that only Data that has changed is updated).
- E2.7 The incremental updates to Data to be provided in accordance with this Section E2 shall be updated at least once each day [(or, in the case of Section E2.3 only, at least once each month)], and otherwise at any frequency and/or time required in accordance with the Electricity Registration Data Interface Documents or the Gas Registration Data Interface Documents (as applicable).
- E2.8 Each Electricity Network Party and each Gas Network Party shall ensure that its Registration Data Provider shall (as soon as reasonably practicable following such request, and in any event within [two] days) provide the DCC with a refresh of all the Registration Data (or of any subset thereof specified by the DCC).

**Registration Data Interfaces**

- E2.9 The DCC shall maintain the interfaces between it and the Registration Data Providers

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in accordance with the Electricity Registration Data Interface Specification and the Gas Registration Data Interface Specification (as applicable), and make those interfaces available to the Registration Data Providers to send and receive Data in accordance with the Electricity Registration Data Interface Code of Connection and the Gas Registration Data Interface Code of Connection (as applicable).

E2.10 Each Electricity Network Party and each Gas Network Party shall ensure that its Registration Data Provider shall (when acting in such capacity) comply with the applicable obligations set out in the Electricity Registration Data Interface Documents or the Gas Registration Data Interface Documents (as applicable) and the Registration Data Incident Management Policy.

E2.11 For the avoidance of doubt, the DCC shall comply with the applicable obligations set out in the Electricity Registration Data Interface Documents, the Gas Registration Data Interface Documents and the Registration Data Incident Management Policy (as it is obliged to do in respect of all applicable provisions of this Code).

#### **Registration Data Incident Management Policy**

E2.12 The Registration Data Incident Management Policy shall provide for (as a minimum):

- (a) a definition of incidents in respect of the Data to be exchanged pursuant to this Section E, to include instances of:
  - (i) Data files not being received when expected;
  - (ii) Data files not conforming to the specifications of the Electricity Registration Data Interface Documents or Gas Registration Data Interface Documents (as applicable);
  - (iii) Data fields containing omissions or errors; or
  - (iv) any other circumstance arising as a consequence of a failure to comply with this Section E2;
- (b) means and processes to raise, record and resolve incidents, including where action is required outside of business as usual processes;
- (c) the steps to be taken prior to raising incidents, so as to reasonably minimise the

burden on the person providing Data pursuant to this Section E; and

(d) a process for mitigating against the re-occurrence of incidents.

E2.13 Where the DCC identifies any omissions or manifest errors in the Registration Data, the DCC shall seek to resolve any such omissions or manifest errors in accordance with the Registration Data Incident Management Policy. In such circumstances, the DCC may continue (notwithstanding Section E1.1) to rely upon and use the Registration Data that existed prior to its receipt of the incremental update that included any such omission or manifest error, unless the Registration Data Incident Management Policy provides for an alternative course of action.

### **Security Obligations**

E2.14 Each Electricity Network Party and each Gas Network Party shall ensure that its Registration Data Provider shall (when acting in such capacity) comply with the obligations expressed to be placed on Users under Sections G5.1 and G5.2 (Obligations on the DCC and Users) and Section G5.13 (Obligations on Users) as if, in the case of each such obligation:

(a) the Registration Data Provider were a User; and

(b) references to User Systems were references to the RDP Systems of that Registration Data Provider.

### **Disputes**

E2.15 Any Dispute regarding compliance with this Section E2 may be referred to the Panel for its determination, which shall be final and binding for the purposes of this Code; save that Disputes regarding compliance with Section E2.14 shall be subject to the means of Dispute resolution applying to the provisions of Section G (Security) referred to in Section E2.14 (as set out in Section G).

## SECTION F – SMART METERING SYSTEM REQUIREMENTS

### F1 TECHNICAL SUB-COMMITTEE

#### **Establishment of the Technical Sub-Committee**

- F1.1 The Panel shall establish a Sub-Committee in accordance with the requirements of this Section F1, to be known as the “**Technical Sub-Committee**”.
- F1.2 Save as expressly set out in this Section F1, the Technical Sub-Committee shall be subject to the provisions concerning Sub-Committees set out in Section C6 (Sub-Committees).
- F1.3 Membership of the Technical Sub-Committee shall be determined by the Panel:
- (a) having regard to the need to provide an appropriate level of technical expertise in the matters that are the subject of the Technical Sub-Committee’s duties; and
  - (b) otherwise in accordance with Section C6.7 (Membership).

#### **Duties of the Technical Sub-Committee**

- F1.4 The Technical Sub-Committee shall undertake the following duties on behalf of the Panel:
- (a) to provide the Panel, the Change Board and Working Groups with support and advice in respect of Modification Proposals that provide for variations to the Technical Specifications (or variations to other parts of the Code that affect the End-to-End Technical Architecture);
  - (b) to provide the Panel, the Change Board and Working Groups with support and advice in respect of Modification Proposals that are identified as likely (if approved) to require changes to the End-to-End Technical Architecture;
  - (c) to provide the Authority (on request) with such information as the Authority may request regarding the technical aspects of any Notification (or potential Notification);

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- (d) to provide the Panel with support and advice in respect of Disputes for which the Panel is required to make a determination, insofar as such Disputes relate to the Technical Specifications;
- (e) to review (where directed to do so by the Panel) the effectiveness of the End-to-End Technical Architecture (including so as to evaluate whether the Technical Specifications continue to meet the SEC Objectives), and report to the Panel on the outcome of such review (such report to include any recommendations for action that the Technical Sub-Committee considers appropriate);
- (f) to support the Panel in the technical aspects of the annual report which the Panel is required to prepare and publish under Section C2.3(h) (Panel Duties);
- (g) to maintain the Technical Architecture Document, and arrange for its publication on the Website; and
- (h) perform any other duties expressly ascribed to the Technical Sub-Committee elsewhere in this Code.

F1.5 The Technical Sub-Committee shall establish a process whereby the Code Administrator monitors Modification Proposals with a view to identifying (and bringing to the Technical Sub-Committee's attention) those proposals that are likely to affect the End-to-End Technical Architecture. The Code Administrator shall comply with such process.

#### **DCC Obligations**

F1.6 The DCC shall provide all reasonable assistance and information to the Technical Sub-Committee in relation to the performance of its duties as it may reasonably request, including by providing the Technical Sub-Committee with any requested Solution Architecture Information.

**F2 CERTIFIED PRODUCTS LIST**

**Certified Products List**

- F2.1 The Panel shall establish and maintain a list of Device Models for which it has received Assurance Certificates (the “**Certified Products List**”).
- F2.2 The Panel shall ensure that the Certified Products List identifies each Device Model by Device Type, and lists the following matters in respect of each Device Model:
- (a) manufacturer, model and hardware version;
  - (b) firmware image and firmware version (number or ID);
  - (c) a Firmware Hash of the firmware image and firmware version provided pursuant to Section F2.7 or F2.8 (as applicable);
  - (d) the version (or effective date) of the SMETS or CHTS for which the Device Model has an Assurance Certificate;
  - (e) the Assurance Certificate’s identification number; and
  - (f) the expiry date of the CPA Certificate.

**Background to Assurance Certificates**

- F2.3 The SMETS or the CHTS (as applicable to the relevant Device Type) sets out which Device Types require Assurance Certificates from one or more of the following persons (each being an “**Assurance Certification Body**”):
- (a) the ZigBee Alliance;
  - (b) the DLMS User Association; and
  - (c) CESG.
- F2.4 The following Assurance Certification Bodies issue the following certificates in respect of Device Models of the relevant Device Types (each being, as further described in the SMETS or the CHTS, an “**Assurance Certificate**”):
- (a) the ZigBee Alliance issues certificates which contain the ZigBee certified logo

and interoperability icons;

- (b) the DLMS User Association issues certificates which include the conformance tested service mark (“**DLMS Certificates**”); and
- (c) CESG issues commercial product assurance scheme certificates (“**CPA Certificates**”).

**Expiry of CPA Certificates**

F2.5 Each CPA Certificate will expire 6 years after its issue. Accordingly, the following Parties shall ensure that a replacement CPA Certificate is issued in respect of Device Models for the following Devices before the expiry of such CPA Certificate (to the extent Device Models of the relevant Device Type require CPA Certificates in accordance with the SMETS or the CHTS):

- (a) the DCC for Communications Hub Functions and Gas Proxy Functions; and
- (b) the Import Supplier, Export Supplier and/or Gas Supplier (as applicable) for Devices of all other Device Types.

**Addition of Device Models to the List**

F2.6 The Panel shall only add Device Models to the Certified Products List once the Panel has received all the Assurance Certificates required (under the SMETS or CHTS) to be obtained in respect of Device Models of the relevant Device Type. Assurance Certificates may be provided to the Panel by a Party or any other person.

F2.7 The Panel shall only add a Device Model to the Certified Products List where the person seeking to add that Device Model to the Certified Products List has notified the Panel of the relevant manufacturer, and ensured that such manufacturer has provided the Panel with a Firmware Hash of the relevant firmware image and firmware version.

**Adding Firmware / Hardware Versions to CPA Certificates**

F2.8 A CPA Certificate for a Device Model may allow one or more additional firmware versions and/or hardware versions for that Device Model to be added to that CPA Certificate, subject to the terms of that CPA Certificate. Where this is the case:

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- (a) the DCC for Communications Hub Functions and Gas Proxy Functions; or
- (b) a Supplier Party for Device Models of all other Device Types,

may notify the Panel of one or more additional firmware versions and/or hardware versions to be added to the CPA Certificate.

F2.9 Where the DCC or a Supplier Party notifies the Panel of an additional firmware version and/or hardware version pursuant to Section F2.8, the DCC or the Supplier Party shall:

- (a) only do so in accordance with the terms of the relevant CPA Certificate;
- (b) retain evidence that it has acted in accordance with the terms of the relevant CPA Certificate, to be provided to the Panel or the Authority on request; and
- (c) (in the case of firmware versions only) notify the Panel of the relevant manufacturer, and ensure that such manufacturer provides the Panel with a Firmware Hash of the relevant firmware image and firmware version.

F2.10 Following receipt of a notification of an additional firmware version and/or hardware version pursuant to Section F2.8 for a Device Model listed in the Certified Products List, the Panel shall add that firmware version and/or hardware version (as applicable) to the Certified Products List. The Panel shall not be required to check whether the DCC or Supplier Party (as applicable) is entitled to add a firmware version or hardware version under the terms of the CPA Certificate, but shall not add a firmware version without the Firmware Hash of the firmware image and firmware version required under Section F2.9(c).

#### **Removal of Device Models from the List**

F2.11 Where an Assurance Certificate for a Device Model is withdrawn or cancelled by the Assurance Certification Body or (in the case of CPA Certificates) expires, then the Panel shall remove that Device Model from the Certified Products List.

F2.12 The DCC and each Supplier Party shall notify the Panel of any withdrawal, expiry or cancellation of Assurance Certificates of which the DCC or Supplier Party becomes aware.

**Publication and Use by the DCC**

F2.13 Within one Working Day after being required to add or remove Device Models to or from the Certified Products List in accordance with this Section F2, the Panel shall:

- (a) provide a copy of the updated Certified Products List to the DCC;
- (b) publish a copy of the updated Certified Products List on the Website; and
- (c) notify the Parties that the Certified Products List has been updated.

F2.14 The DCC shall, from time to time, use and rely upon the Certified Products List most recently received by the DCC from the Panel at that time; provided that the DCC shall be allowed up to three hours from receipt to upload the relevant Data to the DCC Systems.

**Deployed Products List**

F2.15 The DCC shall create, keep reasonably up-to-date and provide to the Panel (and the Panel shall publish on the Website) a list of all the combinations of different Device Models that comprise a Smart Metering System (together with associated Type 2 Devices) that exist from time to time (as recorded by the Smart Metering Inventory).

**F3 PANEL DISPUTE RESOLUTION ROLE**

- F3.1 Where a Party considers that a Device does not meet the applicable requirements of the SMETS or the CHTS, that Party may refer the matter to the Panel for its determination.
- F3.2 The Devices to which this Section F3 applies need not form part of Enrolled Smart Metering Systems.
- F3.3 The DCC shall retain evidence to demonstrate that the Communications Hub Functions and the Gas Proxy Functions meet the DCC's obligations under the Communications Hub Service to ensure compliance with the CHTS. The DCC shall make that evidence available to the Panel or the Authority on request.
- F3.4 Save to the extent the DCC is responsible under Section F3.3, each Supplier Party shall retain evidence to demonstrate that the Devices for which it is responsible under the Energy Licences for ensuring SMETS compliance do so comply. Each Supplier Party shall make that evidence available to the Panel or the Authority on request.
- F3.5 Where the Panel determines that any Device or Devices do not meet the applicable requirements of the SMETS or the CHTS, the Panel may (to the extent and at such time as the Panel sees fit, having regard to all the circumstances and any representations made by any Competent Authority or any Party) require the relevant Supplier Party or the DCC (as applicable under Section F3.3 or F3.4) to give effect to a reasonable remedial plan designed to remedy and/or mitigate the effect of such non-compliance within a reasonable timescale.
- F3.6 Where the Panel requires a Supplier Party to give effect to a remedial plan in accordance with Section F3.5 and where that Supplier Party fails in a material respect to give effect to that remedial plan, then such failure shall constitute an Event of Default for the purposes of Section M8 (Suspension, Expulsion and Withdrawal).
- F3.7 For the avoidance of doubt, no decision of the Panel pursuant to this Section F3 is intended to fetter the discretion of the Authority to enforce any breach of any Energy Licence.

**F4 OPERATIONAL FUNCTIONALITY, INTEROPERABILITY AND ACCESS FOR THE DCC**

**Operational Functionality**

F4.1 The Import Supplier, Export Supplier and/or Gas Supplier (as applicable) for each Enrolled Smart Metering System shall ensure that the Smart Metering System (excluding the Communications Hub Function) is not configured in a way that restricts the minimum functions that the Smart Metering System is required to be capable of providing in order that the DCC can provide the Services in accordance with this Code.

**Interoperability with DCC Systems**

F4.2 Pursuant to the Communications Hub Service and the CHTS, the DCC has certain obligations to ensure that Communications Hubs are interoperable with the DCC Systems.

F4.3 Save to the extent the DCC is responsible as described in Section F4.2, the Import Supplier, Export Supplier and/or Gas Supplier (as applicable) for each Enrolled Smart Metering System shall ensure that all the Devices forming part of that Smart Metering System are interoperable with the DCC Total System to the extent necessary to enable those Devices to respond to Commands received from or via the DCC in accordance with the requirements defined in the GB Companion Specification.

F4.4 The DCC and each Supplier Party shall:

- (a) ensure that testing has been undertaken to demonstrate its compliance with the obligations set out in or referred to in Section F4.2 or F4.3 (as applicable); and
- (b) retain evidence of such testing, and make such evidence available to the Panel and the Authority on request.

**Access by DCC**

F4.5 The Import Supplier, Export Supplier and/or Gas Supplier (as applicable) for each Enrolled Smart Metering System shall ensure that the DCC is allowed such remote access to the Smart Metering System as is reasonably necessary to allow the DCC to

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provide the Services and any other services permitted by the DCC Licence in respect of that Smart Metering System (including the right to send communications to, to interrogate, and to receive communications and obtain Data from that Smart Metering System).

**F5 COMMUNICATIONS HUB FIRMWARE UPDATES**

**Firmware Updates**

*[The DCC will be subject to obligations in respect of Communications Hubs equivalent to those placed on Users under Sections H4.5 and H4.27.]*

## SECTION G - SECURITY

### G1 **SECURITY: GENERAL PROVISIONS**

#### **Interpretation**

- G1.1 Sections G3 to G5 (inclusive) shall be interpreted in accordance with the following provisions of this Section G1.

#### **Obligations on Users**

- G1.2 Obligations which are expressed to be placed on a User shall, where that User performs more than one User Role, be read as applying to it separately in respect of each of its User Roles.
- G1.3 For the purposes of Section G1.2, where any User is deemed to have nominated itself as a Registration Data Provider, its role as a Registration Data Provider shall be treated as if it were an additional category of User Role.

#### **Exclusion for Export Suppliers and Supplier Nominated Agents**

- G1.4 Where a User is an Export Supplier or a Supplier Nominated Agent, it is not to be subject to any of the obligations expressed to be placed on Users except for those obligations set out at Sections G5.1, G5.2 and G5.14.

#### **Disputes**

- G1.5 Any dispute regarding the compliance of a User with any of its obligations under Sections G3 to G5 (inclusive) may be referred to the Panel for its determination. Where a Party disagrees with any such determination of the Panel, then that Party may refer the matter to arbitration in accordance with Section M7 (Dispute Resolution).

**G2 SYSTEM SECURITY: OBLIGATIONS ON THE DCC**

**Unauthorised Activities: Duties to Detect and Respond**

G2.1 The DCC shall use its reasonable endeavours:

- (a) to ensure that the DCC Systems are capable of detecting any unauthorised connection that has been made to them, and any unauthorised attempt to connect to them, by any other System; and
- (b) if the DCC Systems detect such a connection or attempted connection, to ensure that the connection is terminated or the attempted connection prevented (as the case may be).

G2.2 The DCC shall use its reasonable endeavours:

- (a) to ensure that the DCC Total System is capable of detecting any unauthorised software that has been installed or executed on it and any unauthorised attempt to install or execute software on it;
- (b) if the DCC Total System detects any such software or such attempt to install or execute software, to ensure that the installation or execution of that software is prevented; and
- (c) where any such software has been installed or executed, to take appropriate remedial action.

G2.3 The DCC shall:

- (a) use its reasonable endeavours to ensure that the DCC Total System is capable of identifying any deviation from its expected configuration; and
- (b) for this purpose maintain at all times an up-to-date list of all hardware, and of all software and firmware versions and patches, which form part of the configuration of the DCC Total System.

G2.4 The DCC shall use its reasonable endeavours to ensure that the DCC Total System:

- (a) is capable of identifying any unauthorised or unnecessary network port, protocol, communication, application or network service;

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- (b) causes or permits to be open at any time only those network ports, and allows only those protocols, which are required at that time for the effective operation of that System, and blocks all network ports and protocols which are not so required; and
- (c) causes or permits at any time only the making of such communications and the provision of such applications and network services as are required at that time for the effective operation of that System.

G2.5 The DCC shall use its reasonable endeavours to ensure that each component of the DCC Total System is, at each point in time, enabled only with the functionality that is necessary for it effectively to fulfil its intended role within the DCC Total System at that time.

G2.6 The DCC shall:

- (a) ensure that the DCC Total System records all system activity (including all attempts to access resources, or Data held, on it) in audit logs;
- (b) ensure that the DCC Total System detects any attempt by any person to access resources, or Data held, on it without possessing the authorisation required to do so; and
- (c) use its reasonable endeavours to ensure that the DCC Total System prevents any such attempt at unauthorised access.

G2.7 The DCC shall use its reasonable endeavours to ensure that the DCC Total System is capable of detecting any instance of Data leaving it by any means (including in particular by network transfers and the use of removable media) without authorisation.

#### **Adverse Events: Duties to Detect and Prevent**

G2.8 The DCC shall use its reasonable endeavours to ensure that:

- (a) the DCC Total System detects any Denial of Service Event; and
- (b) any unused or disabled component or functionality of the DCC Total System is incapable of being a means by which that System is Compromised.

G2.9 The DCC shall:

- (a) use its best endeavours to:
  - (i) ensure that the DCC Total System is not Compromised; and
  - (ii) where the DCC Total System is Compromised, minimise the extent to which it is Compromised and any adverse effect arising from it having been Compromised; and
- (b) ensure that the DCC Total System detects any instance in which it has been Compromised.

### **Security Incident Management**

G2.10 The DCC shall ensure that, on the occurrence of any:

- (a) unauthorised event of the type referred to at Sections G2.1 to G2.7; or
- (b) event which results, or was capable of resulting, in the DCC Total System being Compromised,

it takes all of the steps required by the DCC Information Security Management System.

G2.11 The DCC shall, on the occurrence of a Major Security Incident in relation to the DCC Total System, promptly notify the Panel and the Security Sub-Committee.

### **System Design and Operation**

G2.12 The DCC shall, at each stage of the System Development Lifecycle, have regard to the need to design and operate the DCC Total System so as to protect it from being Compromised.

### **Management of Vulnerabilities**

G2.13 The DCC shall ensure that an organisation which is a CESG CHECK service provider carries out assessments that are designed to identify any vulnerability of the DCC Systems to Compromise and any failure of those Systems to comply with this Section G2:

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- (a) in respect of each DCC System, on at least an annual basis;
- (b) in respect of each new or materially changed component or functionality of the DCC Systems, prior to that component or functionality becoming operational; and
- (c) on the occurrence of any Major Security Incident in relation to the DCC Systems.

G2.14 The DCC shall ensure that it carries out assessments that are designed to identify any vulnerability of the DCC Systems to Compromise and any failure of those Systems to comply with this Section G2:

- (a) in respect of each DCC System, on at least an annual basis;
- (b) in respect of each new or materially changed component or functionality of the DCC Systems, prior to that component or functionality becoming operational; and
- (c) on the occurrence of any Major Security Incident in relation to the DCC Systems.

G2.15 Where, following any assessment of the DCC Systems in accordance with Section G2.13 or G2.14, any such vulnerability or failure has been detected, the DCC shall:

- (a) use its reasonable endeavours to ensure that:
  - (i) the cause of the vulnerability is rectified, or the potential impact of the vulnerability is mitigated, as soon as is reasonably practicable;
  - (ii) the cause of the failure is rectified as soon as is reasonably practicable; and
- (b) in the case of a material vulnerability or failure, promptly notify the Security Sub-Committee of the steps being taken to rectify its cause or mitigate its potential impact (as the case may be) and the time within which they are intended to be completed.

**Management of Data**

G2.16 Where the DCC carries out a Back-Up of any Data held on the DCC Total System, it shall ensure that the Data which are Backed-Up are:

- (a) protected in accordance with the Information Classification Scheme, including when being transmitted for the purposes of Back-Up; and
- (b) stored on media that are located in physically secure facilities, at least one of which facilities must be in a different location to that part of the DCC Total System on which the Data being Backed-Up is ordinarily held.

G2.17 The DCC shall develop and maintain, and hold all Data in accordance with, a DCC Data Retention Policy.

G2.18 The DCC shall ensure that where, in accordance with the DCC Data Retention Policy, any Data are no longer required for the purposes of the Authorised Business, they are securely deleted in compliance with:

- (a) HMG Information Assurance Standard No. 5:2011 (Secure Sanitisation); or
- (b) any equivalent to that HMG Information Assurance Standard which updates or replaces it from time to time.

**DCC Total System: Duty to Separate**

G2.19 The DCC shall use its reasonable endeavours to ensure that any software installed on the DCC Total System for the purposes of security is Separated from any software that is installed on that System for any other purpose.

G2.20 The DCC shall ensure that:

- (a) all DCC Systems which form part of the DCC Total System are Separated from any other Systems;
- (b) the DCC IT Testing and Training Systems and DCC IT Supporting Systems are Separated from the DCC Live Systems; and
- (c) each individual System within the DCC Live Systems is Separated from each other such System.

**Monitoring and Audit**

G2.21 The DCC shall ensure that all system activity audit logs are reviewed regularly in accordance with the DCC Information Security Management System.

G2.22 The DCC shall ensure that all such system activity recorded in audit logs is recorded in a standard format which is compliant with:

- (a) British Standard BS 10008:2008 (Evidential Weight and Legal Admissibility of Electronic Information), or any equivalent to that British Standard which updates or replaces it from time to time; and
- (b) in the case of activity on the DCC Systems only, CESG Good Practice Guide 18:2012 (Forensic Readiness).

G2.23 The DCC shall monitor the DCC Systems in compliance with:

- (a) CESG Good Practice Guide 13:2012 (Protective Monitoring); or
- (b) any equivalent to that CESG Good Practice Guide which updates or replaces it from time to time.

G2.24 The DCC shall use its reasonable endeavours to ensure that the DCC Systems are capable of detecting Anomalous Events, in particular by reference to the:

- (a) sending or receipt (as the case may be) of Service Requests, Pre-Commands, Signed Pre-Commands, Commands, Service Responses and Alerts;
- (b) audit logs of each component of the DCC Total System;
- (c) error messages generated by each device which forms part of the DCC Total System;
- (d) Incident Management Log compiled in accordance with Section H9; and
- (e) patterns of traffic over the SM WAN.

G2.25 The DCC shall:

- (a) use its reasonable endeavours to ensure that the DCC Systems detect all Anomalous Events; and

- (b) ensure that, on the occurrence of any Anomalous Event, it takes all of the steps required by the DCC Information Security Management System.

**Manufacturers: Duty to Notify and Be Notified**

- G2.26 Where the DCC becomes aware of any material security vulnerability in, or likely cause of a material adverse effect on the security of, any hardware or software which forms part of the DCC Total System, it shall wherever it is reasonably practicable to do so notify the manufacturer of the hardware or the developer of the software (as the case may be).
- G2.27 The DCC shall not be required to notify a manufacturer or developer in accordance with Section G2.26 where it has reason to be satisfied that the manufacturer or developer is already aware of the matter that would otherwise be notified.
- G2.28 The DCC shall, wherever it is reasonably practicable to do so, establish with the manufacturers of the hardware and developers of the software which form part of the DCC Total System arrangements designed to ensure that the DCC will be notified where any such manufacturer or developer (as the case may be) becomes aware of any material security vulnerability in, or likely cause of a material adverse effect on the security of, such hardware or software.
- G2.29 Any arrangements established in accordance with Section G2.28 may provide that the manufacturer or developer (as the case may be) need not be required to notify the DCC where that manufacturer or developer has reason to be satisfied that the DCC is already aware of the matter that would otherwise be notified under the arrangements.

**Cryptographic Processing**

- G2.30 The DCC shall ensure that it carries out all Cryptographic Processing which:
- (a) is for the purposes of complying with its obligations as CoS Party; or
  - (b) results in the application of a Message Authentication Code to any Pre-Command,
- within Cryptographic Modules which are compliant with FIPS 140-2 Level 3 (or any equivalent to that Federal Information Processing Standard which updates or replaces

it from time to time).

G2.31 The DCC shall ensure that it carries out all other Cryptographic Processing only within Cryptographic Modules established in accordance with its Information Classification Scheme.

**G3 SYSTEM SECURITY: OBLIGATIONS ON USERS**

**Unauthorised Activities: Duties to Detect and Respond**

G3.1 Each User shall:

- (a) use its reasonable endeavours to ensure that its User Systems are capable of identifying any deviation from their expected configuration; and
- (b) for this purpose maintain at all times an up-to-date list of all hardware, and of all software and firmware versions and patches, which form part of the configuration of those User Systems.

G3.2 Each User shall use its reasonable endeavours:

- (a) to ensure that its User Systems are capable of detecting any unauthorised software that has been installed or executed on them and any unauthorised attempt to install or execute software on them;
- (b) if those User Systems detect any such software or such attempt to install or execute software, to ensure that the installation or execution of that software is prevented; and
- (c) where any such software has been installed or executed, to take appropriate remedial action.

G3.3 Each User shall:

- (a) ensure that its User Systems record all attempts to access resources, or Data held, on them;
- (b) ensure that its User Systems detect any attempt by any person to access resources, or Data held, on them without possessing the authorisation required to do so; and
- (c) use its reasonable endeavours to ensure that its User Systems prevent any such attempt at unauthorised access.

**Security Incident Management**

- G3.4 Each User shall ensure that, on the occurrence of any unauthorised event of the type referred to at Sections G3.1 to G3.3, it takes all of the steps required by its User Information Security Management System.
- G3.5 Each User shall, on the occurrence of a Major Security Incident in relation to its User Systems, promptly notify the Panel and the Security Sub-Committee.

**System Design and Operation**

- G3.6 Each User shall, at each stage of the System Development Lifecycle, have regard to the need to design and operate its User Systems so as to protect them from being Compromised.

**Management of Vulnerabilities**

- G3.7 Each Supplier Party and Network Party shall ensure that either a tester who has achieved CREST certification or an organisation which is a CESG CHECK service provider carries out assessments that are designed to identify any vulnerability of its User Systems to Compromise and any failure of those Systems to comply with this Section G3:
- (a) in respect of each User System, on at least an annual basis;
  - (b) in respect of each new or materially changed component or functionality of the User Systems, prior to that component or functionality becoming operational; and
  - (c) on the occurrence of any Major Security Incident in relation to its User Systems.
- G3.8 Each Supplier Party and Network Party shall ensure that it carries out assessments that are designed to identify any vulnerability of its User Systems to Compromise and any failure of those Systems to comply with this Section G3:
- (a) in respect of each User System, on at least an annual basis;
  - (b) in respect of each new or materially changed component or functionality of the

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User Systems, prior to that component or functionality becoming operational;  
and

- (c) on the occurrence of any Major Security Incident in relation to its User Systems.

G3.9 Where, following any such assessment of its User Systems, any material vulnerability or failure has been detected, the Supplier Party or Network Party (as the case may be) shall ensure that it:

- (a) uses its reasonable endeavours to ensure that:
  - (i) the cause of the vulnerability is rectified, or the potential impact of the vulnerability is mitigated, as soon as is reasonably practicable;
  - (ii) the cause of the failure is rectified as soon as is reasonably practicable;  
and
- (b) promptly notifies the Security Sub-Committee of the steps being taken to rectify its cause or mitigate its potential impact (as the case may be) and the time within which they are intended to be completed.

#### **Management of Data**

G3.10 Each User shall:

- (a) develop and maintain, and hold all Data in accordance with, a User Data Retention Policy; and
- (b) when any Data held by it cease to be retained in accordance with the User Data Retention Policy, ensure that they are securely deleted in accordance with its Information Classification Scheme.

#### **User Systems: Duty to Separate**

G3.11 Each User shall use its reasonable endeavours to ensure that any software that is installed on its User Systems for the purposes of security is Separated from any software that is installed on those Systems for any other purpose.

**Monitoring**

G3.12 Each Supplier Party shall use its reasonable endeavours to ensure that its User Systems are capable of detecting Anomalous Events, in particular by reference to the:

- (a) sending or receipt (as the case may be) of Service Requests, Pre-Commands, Signed Pre-Commands, Commands, Service Responses and Alerts;
- (b) audit logs of each Device for which it is the Responsible Supplier; and
- (c) error messages generated by each Device for which it is the Responsible Supplier.

G3.13 Each Supplier Party shall:

- (a) use its reasonable endeavours to ensure that its User Systems detect all Anomalous Events; and
- (b) ensure that, on the occurrence of any Anomalous Event, it takes all of the steps required by its User Information Security Management System.

**Manufacturers: Duty to Notify and Be Notified**

G3.14 Where a User becomes aware of any material security vulnerability in, or likely cause of a material adverse effect on the security of:

- (a) any hardware or software which forms part of its User Systems; or
  - (b) (where applicable) any Type 1 Device for which it is the Responsible Supplier,
- it shall wherever it is reasonably practicable to do so notify the manufacturer of the hardware or Device or the developer of the software (as the case may be).

G3.15 A User shall not be required to notify a manufacturer or developer in accordance with Section G3.14 where it has reason to be satisfied that the manufacturer or developer is already aware of the matter that would otherwise be notified

G3.16 Each User shall, wherever it is practicable to do so, establish with:

- (a) the manufacturers of the hardware and developers of the software which form part of its User Systems; and

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- (b) (where applicable) the manufacturers of all Type 1 Devices for which it is the Responsible Supplier,

arrangements designed to ensure that the User will be notified where any such manufacturer or developer (as the case may be) becomes aware of any material security vulnerability in, or likely cause of a material adverse effect on the security of, such hardware, software or Device.

G3.17 Any arrangements established in accordance with Section G3.16 may provide that the manufacturer or developer (as the case may be) need not be required to notify the User where that manufacturer or developer has reason to be satisfied that the User is already aware of the matter that would otherwise be notified under the arrangements.

### **Cryptographic Processing**

G3.18 Each User shall ensure that it carries out Cryptographic Processing only within Cryptographic Modules established in accordance with its Information Classification Scheme.

### **User Systems: Physical Location**

G3.19 Each User which is an Eligible User in relation to any Supply Sensitive Service Request shall ensure that:

- (a) any Cryptographic Module which constitutes a component of its User Systems and in which:
- (i) any Private Key that is used to Digitally Sign Pre-Commands is held; and
  - (ii) Pre-Commands are Digitally Signed; and
- (b) any functionality of its User Systems which is used to apply Supply Sensitive Checks,

is located, operated, configured, tested and maintained in the United Kingdom by User Personnel who are located in the United Kingdom.

G3.20 Each User to which Section G3.19 applies shall ensure that the components and the

functionality of its User Systems to which that Section refers are operated from a sufficiently secure environment in accordance with the provisions of Section G5.17.

**Supply Sensitive Check**

G3.21 Each User which is an Eligible User in relation to any Supply Sensitive Service Request shall ensure that:

- (a) it applies a Supply Sensitive Check prior to Digitally Signing a Pre-Command in respect of any Supply Sensitive Service Request;
- (b) it both applies that Supply Sensitive Check and Digitally Signs the relevant Pre-Command in the United Kingdom; and
- (c) the Pre-Command has been processed only in the United Kingdom between the application of the Supply Sensitive Check and the Digital Signature.

**G4 ORGANISATIONAL SECURITY: OBLIGATIONS ON THE DCC, SUPPLIER PARTIES AND NETWORK PARTIES**

**Obligations on Supplier Parties and Network Parties**

G4.1 Each Supplier Party and Network Party shall ensure that its User Personnel who are authorised to carry out activities which involve access to resources, or Data held, on its User Systems and which are capable of Compromising the DCC Total System, any User Systems, any RDP Systems or any Device:

- (a) where they are located in the United Kingdom are subject to security screening in a manner that is compliant with:
  - (i) British Standard BS 7858:2012 (Security Screening of Individuals Employed in a Security Environment – Code of Practice); or
  - (ii) any equivalent to that British Standard which updates or replaces it from time to time; and
- (b) where they are not located in the United Kingdom are subject to security screening in a manner that is compliant with:
  - (i) the British Standard referred to in Section G4.1(a); or
  - (ii) any comparable national standard applying in the jurisdiction in which they are located.

G4.2 Each Supplier Party and Network Party shall:

- (a) ensure that each member of its User Personnel who is authorised to access Data held on its User Systems holds a security clearance which is appropriate to the role performed by that individual and to the Data to which he or she is authorised to access; and
- (b) annually review the security clearance held by each such individual and ensure that it continues to be appropriate to the role performed by that individual and to the Data to which he or she is authorised to access.

**Obligations on the DCC**

G4.3 The DCC shall ensure that DCC Personnel who are authorised to carry out activities which involve access to resources, or Data held, on its User Systems and which are capable of Compromising the DCC Total System, any User Systems, any RDP Systems or any Device:

- (a) where they are located in the United Kingdom are subject to security screening in a manner that is compliant with:
  - (i) British Standard BS 7858:2012 (Security Screening of Individuals Employed in a Security Environment – Code of Practice); or
  - (ii) any equivalent to that British Standard which updates or replaces it from time to time; and
- (b) where they are not located in the United Kingdom are subject to security screening in a manner that is compliant with:
  - (i) the British Standard referred to in Section G4.3(a); or
  - (ii) any comparable national standard applying in the jurisdiction in which they are located.

G4.4 The DCC shall:

- (a) ensure that each member of DCC Personnel who is authorised to access Data held on the DCC Total System holds a security clearance which is appropriate to the role performed by that individual and to the Data to which he or she is authorised to access; and
- (b) annually review the security clearance held by each such individual and ensure that it continues to be appropriate to the role performed by that individual and to the Data to which he or she is authorised to access.

G4.5 The DCC shall ensure that each member of DCC Personnel who is a Privileged Person has passed a Security Check before being given any access to Data held on the DCC Total System.

G4.6 Where the DCC is required to ensure that any two Systems forming part of the DCC Total System are Separated, it shall either:

- (a) ensure that no person is a Privileged Person in relation to both of those Systems; or
- (b) to the extent that any person is a Privileged Person in relation to both Systems, it establishes additional controls sufficient to ensure that the activities of that person cannot become a means by which any part of the DCC Live Systems is Compromised to a material extent.

**G5 INFORMATION SECURITY: OBLIGATIONS ON THE DCC AND USERS**

**Obligations on the DCC and Users**

G5.1 The DCC and each User shall establish, maintain and implement processes for the identification and management of the risk of (respectively) the DCC Total System and its User Systems being Compromised, and which comply with:

- (a) the standard of the International Organisation for Standards in respect of information security risk management known as ISO/IEC 27005:2011 (Information Technology – Security Techniques – Information Security Management Systems); or
- (b) any equivalent to that standard of the International Organisation for Standards which updates or replaces it from time to time.

G5.2 The DCC and each User shall carry out an assessment of such processes for the identification and management of risk:

- (a) on at least an annual basis;
- (b) on any occasion on which it implements a material change to (respectively) the DCC Total System or its User Systems; and
- (c) on the occurrence of any Major Security Incident in relation to (respectively) the DCC Total System or its User Systems.

**Obligations on the DCC**

G5.3 Where the DCC is required in accordance with the DCC Licence to obtain and hold ISO 27001 certification, it shall:

- (a) establish, give effect to, maintain, and comply with a set of policies and procedures to be known as the DCC Information Security Management System;
- (b) ensure that the DCC Information Security Management System:
  - (i) is so designed as to ensure that the DCC complies with its obligations under Sections G2 and G4;

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- (ii) meets the requirements of Sections G5.4 to G5.14; and
  - (iii) provides for security controls which are proportionate to the potential impact of each part of the DCC Total System being Compromised, as determined by means of processes for the management of information risk; and
- (c) review the DCC Information Security Management System on at least an annual basis, and make any changes to it following such a review in order to ensure that it remains fit for purpose.

#### The DCC Information Security Management System

- G5.4 The DCC Information Security Management System shall incorporate an information security policy which makes appropriate provision in respect of:
- (a) measures to identify and mitigate risks to the security of Data stored on or communicated by means of the DCC Total System, including measures relating to Data handling, retention and protection; and
  - (b) the establishment and maintenance of an Information Classification Scheme in relation to the DCC Total System.
- G5.5 The DCC Information Security Management System shall specify the approach of the DCC to:
- (a) information security, including its arrangements to review that approach at planned intervals;
  - (b) human resources security;
  - (c) physical and environmental security; and
  - (d) ensuring that the DCC Service Providers establish and maintain information, human resources, and physical and environmental security measures which are equivalent to those of the DCC.
- G5.6 The DCC Information Security Management System shall incorporate a set of asset management procedures which shall make provision for the DCC to establish and

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maintain a register of the physical and information assets on which it relies for the purposes of the Authorised Business (including a record of the member of DCC Personnel who has responsibility for each such asset).

G5.7 The DCC Information Security Management System shall incorporate procedures that comply with:

- (a) HMG Security Procedures – Telecommunications Systems and Services, Issue Number 2.2 (April 2012), in respect of the security of telecommunications systems and services; or
- (b) any equivalent to those HMG Security Procedures which update or replace them from time to time.

G5.8 The DCC Information Security Management System shall incorporate procedures that comply with:

- (a) the appropriate standards of the International Organisation for Standards with respect to network security, comprising ISO/IEC 27033-1:2009, ISO/IEC 27033-2:2012 and ISO/IEC 27033-3:2010 (Information Technology – Security Techniques – Network Security); or
- (b) any equivalents to those standards of the International Organisation for Standards which update or replace them from time to time.

G5.9 The DCC Information Security Management System shall incorporate a policy on access control, which includes provision in respect of:

- (a) measures to restrict access to Data that is stored on or communicated by means of the DCC Total System to those who require such Data and are authorised to obtain it;
- (b) the designation of appropriate levels of identity assurance in respect of those who are authorised to access such Data;
- (c) the specification of appropriate levels of security clearance in respect of those who are authorised to access such Data;
- (d) procedures for granting, amending and removing authorisations in respect of

access to such Data; and

- (e) procedures for granting and reviewing security clearances for DCC Personnel.

G5.10 The DCC Information Security Management System shall incorporate procedures on the management of information security incidents which comply with:

- (a) the standard of the International Organisation for Standards in respect of security incident management known as ISO/IEC 27035:2011 (Information Technology – Security Techniques – Information Security Incident Management); or
- (b) any equivalent to that standard of the International Organisation for Standards which updates or replaces it from time to time.

G5.11 The DCC Information Security Management System shall incorporate procedures on the management of information security incidents which in particular make provision for:

- (a) the allocation of clearly defined roles and responsibilities to DCC Personnel;
- (b) the manner in which such incidents will be monitored, classified, reported and managed;
- (c) a communications plan in relation to all communications with respect to such incidents; and
- (d) the use of recovery systems in the case of serious incidents.

G5.12 The DCC Information Security Management System shall incorporate procedures on the management of business continuity that comply with:

- (a) the following standards of the International Organisation for Standards in respect of business continuity:
  - (i) ISO/IEC 22301:2012 (Societal Security – Business Continuity Management Systems – Requirements); and
  - (ii) ISO/IEC 27031:2011 (Information Technology – Security Techniques – Guidelines for Information and Communications Technology

Readiness for Business Continuity); and

- (b) the Business Continuity Institute Good Practice Guidelines 2013; or
- (c) in each case, any equivalents to those standards or guidelines which update or replace them from time to time.

G5.13 The DCC Information Security Management System shall incorporate procedures in relation to the secure management of all Secret Key Material of the DCC, which shall in particular make provision for:

- (a) the security of that Secret Key Material throughout the whole of its lifecycle from its generation to its destruction;
- (b) the manner in which that Secret Key Material will be registered, ordered, generated, labelled, distributed, installed, superseded and renewed; and
- (c) the verifiable destruction of that Secret Key Material.

#### **Obligations on Users**

G5.14 Each User shall comply with the following standard of the International Organisation for Standards in respect of the security, reliability and resilience of its information assets and processes and its User Systems:

- (a) ISO/IEC 27001:2013 (Information Technology – Security Techniques – Information Security Management Systems); or
- (b) any equivalent to that standard which updates or replaces it from time to time.

G5.15 Each User shall:

- (a) establish, give effect to, maintain, and comply with a set of policies and procedures to be known as its User Information Security Management System;
- (b) ensure that its User Information Security Management System:
  - (i) is so designed as to ensure that it complies with its obligations under Sections G3 and G4;
  - (ii) is compliant with the standard referred to at Section G5.14;

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- (iii) meets the requirements of Sections G5.16 to G5.21; and
  - (iv) provides for security controls which are proportionate to the potential impact of each part of its User Systems being Compromised, as determined by means of processes for the management of information risk; and
- (c) review its User Information Security Management System on at least an annual basis, and make any changes to it following such a review in order to ensure that it remains fit for purpose.

### The User Information Security Management System

G5.16 Each User Information Security Management System shall incorporate an information security policy which makes appropriate provision in respect of:

- (a) measures to identify and mitigate risks to the security of Data stored on or communicated by means of the User Systems, including measures relating to Data handling, retention and protection;
- (b) the establishment and maintenance of an Information Classification Scheme in relation to the User Systems;
- (c) the management of business continuity; and
- (d) the education, training and awareness of User Personnel in relation to information security.

G5.17 Each User Information Security Management System shall specify the approach of the User to:

- (a) information security, including its arrangements to review that approach at planned intervals;
- (b) human resources security;
- (c) physical and environmental security; and
- (d) ensuring that any person who provides services to the User for the purpose of ensuring that the User is able to comply with its obligations under this Code

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must establish and maintain information, human resources, and physical and environmental security measures which are equivalent to those of the User.

G5.18 Each User Information Security Management System shall incorporate a set of asset management procedures which shall make provision for the User to establish and maintain a register of the physical and information assets on which it relies for the purposes of complying with its obligations under this Code.

G5.19 Each User Information Security Management System shall incorporate a policy on access control, which includes provision in respect of:

- (a) measures to restrict access to Data that is stored on or communicated by means of the User Systems to those who require such Data and are authorised to obtain it; and
- (b) procedures for granting, amending and removing authorisations in respect of access to such Data.

G5.20 Each User Information Security Management System shall incorporate procedures on the management of information security incidents which comply with:

- (a) the standard of the International Organisation for Standards in respect of security incident management known as ISO/IEC 27035:2011 (Information Technology – Security Techniques – Information Security Incident Management); or
- (b) any equivalent to that standard of the International Organisation for Standards which updates or replaces it from time to time.

G5.21 Each User Information Security Management System shall incorporate procedures in relation to the secure management of all Secret Key Material of the User, which shall in particular make provision for:

- (a) the security of that Secret Key Material throughout the whole of its lifecycle from its generation to its destruction;
- (b) the manner in which that Secret Key Material will be registered, ordered, generated, labelled, distributed, installed, superseded and renewed; and

- (c) the verifiable destruction of that Secret Key Material.

## SECTION H: DCC SERVICES

### H1 USER ENTRY PROCESS

#### **Eligibility Generally**

- H1.1 A Party is not entitled to receive the Services described in this Section H until that Party has become a User by completing the User Entry Process.
- H1.2 Only persons that are Parties are eligible to complete the User Entry Process and to become Users.

#### **User Role Eligibility**

- H1.3 The Services provided over the DCC User Gateway are available only to Users within certain User Roles. A Party wishing to act as a User in one or more User Roles must first complete the User Entry Process for that User Role.

#### **User IDs**

*[The form of the User ID will be further updated as necessary to ensure that it is consistent with the requirements of Section L.]*

- H1.4 When accessing Services a User must operate in a particular User Role using the applicable User ID.
- H1.5 A Party wishing to act as a User in one or more User Roles shall propose to the DCC one or more identification numbers to be used by that Party when acting in each such User Role. Each such identification number must be EUI-64 Compliant, and the same identification number cannot be used for more than one User Role.
- H1.6 The DCC shall accept each identification number proposed by each Party in respect of each of its User Roles (and record such number(s) as identifying, and use such number(s) to identify, such Party in such User Role); provided that the DCC shall not accept the proposed number if it is not EUI-64 Compliant; and/or if the Party does not hold:
- (a) for the User Role of 'Import Supplier' or 'Export Supplier', an Electricity

Supply Licence;

- (b) for the User Role of ‘Gas Supplier’, a Gas Supply Licence;
- (c) for the User Role of ‘Electricity Distributor’, an Electricity Distribution Licence; or
- (d) for the User Role of ‘Gas Transporter’, a Gas Transportation Licence.

H1.7 A Party may from time to time replace or withdraw its User ID for each of its User Roles on notice to the DCC; provided that any such replacement shall be subject to acceptance by the DCC in accordance with Section H1.6.

### **User Entry Guide**

H1.8 The Code Administrator shall establish and publish on the Website a guide to the User Entry Process. Such guide shall:

- (a) identify any information that a Party is required to provide in support of its application to become a User in each User Role; and
- (b) include a recommendation that each Party undertakes a privacy impact assessment in accordance with the Information Commissioner’s guidance concerning the same (but there shall be no obligation under this Code to do so).

### **User Entry**

H1.9 A Party that wishes to become a User in a particular User Role must apply to the Code Administrator in compliance with any requirements concerning the same identified in the guide referred to in Section H1.8.

H1.10 On receipt of a Party’s application pursuant to Section H1.9, the Code Administrator will process the Party’s application to become a User in accordance with this Section H1.

### **User Entry Process Requirements**

H1.11 The User Entry Process for each User Role requires that the Party has:

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- (a) received confirmation from the DCC of its acceptance of at least one User ID for the Party and that User Role in accordance with Section H1.5;
- (b) successfully completed the User Entry Process Tests for that User Role in accordance with Section H14 (Testing Services);
- (c) successfully demonstrated in accordance with the procedure set out in Section G (Security) that the Party meets the applicable security requirements required by that Section; *[The relevant entry process relating to Section G will be subject to future consultations.];* and
- (d) provided the Credit Cover (if any) that the DCC requires that Party to provide, to be calculated by the DCC in accordance with Section J3 (Credit Cover) as if that Party were a User (and based on the DCC's reasonable estimates of the Charges that are likely to be incurred by the User in the period until the first Invoice for that Party is due to be paid by that Party).

H1.12 A Party will have successfully completed the User Entry Process for a particular User Role once the Code Administrator has received confirmation from the body responsible for each of the requirements set out in Section H1.11 that the Party has met each and every requirement set out in Section H1.11, and once the Code Administrator has confirmed the same to the Party.

H1.13 Once a Party has successfully completed the User Entry Process for a particular User Role, the Code Administrator shall confirm the same to the DCC and the Panel. A Party who has successfully completed the User Entry Processes in one User Role shall not be considered to be a User in relation to any other User Role until it has completed the User Entry Processes in relation to such other User Role.

#### **Disputes Regarding User Entry Process**

H1.14 Where a Party wishes to raise a dispute in relation to its application to become a User, and to the extent that the dispute relates to:

- (a) the matters described in Section H1.11(b), then the dispute shall be determined in accordance with the applicable dispute resolution procedure set out in Section H14 (Testing Services);

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- (b) the matters described in Section H1.11(c), then the dispute shall be determined in accordance with the dispute resolution procedure set out in Section G (Security);
- (c) the matters described in Section H1.11(d), then the dispute shall be determined in accordance with Section J3.15 (Disputes); or
- (d) any matters other than those referred to above, then the dispute may be referred to the Panel for determination.

H1.15 Where a Party disagrees with any decision of the Panel made pursuant to Section H1.14(d), then that Party may refer the matter to the Authority for its determination, which shall be final and binding for the purposes of this Code.

## **H2 SUPPLIER NOMINATED AGENTS**

### **Rights and Obligations of Supplier Nominated Agents**

H2.1 Supplier Nominated Agents are Parties to this Code in their own right, and as such have rights and obligations as Other SEC Parties or as Users acting in the User Role of Supplier Nominated Agent.

### **Responsibility for Supplier Nominated Agents**

H2.2 It is acknowledged that the following Services (as described in the DCC User Gateway Services Schedule) are only available to Users acting in the User Role of Supplier Nominated Agent by virtue of their appointment by the Responsible Supplier as a Meter Operator or Meter Asset Manager in respect of the relevant MPAN or MPRN:

- (a) Read Device Configuration;
- (b) Read Event or Security Log;
- (c) Read Supply Status; and
- (d) Read Firmware Version.

H2.3 Without prejudice to the rights and obligations of each Supplier Nominated Agent (as described in Section H2.1), the Supplier Party described in Section H2.4 shall ensure that each Supplier Nominated Agent that sends Service Requests for the Services described in Section H2.2 shall only do so for the purposes of providing services to that Supplier Party in a manner consistent with that Supplier Party's Energy Supply Licence.

H2.4 The Supplier Party referred to in Section H2.3 is, in respect of a Service relating to a Smart Metering System or Device, the Responsible Supplier for that Smart Metering System or Device.

H2.5 Nothing in this Code obliges Supplier Parties to contract with Meter Operators and/or Meter Asset Managers in order to procure from the Meter Operator and/or Meter Asset Manager services that result in the need for the Meter Operator and/or Meter Asset Manager to send Service Requests.

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H2.6 Each Supplier Party shall be responsible for controlling the ability of the Supplier Nominated Agent to send the Service Requests referred to in Section H2.2 in circumstances where that Supplier Party would be liable under Section H2.3.

**H3 DCC USER GATEWAY**

**Obligation to Maintain the DCC User Gateway**

H3.1 The DCC shall maintain the DCC User Gateway in accordance with the DCC User Gateway Interface Specification, and make it available to Users to send and receive communications in accordance with the DCC User Gateway Code of Connection.

**Communications to be sent via DCC User Gateway**

H3.2 Each Party shall use the DCC User Gateway for the following communications, which it shall ensure are sent in the format required by the DCC User Gateway Interface Specification:

- (a) Service Requests from a User to the DCC;
- (b) Signed Pre-Commands from a User to the DCC;
- (c) Acknowledgements from the DCC to a User;
- (d) Pre-Commands from the DCC to a User;
- (e) Service Responses from the DCC to a User;
- (f) Alerts from the DCC to a User;
- (g) Commands from the DCC to the User pursuant to the Local Command Services;
- (h) notifications by either the DCC or a User of rejection of a communication where such rejection is expressly required in this Code to be sent via the DCC User Gateway;
- (i) the exchange of Data pursuant to Section E (Registration Data), to the extent (if at all) required in accordance with the Electricity Registration Data Interface Documents and/or the Gas Registration Data Interface Documents; or
- (j) any other communications expressly required in this Code to be sent via the DCC User Gateway.

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H3.3 The communications required to be sent via the DCC User Gateway under Section H3.2 shall only be validly sent for the purposes of this Code if sent in accordance with this Section H3 and Section H4 (Processing Service Requests).

H3.4 No Party may use the DCC User Gateway for any other purpose other than to meet the requirements of Section H3.2.

### Means of Connection

H3.5 Each User will have (pursuant to Section H1) established at least one connection to the DCC User Gateway via the DCC User Gateway Means of Connection of the User's choice.

H3.6 Each User may request as many connections to the DCC User Gateway as the User wishes, in each case via the DCC User Gateway Means of Connection of the User's choice. As soon as reasonably practicable following each such request, the DCC shall make the relevant connection to the DCC User Gateway available to that User via the DCC User Gateway Means of Connection requested by the User.

H3.7 Each User may cancel any connection to the DCC User Gateway on notice to the DCC.

H3.8 In using the DCC User Gateway from each of its connections, each User and the DCC shall comply with the DCC User Gateway Code of Connection applicable to the DCC User Gateway Means of Connection being used at that connection.

H3.9 A Party may use any of its connections for the purposes of any of the User Roles in which it is a User.

### Connection Testing

H3.10 Each User will have (pursuant to Section H1) established at least one connection to the DCC User Gateway. The DCC shall, in respect of each subsequent connection to the DCC User Gateway that a User wishes to establish, facilitate the establishment and testing of such connection.

H3.11 A User shall not be entitled to use the DCC User Gateway from a particular connection point until the DCC has confirmed to that User that it has successfully

established a connection in respect of that connection point (other than use for the purpose of testing the connection).

**Eligibility for Services Over the DCC User Gateway**

H3.12 A User shall not send a Service Request in respect of a Smart Metering System (or a Device forming, or to form, part of a Smart Metering System) unless it is an Eligible User for that Service and Smart Metering System.

H3.13 Whether or not a User is an Eligible User for the following Services is determined as follows:

- (a) for Enrolment Services, Core Communication Services and Local Command Services, the entitlement is described in Section H3.14; or
- (b) for Elective Communication Services, the entitlement is described in the relevant Bilateral Agreement.

H3.14 Subject to Sections H3.15 and H3.16, the following Users are entitled to receive the following Services in respect of a Smart Metering System (or a Device forming, or to form, part of that Smart Metering System):

- (a) the Import Supplier for that Smart Metering System is entitled to those Services described in the DCC User Gateway Services Schedule as being available to the 'Electricity Import Supplier';
- (b) the Export Supplier for that Smart Metering System is entitled to those Services described in the DCC User Gateway Services Schedule as being available to the 'Electricity Export Supplier';
- (c) the Gas Supplier for that Smart Metering System is entitled to those Services described in the DCC User Gateway Services Schedule as being available to the 'Gas Import Supplier';
- (d) the Electricity Distributor for that Smart Metering System is entitled to those Services described in the DCC User Gateway Services Schedule as being available to the 'Electricity Network Operator';
- (e) the Gas Transporter for that Smart Metering System is entitled to those

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Services described in the DCC User Gateway Services Schedule as being available to the ‘Gas Network Operator’;

- (f) the Supplier Nominated Agent for that Smart Metering System is entitled to those Services described in the DCC User Gateway Services Schedule as being available to the ‘Supplier Nominated Agent’; and
- (g) any User not falling into the above categories in respect of that Smart Metering System is entitled to those Services described in the DCC User Gateway Services Schedule as being available to ‘Other Users’.

H3.15 Subject to Section H3.16, a User’s eligibility for a Service in respect of a Smart Metering System (or a Device forming, or to form, part of that Smart Metering System) is also dependent upon the status of that Smart Metering System (or such a Device), such that:

- (a) the Responsible Supplier may send Service Requests in respect of Devices that have an SMI Status of ‘pending’, ‘installed not commissioned’ or ‘commissioned’;
- (b) Users that are not the Responsible Supplier may only send Service Requests in respect of Devices that have an SMI Status of ‘installed not commissioned’ or ‘commissioned’; and
- (c) Communication Services are not available in respect of a Smart Metering System until it has been Enrolled.

H3.16 Certain Services are available on the basis of Eligible User Role (rather than a User’s status as an Eligible User in respect of a particular Smart Metering System or Device). In respect of these Services, references in the DCC User Gateway Services Schedule to ‘Electricity Import Supplier’, ‘Electricity Export Supplier’, ‘Gas Import Supplier’, ‘Electricity Network Operator’, ‘Gas Network Operator’, ‘Supplier Nominated Agent’ and ‘Other Users’ are to the corresponding User Roles. The Services in question are those described in the DCC User Gateway Services Schedule as:

- (a) ‘Request WAN Matrix’;
- (b) ‘Device Pre-notifications’; and

- (c) 'Read Inventory'.

### Categories of Service

H3.17 Enrolment Services, Local Command Services and Core Communication Services fall into the following categories (and corresponding categories may be established in respect of Elective Communication Services under Bilateral Agreements):

- (a) Services identified in the DCC User Gateway Services Schedule to be available as 'on-demand' services, and which a User requests on such basis ("**On-Demand Services**");
- (b) Services identified in the DCC User Gateway Services Schedule to be available as 'future-dated' services, and which a User requests on such basis specifying the relevant time and date for execution ("**Future-Dated Services**"); and
- (c) Services identified in the DCC User Gateway Services Schedule to be available as 'scheduled' services, and which a User requests on such basis specifying the initial time and date for execution as well as the frequency at which execution is to recur ("**Scheduled Services**").

H3.18 The DCC shall only accept a Service Request for a Future-Dated Service or a Scheduled Service that has an execution date that is later than the time on the date at which the Service Request is received by the DCC.

### Sequenced Services

H3.19 An On-Demand Service or a Future-Dated Service may also be requested on the basis that it is only to be provided following the successful execution of a specified Service Request ("**Sequenced Services**").

### Target Response Times

H3.20 The DCC shall undertake the following activities within the following time periods (each such time period being, in respect of each such activity, the "**Target Response Time**" for that activity):

- (a) Transforming Critical Service Requests into Pre-Commands and sending to the

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relevant User, within 3 seconds from receipt of the Service Request;

- (b) sending a User a Service Response in respect of a Non-Critical Service Request for an On-Demand Service that is not a Sequenced Service, within the applicable time period set out in the User Gateway Services Schedule measured from receipt of the Service Request from the User;
- (c) sending a User a Service Response in respect of a Critical Service Request for an On-Demand Service that is not a Sequenced Service, within the applicable time period set out in the User Gateway Services Schedule measured from receipt of the Signed Pre-Command from the User;
- (d) sending a User a Service Response in respect of a Service Request for an On-Demand Service that is a Sequenced Service, within the applicable time period set out in the User Gateway Services Schedule measured from the receipt by the DCC of the Service Response for the Service Request upon which the Sequenced Service is dependent;
- (e) sending a User a Service Response in respect of a Service Request for a Future-Dated Service that is not a Sequenced Service or for a Scheduled Service, within the applicable time period set out in the User Gateway Services Schedule measured from the time and date for performance specified in the Service Request;
- (f) sending a User a Service Response in respect of a Service Request for a Future-Dated Service that is a Sequenced Service, within the applicable time period set out in the User Gateway Services Schedule measured from the receipt by the DCC of the Service Response for the Service Request upon which the Sequenced Service is dependent;
- (g) sending a User an Alert, within the applicable time period set out in the User Gateway Services Schedule measured from the Alert being communicated to (Device Alerts) or generated by (Non-Device Alerts) the Communications Hub Function; or
- (h) for the Services Request 'Update Device Configuration (Billing Calendar)', in addition to the above response times applicable to the Service Response

confirming the configuration, periodic Service Responses will be generated as a result of such configuration, for which the response time for sending the Service Response to the User shall be within 24 hours from the relevant data having been communicated to the Communications Hub Function.

H3.21 For the purposes of Section H3.20:

- (a) the concepts of 'sending' and 'receipt' are to be interpreted in accordance with the explanation of those concepts in the DCC User Gateway Interface Specification;
- (b) any time during which an anomalous communication is quarantined by the DCC in accordance with Section H4 (Processing Service Requests) shall be disregarded for the purpose of measuring Response Times as further described in the DCC User Gateway Interface Specification; and
- (c) the time taken by the Communications Hub Function in communicating with the other Devices forming part of a Smart Metering System shall be disregarded.

#### **Inherent Restrictions Linked to SMETS/CHTS**

H3.22 The Services set out in the DCC User Gateway Services Schedule are available only insofar as the minimum functionality of Devices as described in the SMETS or the CHTS (or, to the extent required to support that minimum functionality, the GB Companion Specification) allows for such Services. Any Services required in respect of additional functionality of Devices should be requested as Elective Communication Services. This Section H3.22 does not apply in respect of Services to which Non-Device Service Requests apply.

#### **Change of Tenancy**

H3.23 As soon as reasonably practicable after a Responsible Supplier for a Smart Metering System relating to a premises becomes aware of a change of occupancy at that premises, that Responsible Supplier shall send a 'Restrict Access for Change of Tenancy' Service Request to the DCC in relation to the Smart Meter and any Gas Proxy Function forming part of that Smart Metering System (except where the out-

going Energy Consumer has indicated that they wish historic information on the Smart Metering System to remain available to be viewed).

**Cancellation of Future-Dated and Scheduled Services**

H3.24 As soon as reasonably practicable after receipt by the DCC of a Service Response from a Smart Metering System in respect of a 'Restrict Access for Change of Tenancy' Service Request, the DCC shall cancel any and all Service Requests for Future-Dated Services or Scheduled Services in respect of any Device forming part of that Smart Metering System for which the Command has not yet been sent and which are being processed on behalf of an Other User (and shall notify the relevant User of such cancellation via the DCC User Gateway).

H3.25 The DCC shall cancel any and all Service Requests for Scheduled Services due to be undertaken in respect of a Device forming part of a Smart Metering System after the Withdrawal of that Smart Metering System (and shall notify the relevant User of such cancellation via the DCC User Gateway).

H3.26 The DCC shall cancel any and all Service Requests for Future-Dated Services or Scheduled Services for which the Command has not yet been sent and which are due to be undertaken in respect of a Device after the Decommissioning or Suspension of that Device (and shall notify the relevant User of such cancellation via the DCC User Gateway).

**Error Handling Strategy**

H3.27 The DCC and each User shall each comply with the applicable sections of the Error Handling Strategy.

**DCC User Gateway Equipment**

H3.28 As part of the User Entry Process Tests, the DCC shall procure that the DCC User Gateway Equipment is installed at the relevant premises of the User, and that it is installed in accordance with Good Industry Practice and all applicable Laws and Directives.

H3.29 Following its installation, the DCC shall ensure that the DCC User Gateway Equipment is operated and maintained in accordance with Good Industry Practice,

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and that it complies with all applicable Laws and Directives. The DCC shall maintain a record of the DCC User Gateway Equipment installed at each User's premises from time to time, and of the point of its connection to the relevant User System.

H3.30 The relevant User shall provide the DCC with such access to the User's relevant premises as the DCC may reasonably require in order to allow it to undertake the installation, maintenance or removal of the DCC User Gateway Equipment. The DCC shall ensure that all persons exercising its rights of access under this Section H3.30 do so in compliance with the site rules and reasonable instructions of the User.

H3.31 The relevant User shall be entitled to witness and inspect the installation, maintenance or removal of the DCC User Gateway Equipment. No such witnessing or inspection shall relieve the DCC of its obligations under this Code.

H3.32 Each User shall use the DCC User Gateway Equipment only for the purposes of enabling the User to access the DCC User Gateway in accordance with this Code. Each User shall ensure that no damage is deliberately or negligently caused to the DCC User Gateway Equipment installed at its premises (save that a User may take emergency action in accordance with Good Industry Practice to protect the health and safety of persons or to prevent imminent damage to property).

H3.33 The DCC User Gateway Equipment shall (as between the DCC and each User) remain the property of the DCC. The DCC User Gateway Equipment is installed at the DCC's risk, and no User shall have liability for any loss of or damage to the DCC User Gateway Equipment unless and to the extent that such loss or damage arose as a result of that User's breach of this Code (including the User's obligations under Section H3.32).

H3.34 No User shall hold itself out as the owner of the DCC User Gateway Equipment, or purport to sell or otherwise dispose of the DCC User Gateway Equipment.

H3.35 Where a User wishes the DCC to alter the location of the DCC User Gateway Equipment within the User's premises, then the DCC shall (subject to payment of any applicable Charges) move the DCC User Gateway Equipment in accordance with Good Industry Practice and all applicable Laws and Directives.

H3.36 Where a User wishes the DCC to cancel a connection to the DCC User Gateway, the

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DCC shall (subject to payment of any applicable Charges) remove the DCC User Gateway Equipment from the relevant premises in accordance with Good Industry Practice and all applicable Laws and Directives.

H3.37 As soon as reasonably practicable after a User ceases to be a Party in accordance with Section M8 (Suspension, Expulsion and Withdrawal), the DCC shall either:

- (a) remove the DCC User Gateway Equipment from the relevant User's premises in accordance with Good Industry Practice and all applicable Laws and Directives; or
- (b) instruct the relevant User to return the DCC User Gateway Equipment to the DCC (in which case the User shall comply with the reasonable instructions of the DCC in relation to such return).

#### **Managing Demand for User Gateway Services**

H3.38 By the 15<sup>th</sup> Working Day of the months of December, March, June and September, each User shall provide the DCC with a forecast of the number of Service Requests that the User will send in each of the 6 months following the end of the month in which such forecast is provided. Such forecast shall contain a breakdown of the total number of Service Requests by reference to each Service listed in the DCC User Gateway Services Schedule and the category of Service (i.e. Future Dated, On Demand or Scheduled).

H3.39 The DCC shall monitor and record the aggregate number of Service Requests sent by each User in total, and also the aggregate number of Service Requests sent by each User in respect of each Service listed in the DCC User Gateway Services Schedule.

H3.40 By no later than the 10<sup>th</sup> Working Day following the end of each month, the DCC shall provide:

- (a) each User with a report that sets out the number of Service Requests sent by that User during that month (in total and broken down by reference to each Service listed in the DCC User Gateway Services Schedule), and comparing the actual numbers sent against the numbers most recently forecast for the applicable month;

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- (b) each User with a report setting out the current value (calculated at the end of the previous month) for every Monthly Service Metric for that User and a comparison of the current value against the relevant Monthly Service Threshold; and
- (c) a report to the Panel (for publication on the SEC Website) that sets out:
  - (i) the aggregate number of Service Requests sent by all Users collectively during that month (in total and broken down by reference to each Service listed in the DCC User Gateway Services Schedule), and comparing the actual numbers for that month sent against the numbers most recently forecast for the applicable month;
  - (ii) where the number of Service Requests sent by any User during that month is greater than or equal to 110% of the User's most recent monthly forecast for the applicable month, the identity of each such User and the number of Service Requests sent by each such User (in total and broken down by reference to each Service listed in the DCC User Gateway Services Schedule); and
  - (iii) where the measured value of any Monthly Service Metric for any User and that month is greater than or equal to 110% of Monthly Service Threshold, the identity of that User and the values of such Monthly Service Metrics during that month.

H3.41 The DCC shall, on or around each anniversary of the date on which it first started providing Services over the DCC User Gateway, review (and report to the Panel on) each Monthly Service Metric and associated Monthly Service Threshold to establish whether they are still an appropriate mechanism to illustrate User behaviour that may utilise a significant element of the capacity requirements of the Services.

H3.42 The DCC shall, as soon as is reasonably practicable, submit a Modification Proposal containing rules that it considers appropriate to enable the prioritisation by the DCC of Service Requests and Service Responses across the DCC User Gateway and the prioritisation by the DCC of Commands to be sent to Communications Hub Functions, in circumstances where the aggregate demand for the same cannot be

satisfied simultaneously.

H3.43 The DCC shall not be considered to be in breach of this Code with regard to the obligation to achieve Target Response Times if, during the month in question, the aggregate Service Requests sent by all Users exceeds 110% of the aggregate demand most recently forecast for that month by all Users pursuant to Section H3.38 (provided that the DCC shall nevertheless in such circumstances use its reasonable endeavours to achieve the Target Response Times).

## **H4 PROCESSING SERVICE REQUESTS**

### **Introduction**

H4.1 The request by Users, and the provision by the DCC of certain Services, is achieved by means of the sending of communications in accordance with this Section H4. The Services in question are Enrolment Services, Local Command Services, Core Communication Services, Elective Communication Services

### **Obligations of Users: Service Requests, Pre-Commands and Signed Pre-Commands**

H4.2 Where a User sends a Service Request or a Signed Pre-Command, the User shall ensure that it contains a unique message identifier in accordance with the requirements of the DCC User Gateway Interface Specification.

H4.3 Where a User sends a Service Request or a Signed Pre-Command that contains Data of a type which is required to be encrypted in accordance with the DCC User Gateway Interface Specification, the User shall ensure that such Data is Encrypted.

H4.4 Where a User sends a 'Top Up Device' Service Request, the User shall use the algorithm set out in the GB Companion Specification to generate any Unique Transaction Reference Numbers (as defined in the GB Companion Specification) required to be included in the Service Request in accordance with the GB Companion Specification.

H4.5 Before a User sends a Service Request in respect of a Device for the Service described in the DCC User Gateway Services Schedule as 'Firmware Update', the User shall:

- (a) ensure that it has received from the Manufacturer of that Device a message containing the following information digitally signed by the Manufacturer using an NSA Suite B Cryptographic Algorithm approved for the purposes of generating digital signatures:
  - (i) the new firmware version (number or ID);
  - (ii) the new firmware image; and
  - (iii) a Firmware Hash of the new firmware image and the new firmware

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version;

- (b) check the Manufacturer's digital signature, generate its own Firmware Hash from the firmware image and firmware version provided by the Manufacturer, and confirm that the Firmware Hash the User has generated is the same as the Firmware Hash provided by the Manufacturer;
- (c) include the Firmware Hash generated by the User in the Service Request to be sent to the DCC; and
- (d) arrange for the Manufacturer to provide the DCC with a Firmware Hash of the new firmware image and the new firmware version (indicating the firmware image and the firmware version to which the Firmware Hash relates),

and the User shall retain evidence of compliance with this Section H4.5, and make this evidence available to the Panel and the Authority on request.

H4.6 Where a User receives a Pre-Command from the DCC, the User shall:

- (a) Check Cryptographic Protection for the Pre-Command;
- (b) Confirm Validity of the Certificate used to Check Cryptographic Protection for the Pre-Command; and
- (c) subject to the requirements of Section H4.6(a) and (b) being satisfied, Correlate the Pre-Command.

H4.7 Where Correlation of the Pre-Command(s) demonstrates that it (or they) are substantively identical to the Service Request that led to the Pre-Command(s), the User shall Digitally Sign the Pre-Command(s) and send it (or them) to the DCC (as one or more Signed Pre-Commands). Where applicable, Users must comply with their obligations under Section G3.21 (Supply Sensitive Check).

### **Obligations of Users: Service Responses and Alerts**

H4.8 Where a User receives a Service Response or an Alert, the User shall:

- (a) Check Cryptographic Protection for the Service Response or Alert; and
- (b) Confirm Validity of the Certificate used to Check Cryptographic Protection for

the Service Response or Alert.

**Obligations of the User: Communications Received in Error**

H4.9 Where a User receives a communication via the DCC User Gateway which that User was not entitled to receive in accordance with this Code, the User shall notify the DCC.

**Obligations of the DCC: Processing Service Requests**

H4.10 Subject to Section H4.26 (Obligations of the DCC: Non-Device Service Requests), where the DCC receives a Service Request from a User, the DCC shall provide an Acknowledgement to the User, and then apply the following checks:

- (a) Verify the Service Request;
- (b) confirm that the User ID used to send the Service Request is that of a User within an Eligible User Role for that Service Request;
- (c) confirm that the User ID used to send the Service Request is that of a User whose right to send that Service Request has not been suspended in accordance with Section M8.5 (Suspension of Rights);
- (d) confirm that that the SMI Status of the Device identified in the Service Request is: (i) 'commissioned'; (ii) installed not commissioned'; or (iii) 'pending' (provided that the DCC shall only accept Service Requests in respect of 'pending' Devices from Supplier Parties, and shall not provide Communication Services in respect of Devices that are 'pending' or 'installed not commissioned');
- (e) Check Cryptographic Protection for the Service Request;
- (f) Confirm Validity of the Certificate used to Check Cryptographic Protection for the Service Request;
- (g) in the case of Non-Critical Service Requests, confirm (using the Registration Data) that the User ID used to send the Service Request is that of a User that is an Eligible User for that Service Request on the specified date of execution or for the data range requested (provided that, where the User ID used to send the

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Service Request is an 'Other User' User ID, there is no need to perform this check);

- (h) in the case of a 'CoS Update Security Credentials' Service Request, confirm that there is a pending or active registration in the Registration Data for the User making such Service Request such that it is (or is to become) the Responsible Supplier for the relevant MPAN or MPRN on the specified execution date;
- (i) in the case of any Service Request that contains a Certificate, Confirm Validity of the Certificate, and (other than in relation to an 'Update Security Credentials' Service Request) check that the User ID within the Certificate matches that within the Service Request; and
- (j) apply Threshold Anomaly Detection.

H4.11 Subject to Sections H4.15 ('CoS Update Security Credentials' Service Requests) and H4.25 (Obligations of the DCC: Non-Device Service Requests), where all of the requirements of Section H4.10 are satisfied in respect of a Service Request, the DCC shall Transform the Service Request.

H4.12 Where any of the checks in Section H4.10 are not satisfied in respect of a Service Request, the DCC shall not be obliged to undertake any of the other checks that remain to be undertaken, and the DCC shall:

- (a) where the Threshold Anomaly Detection check is failed, notify the User and quarantine the Service Request until:
  - (i) such time as the relevant User instructs the DCC to process the Service Request, in which case the DCC shall undertake all of the checks in Section H4.10; or
  - (ii) the Service Request is confirmed as anomalous by the User, in which case the DCC shall delete it from the DCC Systems; and
- (b) where any other of the requirements in H4.10 are not satisfied, reject the Service Request (and, save where Section H4.10(e) is not satisfied, notify the User of such rejection and of the reasons for such rejection via the DCC User

Gateway).

H4.13 Subject to Sections H4.19 and H4.20 (Timing for Processing of Service Requests), once the DCC has Transformed a Non-Critical Service Request in accordance with Section H4.11, the DCC shall apply its Message Authentication Code to the resulting Pre-Command(s) to create one or more Commands and send the Command(s) to (as specified in the Service Request):

- (a) the relevant Communications Hub Function (provided that this option is only available in respect of Commissioned Communications Hub Functions); and/or
- (b) the User via the DCC User Gateway.

H4.14 Once the DCC has Transformed a Critical Service Request in accordance with Section H4.11, the DCC shall Digitally Sign the resulting Pre-Command(s) and send them to the User that sent the Critical Service Request.

**‘CoS Update Security Credentials’ Service Requests**

H4.15 The following shall apply in respect of each ‘CoS Update Security Credentials’ Service Request:

- (a) where all of the requirements of Section H4.10 are satisfied in respect of such a Service Request, the DCC shall send the Service Request to the CoS Party;
- (b) following receipt of such a Service Request by the CoS Party, the CoS Party shall generate a corresponding ‘Update Security Credentials’ Service Request and send the Service Request to the DCC (corresponding meaning that the two Service Requests request the replacement of the same Security Credentials on the same Device at the same time);
- (c) the CoS Party shall comply with Sections H4.2 to H4.9 in respect of each Service Request it sends pursuant to this Section H4.15 (as if it was a User); and
- (d) the DCC shall process the CoS Party’s Service Request pursuant to this Section H4.15 in accordance with this Section H4 (as if the CoS Party was a

User).

**Obligations of the DCC: Processing Pre-Commands**

H4.16 Where the DCC receives a Signed Pre-Command from a User, the DCC shall provide an Acknowledgement to the User and then apply the following checks:

- (a) confirm that the User ID used to send the Signed Pre-Command is that of a User within an Eligible User Role;
- (b) confirm that the User ID used to send the Signed Pre-Command is that of a User whose right to send that Signed Pre-Command has not been suspended in accordance with Section M8.5 (Suspension of Rights);
- (c) Check Cryptographic Protection for the Signed Pre-Command;
- (d) Confirm Validity of the Certificate used to Check Cryptographic Protection for the Signed Pre-Command;
- (e) in the case of the Signed Pre-Command(s) relating to a ‘CoS Update Security Credentials’ Service Request, confirm that there is a pending or active registration in the Registration Data for the User sending such Pre-Command(s) such that it is (or is to become) the Responsible Supplier for the relevant MPAN or MPRN on the specified execution date;
- (f) in the case of a Pre-Command that contains a Certificate, Confirm Validity of the Certificate, and (other than in relation to an ‘Update Security Credentials Service Request’) check that the User ID within the Certificate matches that within the Pre-Command; and
- (g) apply Threshold Anomaly Detection.

H4.17 Subject to Sections H4.19 and H4.20 (Timing for Processing of Service Requests), where all of the requirements of Section H4.16 are satisfied in respect of a Signed Pre-Command received by the DCC, the DCC shall:

- (a) in the case of a Pre-Command relating to an ‘Update Security Credentials’ Service Request which is to replace DCC Credentials on a Device, remove the Eligible User’s Signature and Digitally Sign the Pre-Command and apply a

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Message Authentication Code; or

- (b) in any other case apply a Message Authentication Code,

and send the Signed Pre-Command as a Command to (as specified in the Service Request):

- (c) the relevant Communications Hub Function (provided that this option is only available in respect of Commissioned Communications Hub Functions); and/or
- (d) the User via the DCC User Gateway.

H4.18 Where any of the checks in Section H4.16 are not satisfied in respect of a Pre-Command, the DCC shall not be obliged to undertake any of the other checks that remain to be undertaken, and the DCC shall:

- (a) where the Threshold Anomaly Detection check is failed, notify the User and quarantine the Pre-Command until:
  - (i) such time as the relevant User instructs the DCC to process the Pre-Command, in which case the DCC shall undertake all of the checks in Section H4.16; or
  - (ii) the Pre-Command is confirmed as anomalous by the User, in which case the DCC shall delete it from the DCC Systems; and
- (b) where any other of the requirements in Section H4.16 are not satisfied, reject the Pre-Command (and, save where Section H4.16(c) is not satisfied, notify the User of such rejection and of the reasons for such rejection via the DCC User Gateway).

### Timing for the Processing of Service Requests

H4.19 In the case of Service Requests for Future-Dated Services and Scheduled Services:

- (a) the DCC shall repeat the checks set in Section H4.10 (for Non-Critical Service Requests) or H4.16 (for Critical Service Requests) immediately prior to sending the Command, and shall only send such Command where such checks

are successfully passed; and

- (b) the DCC shall not continue to process any Service Requests, where the services have been cancelled in accordance with Section H3.24 to H3.26 (Cancellation of Future-Dated or Scheduled Services).

H4.20 In the case of a Service Request for a Sequenced Service, the DCC shall only send the Command following receipt by the DCC of the Service Response on which such Sequenced Service is dependent.

**Obligations of the DCC: Service Responses and Alerts**

H4.21 Where the DCC receives a Service Response or an Alert from a Device, the DCC shall apply Threshold Anomaly Detection.

H4.22 Where such Threshold Anomaly Detection check is failed, the DCC shall notify the User and quarantine the Service Response or Alert until such time as:

- (a) the relevant User instructs the DCC to process the Service Response or Alert, in which case Section H4.23, H4.24 or H4.25 (as applicable) shall apply; or
- (b) where the Service Response or Alert is confirmed as anomalous by the User, delete it from the DCC Systems.

H4.23 Where the DCC receives a DCC Alert which is not anomalous, the DCC shall Digitally Sign the DCC Alert, and send it to the Responsible Supplier(s) and (to the extent relevant) the Electricity Distributor and/or the Gas Transporter for the Smart Metering Systems of which the Communications Hub Function forms a part (as identified in the Registration Data).

H4.24 Where the DCC receives a Service Response or a Device Alert which is not anomalous and which is destined for a Known Remote Party, the DCC shall send the Service Response or the Device Alert to the recipient identified in the Service Response or the Device Alert.

H4.25 Where the DCC receives a Service Response which is not anomalous and which is destined for an Unknown Remote Party, the DCC shall:

- (a) Check Cryptographic Protection for the Service Response or the Device Alert;

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- (b) Confirm Validity of the Certificate used to Check Cryptographic Protection for the Service Response or the Device Alert;
- (c) subject to (a) and (b) being successful, Digitally Sign the Service Response or the Device Alert, and send the Service Response or the Device Alert to the recipient identified in the Service Response or the Device Alert.

#### **Obligations of the DCC: Non-Device Service Requests**

H4.26 Where the DCC receives a Non-Device Service Request from a User, the obligations of the DCC under this Section H4 shall be modified as follows:

- (a) the checks set out in Section H4.10 shall be modified as follows:
  - (i) the check set out in Section H4.10(h) never applies;
  - (ii) the check set out in the Section H4.10(d) does not apply to the following Service Requests:
    - (A) 'Update Inventory';
    - (B) 'Read Inventory';
    - (C) 'Request WAN Matrix'; and
    - (D) 'Device Pre-notification';
  - (iii) the check set out in the Section H4.10(g) does not apply to the following Service Requests:
    - (A) 'Read Inventory';
    - (B) 'Request WAN Matrix'; and
    - (C) 'Device Pre-notification'; and
  - (iv) the check set out in the Section H4.10(g) does apply to the following Service Requests (notwithstanding that they are Non-Critical Service Requests): 'Service Opt In';
- (b) where the checks set out in Section H4.10 (as modified by this Section H4.26)

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are satisfied, the DCC shall:

- (i) not Transform the Service Request (as would otherwise be required by Section H4.11); and
- (ii) (subject to Section H4.19 and H4.20) send the relevant Service Response to the relevant User (which Service Response shall contain the information requested by that Service Request).

### **Additional Obligations of the DCC**

H4.27 When a User sends in a Service Request in respect of a Device for the Service described in the DCC User Gateway Services Schedule as ‘Firmware Update’, the DCC shall:

- (a) generate a Firmware Hash of the firmware image and firmware version contained within the Service Request; and
- (b) compare that Firmware Hash with the Firmware Hash for that firmware image and firmware version contained within the Certified Products List,

and the DCC shall only process the Service Request where the two are the same.

### **DCC IDs**

*[The form of the DCC ID will be further updated as necessary to ensure that it is consistent with the requirements of Section L.]*

H4.28 The DCC shall obtain and use EUI-64 Compliant identification numbers for the purposes of its communications under this Code. Where it is expedient to do so, the DCC may use different identification numbers to identify different DCC roles. Where Section G (Security) requires the DCC to Separate one part of the DCC Systems from another part of the DCC Systems, then the DCC shall use different identification numbers for the purposes of its communications from each such part of the DCC Systems.

## **H5 SMART METERING INVENTORY AND ENROLMENT SERVICES**

### **Overview of Enrolment**

- H5.1 Enrolment of a Smart Metering System occurs:
- (a) in the case of electricity, on the Commissioning of the Electricity Smart Meter forming part of that Smart Metering System; or
  - (b) in the case of gas, on the Commissioning of both the Gas Smart Meter and the Gas Proxy Function forming part of that Smart Metering System.
- H5.2 No Device that is to form part of a Smart Metering System (other than the Communications Hub Function) can be Commissioned before the Communications Hub Function that is to form part of that Smart Metering System has been Commissioned.
- H5.3 No Device can be Commissioned unless it is listed on the Smart Metering Inventory (and unless it is listed with an SMI Status of ‘pending’ or ‘installed not commissioned’).

### **Statement of Service Exemptions**

- H5.4 In accordance with Condition 17 of the DCC Licence (and notwithstanding any other provision of this Section H5), the DCC is not obliged to Commission Communications Hub Functions (or therefore to Enrol Smart Metering Systems) where it is exempted from the requirement to do so in accordance with a Statement of Service Exemptions.

### **Smart Metering Inventory**

- H5.5 The DCC shall establish and maintain the Smart Metering Inventory.
- H5.6 The DCC shall ensure that the Smart Metering Inventory reflects the most up-to-date information provided (or made available) to it from time to time in accordance with this Section H5.
- H5.7 Any Supplier Party that is a User may send a Service Request requesting that the DCC adds a Device (other than a Type 2 Device) to the Smart Metering Inventory for the

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first time (to be identified with an SMI Status of ‘pending’); provided that:

- (a) only Devices (other than Type 2 Devices) of a Device Model that is identified in the Certified Products List are eligible to be added to the Smart Metering Inventory; and
- (b) Supplier Parties shall not seek to add Communications Hub Functions to the Smart Metering Inventory without also requesting the addition of the Gas Proxy Function that forms part of the same Communications Hub.

H5.8 Supplier Parties shall not seek to add Devices (other than Type 2 Devices) to the Smart Metering Inventory (and the DCC shall not add such Devices) otherwise than in compliance with Section H5.7.

H5.9 Any User may send a Service Request requesting that the DCC adds a Type 2 Device to the Smart Metering Inventory for the first time. For the avoidance of doubt, a Type 2 Device need not be identified in the Certified Products List, and shall have no SMI Status.

H5.10 Where the SMI Status of a Device (other than a Type 2 Device) that has been added to the Smart Metering Inventory remains as ‘pending’ throughout the first 12 months following its addition, then the DCC shall remove that Device from the Smart Metering Inventory. The DCC shall notify the User that requested the addition of the Device to the Smart Metering Inventory of such removal, and shall do so via the DCC User Gateway.

H5.11 The Responsible Supplier for each Smart Metering System shall keep under review the information recorded in the Smart Metering Inventory in respect of the Devices that comprise that Smart Metering System. Where circumstances change or the Responsible Supplier identifies an error in such information, the Responsible Supplier shall submit Service Requests requesting that the DCC updates the Smart Metering Inventory.

H5.12 Where a Command is returned to a User via the DCC User Gateway in accordance with the Local Command Services, the User shall (where the resulting Service Response requires the DCC to update the Smart Metering Inventory) return a copy of such Service Response to the DCC by submitting a ‘Return Local Command

Response Service Request' to the DCC.

**Prior to Installation**

H5.13 Prior to seeking to change the status of a Device in the Smart Metering Inventory to 'installed not commissioned' or 'commissioned', the Responsible Supplier shall ensure that Credentials issued pursuant to the Organisation Certificate Policy or Device Certificate Policy (as applicable) are placed on the Device such that it is compliant with the GB Companion Specification.

**Installation**

H5.14 A Responsible Supplier installing a Device (other than a Type 2 Device) at a premises shall, within 24 hours after such installation, send a Service Request requesting that the Smart Metering Inventory is updated to show that Device as having an SMI Status of 'installed not commissioned'; provided that:

- (a) this Section H5.14 shall not apply in respect of Devices that are Commissioned within that period of 24 hours; and
- (b) the DCC shall only update the Smart Metering Inventory where the Device is identified on the Smart Metering Inventory with an SMI Status of 'pending' (and shall otherwise reject the Service Request).

H5.15 Subject to Section H5.32 (Replacement Communications Hub Functions), following the installation of a Communications Hub Function (whether or not it is Commissioned), the Responsible Supplier that procured the installation shall send one or more Service Requests to update the Device Log of that Communications Hub Function to include the Smart Meter, the Gas Proxy Function and any Type 1 Device(s) to which that Communications Hub Function can send Data.

H5.16 Where the DCC receives a Service Request pursuant to Section H5.15 requesting the addition of a Smart Meter to the Device Log of a Communications Hub Function:

- (a) the DCC shall, in applying the check set out in Section H4.10(g) (Obligations of the DCC: Processing Service Requests), check the identity of the person sending the Service Request to ensure that that person is recorded as the Responsible Supplier within the Registration Data using the MPAN(s) and/or

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MPRN (as applicable) contained within the Service Request; and

- (b) following the successful processing of such a Service Request, the DCC shall update the Smart Metering Inventory to record the MPAN(s) and/or MPRN (as applicable) provided by the Responsible Supplier against the Smart Meter.

#### **Commissioning of Communications Hub Functions**

H5.17 Upon connection of a Communications Hub Function to the SM WAN, the Communications Hub Function shall be Commissioned.

H5.18 Subject to Section H5.19, where the DCC receives a communication from a Communications Hub Function confirming that it has connected to the SM WAN, the DCC shall update the SMI Status of that Communications Hub Function to 'commissioned'.

H5.19 The DCC shall not take the step set out in Section H5.18 in respect of a Communications Hub Function where:

- (a) the Communications Hub Function is not listed within the Smart Metering Inventory; and/or
- (b) the Communications Hub Function is not identified in the Smart Metering Inventory as having an SMI Status of 'pending' or 'installed not commissioned'.

#### **Commissioning of Other Devices**

H5.20 Where a User wishes to Commission any Device other than a Communications Hub Function, the User shall send the DCC a Service Request to that effect (provided that only the Responsible Supplier shall be entitled to Commission Smart Meters, Gas Proxy Functions or Type 1 Devices).

H5.21 Subject to Section H5.22, upon successful processing of a Service Request in respect of a Device other than a Type 2 Device in accordance with Section H5.20, the DCC shall:

- (a) update the SMI Status of that Device to 'commissioned';

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- (b) (where the Device has a clock) set that Device's clock with the same time as that used by the DCC for the purposes of recording the time at which communications are sent to that Device over the SM WAN;
- (c) in the case of a Smart Meter, Associate that Device with the applicable Communications Hub Function;
- (d) in the case of any Device other than a Smart Meter, Associate that Device with the applicable Smart Meter; and
- (e) in the case of a Smart Meter, send the MPAN or MPRN (as applicable) which is contained in the Service Request to the Smart Meter.

H5.22 The DCC shall not take the steps set out in Section H5.21 in respect of a Device other than a Type 2 Device where:

- (a) the Device is not listed within the Smart Metering Inventory;
- (b) the Device is not identified in the Smart Metering Inventory as having an SMI Status of 'pending' or 'installed not commissioned';
- (c) the Communications Hub Function that is to form part of the same Smart Metering System is not listed in the Smart Metering Inventory with an SMI Status of 'commissioned'; and/or
- (d) in the case of a Type 1 Device, the Smart Meter that is to form part of the same Smart Metering System as that Type 1 Device is not listed in the Smart Metering Inventory with an SMI Status of 'commissioned'.

H5.23 Subject to Section H5.24, where the DCC receives a Service Request in respect of a Type 2 Device in accordance with Section H5.20, the DCC shall Associate that Device with the applicable Smart Meter.

H5.24 The DCC shall not take the step set out in Section H5.23 in respect of a Type 2 Device where:

- (a) the Device is not listed within the Smart Metering Inventory; and/or
- (b) the Smart Meter with which the Type 2 Device is to be Associated is not listed

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in the Smart Metering Inventory with an SMI Status of ‘installed not commissioned’ or ‘commissioned’.

H5.25 Where Section H5.22 or H5.24 applies in respect of a Device, the DCC shall reject the Service Request.

#### **Post-Commissioning Obligations**

H5.26 As soon as reasonably practicable (and in any event within 7 days) following the Commissioning of a Communications Hub Function or a Gas Proxy Function, the DCC shall ensure that the Communications Hub Function or Gas Proxy Function re-generates its Private Keys and ensure that the Communications Hub Function’s or Gas Proxy Function’s Security Credentials are updated accordingly.

H5.27 As soon as reasonably practicable (and in any event within 7 days) following the Commissioning of a Smart Meter or a Gas Proxy Function, the Responsible Supplier shall send a Service Request in respect of that Device to:

- (a) ensure that its Security Credentials which pertain to the Network Operator are those of the relevant Network Operator; and
- (b) in the case of a Smart Meter only, re-generate its Private Keys and ensure that the Devices Security Credentials are updated accordingly.

#### **Reactivating Decommissioned or Withdrawn Devices**

H5.28 Where the Responsible Supplier wishes to change the SMI Status of any Device (other than a Type 2 Device) from ‘decommissioned’, ‘withdrawn’ or ‘suspended’ to ‘pending’, then the Responsible Supplier shall send the DCC a Service Request to that effect. Provided the Device in question is of a Device Model that is identified in the Certified Products List, the DCC shall change the SMI Status to ‘pending’.

H5.29 Where the SMI Status of a Device that has been changed to ‘pending’ in accordance with Section H5.27 remains as ‘pending’ throughout the following 12 months, then the DCC shall change its SMI Status back to ‘decommissioned’, ‘withdrawn’ or ‘suspended’ (as applicable).

**Replacement Communications Hub Functions**

- H5.30 The DCC shall maintain an up-to-date electronic record of the Device Log of each Commissioned Communications Hub Function.
- H5.31 Where a Communications Hub Function is Decommissioned in circumstances where one or more of the Smart Metering Systems of which it formed part is to continue to be Enrolled, the Responsible Supplier that requested such Decommissioning shall send a 'Restore HAN Device Log' Service Request in respect of the replacement Communications Hub Function (once Commissioned). Where the Responsible Supplier that sent the 'Restore HAN Device Log' Service Request is not the Gas Supplier, the DCC shall notify the Gas Supplier (via the DCC User Gateway), following the successful execution of such Service Request, that the Device Log has been restored.
- H5.32 Where a Responsible Supplier sends a 'Restore HAN Device Log' Service Request in respect of a Communications Hub Function, it shall not be obliged to send a Service Request in accordance with Section H5.15.

**H6 DECOMMISSIONING, WITHDRAWAL AND SUSPENSION OF DEVICES**

**Decommissioning**

- H6.1 Where a Device other than a Type 2 Device is no longer to form part of a Smart Metering System, that Device should be Decommissioned. A Device may be Decommissioned because it has been uninstalled or is no longer operating (whether or not it has been replaced).
- H6.2 Only the Responsible Supplier(s) for a Communications Hub Function, Smart Meter, Gas Proxy Function or Type 1 Device may Decommission such a Device.
- H6.3 Where a Responsible Supplier becomes aware that a Device has been uninstalled or is no longer operating, that User shall send a Service Request requesting that it is Decommissioned.
- H6.4 On successful processing of a Service Request from a Responsible Supplier in accordance with Section H6.3, the DCC shall:
- (a) set the SMI Status of the Device to 'decommissioned';
  - (b) where relevant, amend the Smart Metering Inventory so that the Device is no longer Associated with any other Devices; and
  - (c) where the Device in question is a Communications Hub Function, notify any and all Responsible Suppliers (other than the Responsible Supplier that procured such Decommissioning) for that Communications Hub Function of such Decommissioning.
- H6.5 Where the DCC receives a Service Request from a User that does not satisfy the requirements of Section H6.2, the DCC shall reject the Service Request.
- H6.6 For the avoidance of doubt, Devices forming part of an Enrolled Smart Metering System may remain Commissioned notwithstanding the Decommissioning of the Communications Hub Function, provided that a replacement Communications Hub Function is Commissioned within a reasonable period.

**Withdrawal**

H6.7 Where the Responsible Supplier for a Smart Metering System for a Designated Premises no longer wishes that Smart Metering System to be Enrolled, the Responsible Supplier may request that the Smart Metering System is Withdrawn. Where the Responsible Supplier:

- (a) is a User, the Responsible Supplier shall send that request as a Service Request; or
- (b) is not a User (and does not wish to become a User), [TBC]. *[This provision is to be the subject of a future consultation.]*

H6.8 On the successful processing of a request in accordance with Section H6.7 in respect of a Smart Metering System, the DCC shall:

- (a) in respect of those Devices forming part of that Smart Metering System and no other Smart Metering System, set the SMI Status of the Devices to ‘withdrawn’;
- (b) to the extent that there are other Devices with which the Withdrawn Devices were previously Associated, amend the Smart Metering Inventory so that the remaining Devices are no longer Associated with the Withdrawn Devices; and
- (c) remove the Withdrawn Devices from the Device Log of the Communications Hub Function.

H6.9 For the avoidance of doubt, Section H6.8(a) prevents the Withdrawal of a Communications Hub Function where that Communications Hub Function forms part of more than one Smart Metering System.

**Suspension**

H6.10 Where a Device’s Device Model is removed from the Certified Products List, that Device shall be Suspended and the DCC shall set the SMI Status of the Device to ‘suspended’.

H6.11 Where a Communications Hub Function is Suspended, any and all Devices

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Associated with that Communications Hub Function shall be deemed to be Suspended and the DCC shall set the SMI Status of those Devices to 'suspended'.

H6.12 Where a Smart Meter is Suspended, any and all Devices Associated with that Smart Meter shall be deemed to be Suspended and the DCC shall set the SMI Status of those Devices to 'suspended'.

#### **Notification to Users**

H6.13 As soon as reasonably practicable following the Decommissioning, Withdrawal or Suspension of a Smart Meter, the DCC shall notify the Electricity Distributor or Gas Transporter for that Smart Meter of such Decommissioning, Withdrawal or Suspension, such notification to be made via the DCC User Gateway.

H6.14 As soon as reasonably practicable following the Suspension of a Device, the DCC shall notify the Responsible Supplier for that Device of such Suspension, such notification to be made via the DCC User Gateway.

**H7 ELECTIVE COMMUNICATION SERVICES**

**Eligible Smart Metering Systems**

H7.1 Elective Communication Services can only be provided in respect of Smart Metering Systems that have been Enrolled.

**Entitlement to Elective Communication Services**

H7.2 Only a User is entitled to receive Elective Communication Services. A Party that is not a User is not entitled to receive Elective Communication Services.

H7.3 A User shall not be entitled to request or receive (and the DCC shall not provide to such User) any Elective Communication Services that would constitute a Restricted Communication Service.

**Preliminary Assessment of Elective Communication Services**

H7.4 Notwithstanding Section E7.2, any Party may request an initial evaluation of the technical feasibility and likely Charges for a proposed Elective Communication Service (a “**Preliminary Assessment**”).

H7.5 Requests for a Preliminary Assessment shall be made in such format as the DCC may specify from time to time, and shall be submitted to the DCC.

H7.6 The DCC shall respond to requests for a Preliminary Assessment in accordance with the time period prescribed by Condition 17 of the DCC Licence, and shall either (in accordance with Condition 17 of the DCC Licence):

- (a) provide an initial evaluation of the technical feasibility and the likely Charges for a proposed Elective Communication Service; or
- (b) give notice that a further and more detailed evaluation of the request is required.

**Detailed Evaluation of Elective Communication Services**

H7.7 Any Party that has requested a Preliminary Assessment and obtained a response as described in Section H7.6(b) may request a more detailed evaluation of the technical

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feasibility and likely Charges for a proposed Elective Communication Service (a “**Detailed Evaluation**”).

H7.8 Requests for a Detailed Evaluation shall be made in such format as the DCC may specify from time to time, and shall be submitted to the DCC together with the prescribed fee set out in the Charging Statement. Following receipt of any such request (or purported request), the DCC shall:

- (a) where the prescribed fee has not been paid, notify the requesting Party that the DCC will not process the request until the fee has been paid;
- (b) where the request is incomplete or the DCC reasonably requires further information in order to assess the request, notify the Party that this is the case and provide reasonable assistance to the Party in re-submitting its request; and
- (c) once the DCC has received the prescribed fee and all the information it reasonably requires in order to assess the request, provide the Detailed Evaluation to the requesting Party (in accordance with the time period prescribed by Condition 17 of the DCC Licence).

#### **Request for an Offer for an Elective Communication Service**

H7.9 Any Party that has requested a Preliminary Assessment in respect of a proposed Elective Communication Service, and obtained a response as described in Section H7.6(a), may request a formal offer for that proposed Elective Communication Service.

H7.10 Any Party that has requested and obtained a Detailed Evaluation in respect of a proposed Elective Communication Service may request a formal offer for that proposed Elective Communication Service.

H7.11 Following a request pursuant to Section H7.9 or H7.10, the DCC shall (in accordance with the time period prescribed by Condition 17 of the DCC Licence):

- (a) make an offer to provide the Elective Communication Service in question; or
- (b) notify the Party that the DCC is not willing to make such an offer (provided that the DCC may only do so where the DCC is not obliged to make such an

offer in accordance with Condition 17 of the DCC Licence).

**Formal Offer**

H7.12 An offer to provide the Elective Communication Service made by the DCC pursuant to this Section H7 shall:

- (a) include details of the Charges that would apply to the Elective Communication Service, as determined in accordance with the Charging Methodology;
- (b) where the proposed Charges have been calculated (in accordance with the Charging Methodology) on the assumption that one or more other Parties accept offers made pursuant to this Section H7, provide for two alternative sets of Charges, one of which is contingent on acceptance of all the other such offers and one of which is not; and
- (c) include an offer by the DCC to enter into a Bilateral Agreement with the Party requesting the Elective Communication Service.

H7.13 Each Bilateral Agreement must:

- (a) be based on the Specimen Bilateral Agreement, subject only to such variations from such specimen form as are reasonable in the circumstances;
- (b) not contradict or seek to override any or all of this Section H or Sections G (Security), I (Data Privacy), J (Charges), L (Smart Metering Key Infrastructure) or M (General);
- (c) where reasonably necessary in accordance with the Charging Methodology, provide for Charges that include or comprise a standing charge that is payable by the recipient of the Elective Communication Service regardless of whether or not the Elective Communication Service is requested or provided;
- (d) where reasonably necessary in accordance with the Charging Methodology, require the recipient of the Elective Communication Service to pay compensation to DCC in the event of the early termination of the Bilateral Agreement (except in the case of termination as envisaged by Section H7.13(e));

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- (e) allow the recipient of the Elective Communication Services to terminate the Bilateral Agreement without paying compensation to the extent that such compensation is intended to recover investments made for the purposes of providing the Elective Communication Service where (and to the extent that) the DCC subsequently offers a Service listed in the DCC User Gateway Services Schedule that relies upon such investments (and each Bilateral Agreement must provide for disputes regarding this provision to be subject to an initial Panel determination, but to ultimately be determined by arbitration); and
- (f) where reasonably necessary, require the recipient of the Elective Communication Services to provide credit support in respect of its obligation to pay the compensation referred to in Section H7.13(d).

H7.14 The parties to each Bilateral Agreement shall ensure that the Bilateral Agreement describes the Elective Communication Services in a manner consistent with the description of the Core Communication Services in this Code, including so as to identify (to the extent appropriate) equivalents of the following concepts: Service Requests; Non-Device Service Requests; Pre-Commands; Signed Pre-Commands; Commands; Services Responses; Alerts; and Target Response Times. To the extent that an Elective Communication Service comprises equivalents of such concepts, references to such concepts in this Code shall be construed as including the equivalent concepts under each Bilateral Agreement (and the DCC and the relevant User under the Bilateral Agreement shall comply with Sections H3 (DCC User Gateway) and H4 (Processing Service Requests) in respect of the same). For the purposes of each Elective Communication Service (unless the Panel otherwise determined on a User's application):

- (a) the applicable Service Request shall be deemed to be a Critical Service Request, unless it results only in the sending of a Command to a Device that would arise were a Non-Critical Service Request listed in the DCC User Gateway Service Schedule to be requested;
- (b) the applicable Service Request (and any associated Pre-Command) shall be deemed to contain Data that requires Encryption, unless it contains only Data

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described in the BG Companion Specification as capable of being sent without Encryption.

H7.15 Elective Communication Services shall be provided in accordance with this Code and the applicable Bilateral Agreement. In the event of any inconsistency between this Code and a Bilateral Agreement, the provisions of this Code shall prevail.

H7.16 The DCC shall not agree to any variations to a Bilateral Agreement that would cause that agreement to become inconsistent with the requirements of this Section H7.

#### **Disputes Regarding Offers for Elective Communication Services**

H7.17 Where the requirements of Condition 20 of the DCC Licence are met, a Party that has requested an offer for a proposed Elective Communication Service may refer a dispute regarding such request to the Authority for determination under and in accordance with that Condition.

#### **Publication of Details of Elective Communication Services**

H7.18 Once the DCC has commenced provision of an Elective Communication Service pursuant to a Bilateral Agreement, the DCC shall notify the Code Administrator of the date on which the provision of such service commenced (but shall not provide any details regarding such agreement to the Code Administrator).

H7.19 The DCC shall, on or around the date falling six months after it commenced provision of an Elective Communication Service pursuant to a Bilateral Agreement, provide to the Code Administrator the following details:

- (a) a brief description of the Elective Communication Service;
- (b) the frequency with which, and (where stated) the period during which, the Elective Communication Service is to be provided; and
- (c) the Target Response Time within which the Elective Communication Service is to be provided.

H7.20 The Code Administrator shall arrange for the publication on the Website of the details provided to it pursuant to Section H7.19. The Code Administrator shall monitor and report to the Panel on whether the DCC has provided details pursuant to Section

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H7.18 in respect of Elective Communication Services of which the Code Administrator is notified under Section H7.18.

H7.21 Without prejudice to the DCC's obligations under Section H7.19, the existence and contents of each Bilateral Agreement shall constitute Confidential Information which the DCC is obliged to keep confidential in accordance with Section M4 (Confidentiality).

**H8 SERVICE MANAGEMENT, SELF-SERVICE INTERFACE AND SERVICE DESK**

**General**

H8.1 The DCC shall provide the Services in a manner that is consistent with:

- (a) the Service Management Standards; or
- (b) any other methodology for service management identified by the DCC as being more cost efficient than the Service Management Standards, and which has been approved by the Panel for such purpose.

**Maintenance of the DCC Systems**

H8.2 The DCC shall (insofar as is reasonably practicable) undertake Maintenance of the DCC Systems in such a way as to avoid any disruption to the provision of the Services (or any part of them).

H8.3 Without prejudice to the generality of Section H8.2, the DCC shall (unless the Panel agrees otherwise):

- (a) undertake Planned Maintenance of the DCC Systems only between 20.00 hours and 08.00 hours; and
- (b) limit Planned Maintenance to no more than 4 hours in any month.

H8.4 At least 20 Working Days prior to the start of each month, the DCC shall make available to Users and to the Technical Sub-Committee a schedule of the Planned Maintenance for that month. Such schedule shall set out (as a minimum) the following:

- (a) the proposed Maintenance activity (in reasonable detail);
- (b) the parts of the Services that will be disrupted (or in respect of which there is a Material Risk of disruption) during each such Maintenance activity;
- (c) the time and duration of each such Maintenance activity; and
- (d) any associated risk that may subsequently affect the return of normal Services.

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H8.5 The DCC shall notify Users and the Technical Sub-Committee as soon as reasonably practicable after the DCC becomes aware of any Unplanned Maintenance, and shall provide information equivalent to that provided in respect of Planned Maintenance pursuant to Section H8.4.

H8.6 During the period of any Planned Maintenance or Unplanned Maintenance, the DCC shall provide Users with details of its duration and the expected disruption to Services to the extent they differ from the information previously provided.

### **DCC Internal System Changes**

H8.7 Where the DCC is proposing to make a change to DCC Internal Systems, the DCC shall:

- (a) undertake an assessment of the likely impact on Users of any potential disruption to Services that may arise as a consequence of the Maintenance required to implement the contemplated change;
- (b) where such assessment identifies that there is a Material Risk of disruption to Services, consult with Users and the Technical Sub-Committee regarding such risk;
- (c) provide the Users the opportunity to be involved in any testing of the change to the DCC Internal Systems prior to its implementation; and
- (d) undertake an assessment of the likely impact of the contemplated change upon the security of the DCC Total System, Users' Systems and Smart Metering Systems.

### **Release Management**

H8.8 The DCC shall ensure that it plans, schedules and controls the building, testing and deployment of releases of IT updates, procedures and processes in respect of the DCC Internal Systems in accordance with a policy for Release Management (the "**DCC Release Management Policy**").

H8.9 The DCC shall ensure that the DCC Release Management Policy:

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- (a) defines the scope of the matters that are to be subject to the policy in a manner consistent with the Service Management Standards;
- (b) includes a mechanism for setting priorities for different types of such matters;
- (c) defines periods of change-freeze where no such matters may be implemented; and
- (d) defines periods of notice to be given to the Users prior to the implementation of such matters.

H8.10 The DCC shall make the DCC Release Management Policy available to Users and to the Technical Sub-Committee. The DCC shall consult with Users and the Technical Sub-Committee before making any changes to the DCC Release Management Policy.

H8.11 The DCC's obligation under Section H8.10 is in addition to its obligations in respect of Planned Maintenance and changes to DCC Internal Systems to the extent that the activity in question involves Planned Maintenance or changes to DCC Internal Systems.

#### **Self-Service Interface and Service Desk: General**

H8.12 Each User shall use its reasonable endeavours to access the information it needs, and to seek to resolve any queries it may have, via the Self-Service Interface in the first instance. A User shall only contact the Service Desk where it cannot reasonably obtain the information it needs, or resolve its query, via the Self-Service Interface.

H8.13 A Party that is not a User will be unable to access the Self-Service Interface, but may contact the Service Desk.

#### **Self-Service Interface**

H8.14 The DCC shall maintain and keep up-to-date an interface (the **Self-Service Interface**) which:

- (a) complies with the specification required by the Self-Service Interface Design Specification;
- (b) is made available to Users in accordance with the Self-Service Code of

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Connection; and

- (c) allows Users to access the information described in Section H8.15.

H8.15 The Self-Service Interface must (as a minimum) allow the following categories of User to access the following:

- (a) the Smart Metering Inventory, which shall be available to all Users and capable of being searched by reference to the following (provided that there is no requirement for the DCC to provide information held on the inventory in respect of Type 2 Devices):
  - (i) the Device ID, in which case the User should be able to extract all information held in the inventory in relation to (I) that Device, (II) any other Device Associated with the first Device, (III) any Device associated with any other such Device; and (IV) any Device with which any of the Devices in (I), (II) or (III) is Associated;
  - (ii) the MPAN or MPRN, in which case the User should be able to extract all information held in the inventory in relation to the Smart Meter to which that MPAN or MPRN relates, or in relation to any Device Associated with that Smart Meter or with which it is Associated;
  - (iii) post code and premises number or name, in which case the User should be able to extract all information held in the inventory in relation to the Smart Meters for the MPAN(s) and/or MPRN linked to that postcode and premises number or name, or in relation to any Device Associated with those Smart Meters or with which they are Associated;
  - (iv) the UPRN (where this has been provided as part of the Registration Data), in which case the User should be able to extract all information held in the inventory in relation to the Smart Meters for the MPAN(s) and/or MPRN linked by that UPRN, or in relation to any Device Associated with those Smart Meters or with which they are Associated;
- (b) a record of the Service Requests and Signed Pre-Commands sent by each User, and of the Acknowledgments, Pre-Commands, Service Responses and Alerts

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received by that User (as a minimum during the preceding three months), which shall be available only to that User;

- (c) the Incident Management Log, for which the following Users shall be able to view and/or update (as set out below) the following:
  - (i) the User (if any) that raised an Incident shall be able to view matters relating to that Incident;
  - (ii) the Lead Supplier for each Communications Hub Function that is affected by the Incident shall be able to view matters relating to that Incident, and to update the Incident Management Log insofar as it relates to that Communications Hub Function;
  - (iii) the Responsible Supplier for each Smart Metering System that is affected by the Incident shall be able to view matters relating to that Incident, and to update the Incident Management Log insofar as it relates to that Smart Metering System (but not the Communications Hub Function); and
  - (iv) the Electricity Distributor or Gas Transporter (as applicable) for each Smart Metering System that is affected by the Incident shall be able to view matters relating to that Incident;
- (d) the following information in respect of the SM WAN (which shall be available to all Supplier Parties and Supplier Nominated Agents, and capable of interrogation by post code and postal outcode):
  - (i) the expected probability (expressed as a percentage) of connectivity being achieved with a Communications Hub Function installed in a premises at any given location;
  - (ii) the date by which coverage for any given location included within a geographic area which is the subject of a Service Exemption Category 2 (as defined in the DCC Licence) will be available (if not available at any given time)
  - (iii) any known issues giving rise to poor connectivity at any given location

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(and any information regarding their likely resolution); and

- (iv) any requirement to use a Communications Hub technology variant for any given location;
- (e) the following information and functionality related to the ordering of Communications Hubs, which shall be available to each Supplier Party in relation to their own orders:
  - (i) the ability to submit Communications Hub volume forecasts, standard and non-standard Communications Hub orders and auxiliary equipment orders;
  - (ii) the ability to submit Communications Hub return requests; and
  - (iii) the ability to view and manage submitted Communications Hub orders and returns information in real-time, including: (A) the status (accepted or rejected) of such orders or returns by the DCC; (B) orders or returns amended or updated by the DCC; (C) confirmation of delivery times for orders and returns; (D) notification by the DCC or the User of the delivery procedures and requirements in place in relation to a delivery location; (E) electronic access to the delivery documentation relevant to each order; and (F) the confirmation of delivery and completion of orders and returns;
- (f) additional information made available by the DCC to assist with the use of the Services and diagnosis of problems, such as service status (including information in respect of Planned Maintenance and Unplanned Maintenance) and frequently asked questions (and the responses to such questions), which shall be available to all Users; and
- (g) anything else expressly required by a provision of this Code.

H8.16 Without prejudice to the requirements of Section H8.15(b), to the extent that the Self-Service Interface does not allow a User to access a record of the communications referred to in that Section in respect of the preceding 7 years, then:

- (a) that User shall be entitled to request such information from the DCC; and

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- (b) the DCC shall provide such information to that User as soon as reasonably practicable following such request.

H8.17 The DCC shall ensure that the Self-Service Interface is available at all times (subject to Planned Maintenance undertaken in accordance with Section H8.3).

#### **Service Desk**

H8.18 The DCC shall ensure that a team of its representatives (the **Service Desk**) is available to be contacted as follows:

- (a) the Service Desk shall be contactable via a dedicated telephone number and via a dedicated email address, each of which is published on the DCC Website;
- (b) the Service Desk can be used by Parties to seek resolution of queries relating to the Services (provided that Users shall seek resolution via the Self-Service Interface in the first instance); and
- (c) the Service Desk can be used by Parties that are not Users to raise Incidents (or by Users, where the Incident Management Log is not available via the Self-Service Interface, to raise or provide information in respect of Incidents), which the DCC shall then reflect in the Incident Management Log.

H8.19 The DCC shall ensure that the Service Desk is available at all times, and shall provide alternative arrangements (a different telephone number and email address) where the usual Service Desk is not available. Where a different telephone number and email address is to be used, the DCC shall publish details of the alternative number and address at least 20 Working Days in advance.

## **H9 INCIDENT MANAGEMENT**

### **Incident Management Policy**

H9.1 The Incident Management Policy must (as a minimum) make provision for the following matters:

- (a) raising an Incident by recording it in the Incident Management Log;
- (b) categorisation of Incidents into 5 categories of severity (“**Incident Category 1, 2, 3, 4 and 5**” respectively, such that Incident Category 1 is the most severe and Incident Category 5 the least);
- (c) prioritisation of Incidents, and (in those case where the DCC is responsible for resolving an Incident) the time period within which an Incident in each Incident Category should be resolved (the “**Target Resolution Time**”);
- (d) allocation of responsibility for Incidents in accordance with Section H9.2;
- (e) identification of other interested persons who are to be kept informed regarding Incidents;
- (f) courses of action to be undertaken in seeking to resolve Incidents;
- (g) rules for the escalation of Incidents;
- (h) rules for the declaration of a Major Incident, and for the appointment of managers to coordinate resolution of Major Incidents;
- (i) rules for the closure of a resolved Incident; and
- (j) rules for reopening closed Incidents.

### **Incident Management Responsibility**

H9.2 The Incident Management Policy must allocate responsibility for resolution of Incidents in accordance with the following principles:

- (a) the User which first becomes aware of an Incident that is not yet logged on the Incident Management Log (or, if logged, is incorrectly logged as closed) shall,

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where such Incident is reasonably capable of being resolved via a Service Request which that User has the right to send, exercise such rights with a view to resolving the Incident;

- (b) subject to Section H9.2(a), the DCC shall be responsible for resolving Incidents to the extent they are caused by:
  - (i) the DCC Systems;
  - (ii) the Parse and Correlate Software; or
  - (iii) a Communications Hub and capable of being resolved via communications over the SM WAN;
- (c) subject to Section H9.2(a), the Lead Supplier for a Communications Hub shall be responsible for resolving Incidents to the extent they are caused by that Communications Hub and not capable of being resolved via communications over the SM WAN;
- (d) subject to Section H9.2(a), the Responsible Supplier for a Smart Metering System shall be responsible for resolving Incidents to the extent caused by Devices (other than the Communications Hub) forming part of that Smart Metering System.

#### **Incident Management Log**

H9.3 The DCC shall maintain and keep up-to-date an electronic log (the **Incident Management Log**) that records the following in respect of each Incident:

- (a) a unique reference number (to be allocated to each Incident that is identified by, or reported to, the DCC);
- (b) the date and time that the Incident was identified by, or reported to, the DCC;
- (c) the nature of the Incident and the location at which it occurred;
- (d) whether the Incident was identified by the DCC, or otherwise the person that reported the Incident to the DCC;
- (e) the categorisation of the Incident in accordance with the Incident Management

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Policy;

- (f) the person to whom the Incident has been allocated for resolution;
- (g) the course of action to be taken, or taken, to resolve the Incident;
- (h) the DCC's Good Industry Practice assessment of which Users and/or Services are affected by the Incident;
- (i) details of any communications with Users in respect of the Incident;
- (j) comments regarding any mitigating circumstances regarding the Incident;
- (k) the potential impact of the Incident on the DCC's ability to meet the Target Service Levels; and
- (l) the current status of the Incident, and (once applicable) the date and time that the Incident was closed.

H9.4 The following shall apply in respect of the Incident Management Log:

- (a) DCC shall provide access to the Incident Management Log to Users via the Self Service Interface;
- (b) access will be allowed only to certain Users in respect of certain Incidents, as set out in Section H8.16 (Self Service Interface); and
- (c) to the extent that a User does not have the necessary access rights in accordance with Section H9.4(b), a User shall (rather than updating the Incident Management Log to include matters relating to Incidents) report the matter to the DCC (which shall then amend the Incident Management Log to reflect such matters).

### **Addition of Incidents to the Incident Management Log**

H9.5 Where a User becomes aware of an Incident that is not yet logged on the Incident Management Log (or, if logged, is incorrectly logged as closed):

- (a) to the extent such Incident is reasonably capable of being resolved via a Service Request which that User has the right to send, then the User shall

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exercise such rights with a view to resolving the Incident; and

- (b) to the extent the Incident is not reasonably capable of being resolved in such manner (or to the extent the Incident is not so resolved despite such exercise of rights), then the User shall add the Incident to the Incident Management Log (or, if incorrectly logged as closed, reopen the Incident) via the Self-Service Interface.

H9.6 Where the DCC becomes aware of an Incident that is not yet logged on the Incident Management Log (or, if logged, is incorrectly logged as closed), then the DCC shall add the Incident to the Incident Management Log (or, if incorrectly logged as closed, reopen the Incident).

### Resolving Incidents

H9.7 Where an Incident has been added to the Incident Management Log (or reopened) pursuant to Section H9.5 or H9.6, then (until such time as that Incident is closed) the DCC and each relevant User shall each take all the steps allocated to them under and in accordance with the Incident Management Policy in respect of an Incident of the relevant type, so as to:

- (a) in the case of Incidents for which a User is responsible, resolve the Incident as soon as reasonably practicable; or
- (b) in the case of Incidents for which the DCC is responsible, resolve the Incident in accordance with the applicable Target Resolution Time.

### Major Incident Notification and Reports

H9.8 Where a User identified as responsible for resolution of an Incident considers (or should reasonably have considered) that the Incident constitutes a Major Incident, such User shall notify the DCC of such fact (in accordance with the Incident Management Policy).

H9.9 Where the DCC becomes aware of a Major Incident, the DCC shall notify all Users that are likely to be affected by such Major Incident (in accordance with the Incident Management Policy).

H9.10 In the event of a Major Incident:

- (a) the DCC shall provide all reasonable assistance to the User responsible for resolving that Incident as such User may request; and
- (b) all Users other than the User responsible for resolving that Incident shall provide the responsible User with all reasonable assistance as that User may request,

(in each case) in relation to the resolution of that Incident, including as set out in the Incident Management Policy.

H9.11 Subject to Section H9.13, within two Working Days following resolution of a Major Incident, the Party or Parties responsible for resolving that Major Incident shall conduct a review regarding that Major Incident and its resolution, and shall report to the Panel on the outcome of such review. Such report must include (as a minimum):

- (a) the nature, cause and impact (and likely future impact) of the Major Incident;
- (b) the action taken in the resolution of the Major Incident;
- (c) a review of the response to the Major Incident and its effectiveness;
- (d) any failures by Parties to comply with their obligations under Energy Licences and/or this Code that caused or contributed to the Major Incident or its consequences; and
- (e) any Modifications that could be made to this Code to mitigate against future Incidents and/or their consequences.

### **Disputes**

H9.12 Where Disputes arise between the Parties regarding whether or not the DCC and/or a User has complied with its obligations under this Section H9, then such Dispute shall be subject to determination by the Panel (which determination shall be final and binding).

**H10 BUSINESS CONTINUITY**

*[This section will be the subject of future consultations.]*

## H11 PARSE AND CORRELATE SOFTWARE

### Provision of Parse and Correlate Software

H11.1 On receipt of a request to do so from any person, the DCC shall supply to that person a copy of the most recently released version of computer software (the “**Parse and Correlate Software**”) which:

- (a) has the functionality specified in Section H11.2;
- (b) has the characteristics specified in Section H11.3; and
- (c) is provided in the format specified in Section H11.4.

H11.2 The functionality specified in this Section H11.2 is that the software must enable any User to:

- (a) convert all Service Responses and Alerts into the format that is set out in respect of them in the Message Mapping Catalogue; and
- (b) confirm that any Pre-Command is substantively identical to its associated Critical Service Request.

H11.3 The characteristics specified in this Section H11.3 are that:

- (a) the software is written using the Java programming language; and
- (b) the software is capable of operating on the version of the Java Virtual Machine/Run-time Environment prevailing at the time at which the design of that version of the software was finalised.

H11.4 The format specified in this Section H11.4 is that the software:

- (a) is provided as both:
  - (i) an executable file which includes everything required to enable the software to be installed on the systems of the person to whom it is provided in such a manner as not to adversely affect the operation of other software deployed within the same system environment; and

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- (ii) source software code, and
- (b) can be confirmed, on receipt by the person to whom it is provided:
  - (iii) as having been provided by the DCC; and
  - (iv) as being authentic, such that any tampering with the software would be apparent.

### **Maintenance of the Parse and Correlate Software**

H11.5 The DCC shall:

- (a) maintain the Parse and Correlate Software supplied by it to any person so as to ensure that it at all times continues to have the functionality specified in Section H11.2; and
- (b) for that purpose develop and release to such persons, as necessary from time to time, new versions of the Parse and Correlate Software which shall have the characteristics specified in Section H11.3 and be provided in the format specified in Section H11.4.

### **Development of the Parse and Correlate Software**

H11.6 When developing any version of the Parse and Correlate Software, the DCC shall consult with Users:

- (a) as to the requirements of the software generally; and
- (b) in particular as to the required operational performance of that version of the software on a standard system configuration specified for the purposes of the consultation by the DCC.

H11.7 Before supplying any version of the Parse and Correlate Software to any person, the DCC shall:

- (a) use its reasonable endeavours to ensure that that version of the software has been adequately tested for the purpose of ensuring that it meets its design specification;

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- (b) provide suitable opportunities for Acceptance Testing of that version of the software;
- (c) use its reasonable endeavours to ensure that any User who wishes to participate in that Acceptance Testing is able to do so; and
- (d) ensure that the version of the software has been subject to a software code review, by an individual or organisation with the professional competence to carry out such a review, for the purpose of identifying any vulnerabilities in the code that were not intended as a feature of its design.

#### **Provision of Support and Assistance to Users**

H11.8 The DCC shall, having consulted with Users, determine two Application Servers in respect of which it will provide support for the executable file referred to in Section H11.4(a)(i).

H11.9 Any User may appeal to the Panel a decision of the DCC made under Section H11.8, in which case:

- (a) the Panel shall determine the Application Servers in respect of which the DCC must provide support; and
- (b) the determination of the Panel shall be final and binding for the purposes of this Code.

H11.10 The DCC shall make available to each person to whom any version of the Parse and Correlate Software is provided a copy of an installation guide and release notes relevant to that version.

H11.11 On receipt of a request to do so from any User, the DCC shall provide that User with further assistance in relation to its use of the Parse and Correlate Software, subject (except where the provision of assistance is the responsibility of the DCC in accordance with the Incident Management Policy) to the User agreeing to pay any other applicable Charges.

H11.12 The assistance referred to in Section H11.11 may include in particular assistance in respect of:

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- (a) the development and testing of, and the provision of support for, a version of the Parse and Correlate Software which is capable of operating on a version of the Java Virtual Machine/Run-time Environment other than that prevailing at the time at which the design of the most recently released version of the Parse and Correlate Software was finalised;
- (b) the development and testing of, and the provision of support for, a version of the Parse and Correlate Software which meets any other User-specific requirements; and
- (c) the provision, in respect of more than two Application Servers, of support for the executable file referred to in Section H11.4(a)(i).

#### **Separation of Resources**

H11.13 The DCC shall ensure that no staff or other resources of its own or of any third party which are directly used in the development of the Parse and Correlate Software are resources which are also used in the development or provision of the Transform functionality.

#### **Right to Use the Parse and Correlate Software**

H11.14 The DCC shall ensure that any person shall have the right to use the Parse and Correlate Software source software code on a non-proprietary and royalty-free basis, except insofar as royalties are due in respect of any Intellectual Property Rights the use of which is mandated by the Code.

**H12 ICHIS**

**Maintenance of the ICHIS**

H12.1 The DCC shall maintain the ICHIS and ensure that the ICHIS meets the requirements of Section H12.2 and H12.3.

H12.2 The requirements of this Section H12.2 are that the ICHIS describes a specification for the physical, electrical and data interface between:

- (a) the Communications Hub (which shall incorporate the male components of the physical interface); and
- (b) either a Smart Meter or a Communications Hub Hot Shoe (which shall, in either case, incorporate the female components of the physical interface).

H12.3 The requirement of this Section H12.3 is that the specification described by the ICHIS only requires the use of tangible and intangible property (including physical components and Intellectual Property Rights) that is readily available on a reasonable and non-discriminatory basis.

**Publication of the ICHIS**

H12.4 The DCC shall publish the ICHIS on the DCC Website, and ensure that all persons are free to use the ICHIS without charge (whether for the purposes of this Code or otherwise); provided that the DCC shall limit its liability to persons other than the Parties on the same terms as apply in respect of the ICHIS under Section M2 (Limitations of Liability).

**Consultation Regarding ICHIS**

H12.5 The DCC shall keep the ICHIS under review to ascertain whether the ICHIS remains fit for the purposes envisaged by this Code. The DCC may from time to time at its discretion (and shall where directed to do so by the Panel) consult with Parties as to whether they consider that the ICHIS remains fit for the purposes envisaged by this Code.

H12.6 Following each consultation pursuant to Section H12.5, the DCC shall publish on the DCC Website (and notify all Parties of) a report on the outcome of such consultation,

setting out:

- (a) the process undertaken in respect of such consultation;
- (b) whether (and, if so, how) the DCC proposes to amend the ICHIS as a result of such consultation;
- (c) a detailed summary of the consultation responses received from Parties, identifying in particular those responses that raised objections to the position adopted by the DCC;
- (d) the DCC's rationale for the position it has adopted;
- (e) the costs and expenses that are likely to arise as a result of the position adopted by the DCC (including the costs and expenses likely to arise as a result of any modifications that will be required to be made to Smart Meters, Communications Hubs and Communications Hub Hot Shoes); and
- (f) the steps it has taken (including any testing or prototype development) to ensure that the ICHIS (if amended as proposed) remains fit for the purposes envisaged by this Code.

### **Referral to the Authority**

H12.7 Within 10 Working Days following notification by the DCC to a Party of a report published in accordance with Section H12.6, that Party may refer the report to the Authority to consider whether the consultation to which that report relates was undertaken in accordance with the DCC's obligations under the DCC Licence and this Code.

H12.8 Where the Authority determines that the relevant consultation was not undertaken in accordance with the DCC's obligations under the DCC Licence and this Code, the DCC shall repeat the consultation and comply with any directions made by the Authority in respect of the same. Where the Authority determines that the relevant consultation was undertaken in accordance with the DCC's obligations under the DCC Licence and this Code, the consultation and proposed course of action shall stand.

**Amendments to the ICHIS**

H12.9 No amendment may be made to the ICHIS unless:

- (a) the DCC has first undertaken such prototype development and testing in respect of the proposed amendment as the DCC reasonably considers necessary to ensure that the ICHIS is fit for the purposes envisaged by this Code;
- (b) the DCC has first consulted with Parties regarding the proposed amendment, published a report on the outcome of such consultation, and notified the Parties of such publication (all in accordance with Section H12.6); and
- (c) such report has not been referred to the Authority in accordance with Section H12.7, or the Authority has determined that the relevant consultation was undertaken in accordance with the DCC's obligations under the DCC Licence and this Code.

**H13 PERFORMANCE STANDARDS AND REPORTING**

**Code Performance Measures**

H13.1 Each of the following performance measures constitute a Code Performance Measure (to which the following Target Service Level and Minimum Service Level will apply, measured over the following Performance Measurement Period):

<b>No.</b>	<b>Code Performance Measure</b>	<b>Performance Measurement Period</b>	<b>Target Service Level</b>	<b>Minimum Service Level</b>
1	Percentage of On-Demand Service Responses delivered within the applicable Target Response Time.	monthly	99%	96%
2	Percentage of Future-Dated Service Responses delivered within the applicable Target Response Time.	monthly	99%	96%
3	Percentage of Alerts delivered within the applicable Target Response Time.	monthly	99%	96%
4	Percentage of Incidents within either Incident Category 1 or Incident Category 2 that are resolved in accordance with the Incident Management Policy within the Target Resolution Time.	monthly	99%	85%
5	Percentage of Incidents within one of Incident Category 3, Incident Category 4 or Incident Category 5 that are resolved in accordance with the Incident Management Policy within the Target Resolution Time.	monthly	90%	80%

**Service Provider Performance Measures**

H13.2 The DCC shall publish on the DCC Website an up-to-date list of the Service Provider Performance Measures, specifying in each case the applicable Service Level Requirement, Target Service Level, Minimum Service Level and Performance Measurement Period.

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H13.3 Prior to agreeing any changes to the DCC Service Provider Contracts that will alter the Service Provider Performance Measures, the DCC shall:

- (a) undertake reasonable consultation with Parties regarding such changes;
- (b) give due consideration to, and take into account, any consultation responses received; and
- (c) publish the reasons why it proposes to agree such changes.

### **Reporting**

H13.4 The DCC shall, within 15 Working Days following the end of each Performance Measurement Period, publish a report setting out the Service Levels achieved in respect of each Performance Measure.

H13.5 The DCC shall publish such report on the DCC Website. Such report must identify:

- (a) those Performance Measures (if any) for which the Service Level was less than the Target Service Level and/or the Minimum Service Level;
- (b) where a Service Level is less than the Target Service Level, the reason for the Service Level achieved;
- (c) where a Service Level is less than the Minimum Service Level, the steps the DCC is taking to prevent the re-occurrence or continuation of the reason for the Service Level achieved; and
- (d) any anticipated reductions in the DCC's External Costs (as defined in the DCC Licence) arising as a consequence of the DCC Service Providers failing to achieve the Target Service Levels in respect of the Service Provider Performance Measures.

### **Performance Measurement Methodology**

H13.6 The DCC shall establish and periodically review the Performance Measurement Methodology in accordance with Good Industry Practice and in consultation with Users.

## H14 TESTING SERVICES

### General Testing Requirements

- H14.1 The DCC shall provide the testing services described in this Section H14 (the “Testing Services”).
- H14.2 The DCC shall make the Testing Services available, and shall provide the Testing Services:
- (a) in accordance with Good Industry Practice; and
  - (b) between 08:00 hours and 18.00 hours Monday to Friday, and outside of those hours where it is reasonably practicable to do so (including where any DCC Service Provider has agreed to do so).
- H14.3 The DCC shall act reasonably in relation to its provision of the Testing Services and shall facilitate the completion (in a timely manner) of tests pursuant to the Testing Services by each such person which is entitled to do so in accordance with this Section H14. The DCC shall publish on the DCC Website a guide for Testing Participants describing which persons are eligible for which Testing Services, and on what basis.
- H14.4 To the extent it is reasonably practicable to do so, the DCC shall allow persons who are eligible to undertake tests pursuant to the Testing Services to undertake those tests concurrently, or shall (otherwise) determine, in a non-discriminatory manner, the order in which such persons will be allowed to undertake such tests.
- H14.5 Each Party which undertakes tests pursuant to the Testing Services shall do so in accordance with Good Industry Practice. To the extent that such tests involve a Party accessing the DCC’s premises, the Party shall do so in compliance with the site rules and reasonable instructions of the DCC.
- H14.6 The DCC shall be liable for any loss of or damage to the equipment of Testing Participants (fair wear and tear excepted) that occurs while such equipment is within the DCC’s possession or control pursuant to the Testing Services; save to the extent that such loss or damage is caused by a breach of this Code (or the equivalent agreement under Section H14.7) by the Testing Participant.

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H14.7 Where (in accordance with this Section H14) the DCC is to provide Testing Services to a person that is not a Party, the DCC shall only do so where that person has agreed to be bound by reasonable terms and conditions relating to the same, including terms and conditions equivalent to Section H14.5 and M2 (Limitations of Liability).

#### **General: Forecasting**

H14.8 Each Testing Participant shall provide the DCC with as much prior notice as is reasonably practicable of that Testing Participant's intention to use any of the Testing Services.

#### **General: Systems and Devices**

H14.9 The DCC shall provide such facilities as are reasonably required in relation to the Testing Service, including providing:

- (a) for access to the Testing Services either in person or remotely; and
- (b) a reasonable number of Devices for use by Testing Participants at the DCC's physical test laboratories which Devices are to be of the same Device Models as those selected pursuant to the Device Selection Methodology and/or such other Device Models as the Panel approves from time to time (provided that, where no Devices have yet been selected pursuant to the Device Selection Methodology, Test Stubs or alternative arrangements may be provided in their place).

H14.10 Without prejudice to Section H14.9(b), the DCC shall allow Testing Participants to use Devices they have procured themselves when using the Testing Services. The DCC shall make storage facilities available at the DCC's physical test laboratories for the temporary storage by Testing Participants of such Devices (for no more than 30 days before and no more than 30 days after the use of the Testing Service for which such Devices may be expected to be used).

H14.11 For the purposes of Section H14.9, the DCC shall provide Devices that comply with SMETS or CHTS (as applicable); provided that such Device Models need not have a CPA Certificate until CPA Certificates are generally available for the relevant Device Type.

**General: SMKI Test Certificates and Test Repository**

H14.12 The following shall apply with respect to the Testing Services and the tests required pursuant to Section T (Testing During Transition):

- (a) the DCC shall use and make available to Testing Participants such Test Certificates as are reasonably necessary for the purposes of such tests or any other tests that a Party undertakes for either the purpose of satisfying itself that its Devices are SMETS compliant or for the purpose of undertaking activities associated with its participation under this Code;
- (b) the DCC shall establish and make available to Testing Participants a Test Repository for the purposes of such tests;
- (c) the DCC shall keep the Test Repository separate from the SMKI Repository;
- (d) the DCC and each Testing Participant shall only use Test Certificates for the purposes of such tests (and no Party shall use actual Certificates when providing or undertaking such tests); and
- (e) no person shall use Test Certificates otherwise than for the purposes of such tests.

**User Entry Process Tests**

H14.13 The User Entry Process Tests may be undertaken by Parties seeking to become Users.

H14.14 In respect of a Party seeking to become eligible as a User in a particular User Role, the purpose of the User Entry Process Tests is to test the capability of that Party and the Party's Systems to interoperate with the DCC and the DCC Total System to the extent necessary in order that:

- (a) the Party has established a connection to the DCC User Gateway via the Party's chosen DCC User Gateway Means of Connection;
- (b) the Party can use the DCC User Gateway for the purposes set out in Section H3.2 (Communications to be sent via DCC User Gateway) in respect of the Services for which Users in that User Role are eligible; and

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- (c) use the Self-Service Interface for the purposes set out in Section H8 (Service Management, Self-Service Interface and Service Desk).

H14.15 The User Entry Process Tests will be undertaken in accordance with the Common Tests Scenarios Document.

H14.16 Only Parties who the DCC considers meet any entry requirements (for a particular User Role) set out in the Common Tests Scenarios Document shall be entitled to undertake the User Entry Process Tests for that User Role.

H14.17 Where the DCC is not satisfied that a Party meets such entry requirements (for a particular User Role), that Party may refer the matter to the Panel for its determination. Where the Party disagrees with any such determination of the Panel, then the Party may refer the matter to the Authority for its determination (which shall be final and binding for the purposes of this Code).

H14.18 Each Party seeking to undertake the User Entry Process Tests shall develop its own test scripts and demonstrate how those test scripts meet the requirements of the relevant scenarios set out in the Common Tests Scenarios Document. Each Party shall obtain the DCC's approval that such test scripts meet those requirements before the User Entry Process Tests can commence. Any disputes regarding the approval of such test scripts may be referred to the Panel for determination (which determination shall be final and binding for the purposes of this Code).

H14.19 Each Party will have the right to determine the sequencing of the tests that comprise the User Entry Process Tests.

H14.20 A Party will have successfully completed the User Entry Process Tests (in respect of a User Role), once the DCC considers that the Party has demonstrated that it has satisfied the requirements set out in the Common Tests Scenarios Document for that User Role.

H14.21 Where requested by a Party, the DCC shall provide written confirmation to the Party confirming whether or not the DCC considers that the Party has successfully completed the User Entry Process Tests (for a particular User Role).

H14.22 Where the DCC is not satisfied that a Party has successfully completed the User Entry

Process Tests (for a particular User Role), that Party may refer the matter to the Panel for its determination. Where the Party disagrees with any such determination of the Panel, then the Party may refer the matter to the Authority for its determination (which shall be final and binding for the purposes of this Code).

**SMKI and Repository Entry Process Tests**

H14.23 The SMKI and Repository Entry Process Tests may be undertaken by Parties seeking to become either or both of:

- (a) an Authorised Subscriber under either or both of the Organisation Certificate Policy and/or the Device Certificate Policy; and/or
- (b) eligible to access the SMKI Repository.

H14.24 The SMKI and Repository Entry Process Tests will be undertaken in accordance with the SMKI and Repository Tests Scenarios Document.

H14.25 A Party seeking to undertake the SMKI and Repository Entry Process Tests for the purposes of either or both of Section H14.23(a) and/or (b) shall notify the DCC of the purposes for which it is undertaking those tests. Only Parties who meet any applicable entry requirements set out in the SMKI and Repository Tests Scenarios Document shall be entitled to undertake those SMKI and Repository Entry Process Tests for the purposes described in Section H14.23(a) and/or (b).

H14.26 Where the DCC is not satisfied that a Party meets such entry requirements, that Party may refer the matter to the Panel for its determination. Where the Party disagrees with any such determination of the Panel, then the Party may refer the matter to the Authority for its determination (which shall be final and binding for the purposes of this Code).

H14.27 Each Party seeking to undertake the SMKI and Repository Entry Process Tests shall develop its own test scripts and demonstrate how those test scripts meet the requirements of the relevant scenarios set out in the SMKI and Repository Tests Scenarios Document (for the purposes described in Section H14.23(a) and/or (b), as applicable). Each Party shall obtain the DCC's approval that such test scripts meet those requirements before the SMKI and Repository Entry Process Tests can

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commence. Any disputes regarding the approval of such test scripts may be referred to the Panel for determination (which determination shall be final and binding for the purposes of this Code).

H14.28 Each Party will have the right to determine the sequencing of the tests that comprise the SMKI and Repository Entry Process Tests.

H14.29 A Party will have successfully completed the SMKI and Repository Entry Process Tests (for the purposes described in Section H14.23(a) and/or (b), as applicable), once the DCC considers that the Party has demonstrated that it has satisfied the requirements set out in the SMKI and Repository Tests Scenarios Document for those purposes.

H14.30 Where requested by a Party, the DCC shall provide written confirmation to the Party confirming whether or not the DCC considers that the Party has successfully completed the SMKI and Repository Entry Process Tests (for the purposes described in Section H14.23(a) and/or (b), as applicable).

H14.31 Where the DCC is not satisfied that a Party has successfully completed the SMKI and Repository Entry Process Tests (for the purposes described in Section H14.23(a) and/or (b), as applicable), that Party may refer the matter to the Panel for its determination. Where the Party disagrees with any such determination of the Panel, then the Party may refer the matter to the Authority for its determination (which shall be final and binding for the purposes of this Code).

#### **Device and User System Testing**

H14.32 The DCC shall make available the Testing Services for use by Test Participants for the following purposes:

- (a) to test the interoperability of Devices (other than those comprising Communications Hubs) with the DCC Systems and with the Communications Hubs provided as part of the Testing Services, such that those Devices are able to respond to Commands received from or via the DCC in accordance with the requirements defined in the GB Companion Specification;
- (b) to test the interoperability of User Systems with the DCC Systems, including

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via the DCC User Gateway and the Self-Service Interface; and

- (c) to test simultaneously the interoperability of User Systems and Devices (other than those comprising Communications Hubs) with the DCC Systems and with the Communications Hubs provided as part of the Testing Services,

which Testing Services in respect of (a) and (c) above shall include the provision of a connection to the SM WAN for the purpose of such tests (save to the extent the connection is required where the DCC is relieved from its obligation to provide Communication Services pursuant to the Statement of Service Exemption).

H14.33 Each Party is eligible for the Testing Services described in Section H14.32. Any Manufacturer (whether or not a Party) is eligible for the Testing Services described in Section H14.32(a).

H14.34 The DCC shall, on request by a Party, offer reasonable additional support to that Party in understanding the DCC Total System and the results of such Party's testing pursuant to Section H14.25 (subject to payment by such Party of any applicable Charges). Such additional Testing Services are without prejudice to the DCC's obligations in respect of Testing Issues.

### **Modification Implementation Testing**

H14.35 Where the Panel determines, in accordance with Section D10 (Implementation), that testing is required in relation to the implementation of a Modification Proposal, then such testing shall be undertaken as a Testing Service pursuant to this Section H14.35 and the implementation timetable approved in accordance with Section D10 (Implementation).

H14.36 The persons eligible to participate in such testing shall be determined by the Panel in accordance with Section D10 (Implementation).

### **DCC Internal System Change Testing**

H14.37 Where, pursuant to Section H8.7 (DCC Internal Systems Changes), a User is involved in testing of changes to the DCC Internal Systems, then such testing shall not be subject to the requirements of Sections H14.1 to H14.12 (inclusive), but such User may nevertheless raise a Testing Issue in respect of the tests.

**General: Testing Issue Resolution Process**

H14.38 Each Testing Participant undertaking tests pursuant to this Section H14 is entitled to raise a Testing Issue in respect of those tests. Each Testing Participant shall take reasonable steps to diagnose and resolve a Testing Issue before raising it in accordance with this Section H14.

H14.39 A Testing Participant that wishes to raise a Testing Issue shall raise it with the relevant DCC Service Provider in accordance with a reasonable and not unduly discriminatory procedure, which is to be established by the DCC and provided to the Panel from time to time (which the Panel shall publish on the Website).

H14.40 Where a Testing Participant raises a Testing Issue, the DCC shall ensure that the relevant DCC Service Provider shall (as soon as reasonably practicable thereafter):

- (a) determine the severity level and priority status of the Testing Issue;
- (b) inform the Testing Participant of a reasonable timetable for resolution of the Testing Issue consistent with its severity level and priority status; and
- (c) provide its determination (in accordance with such timetable) to the Testing Participant on the actions (if any) to be taken to resolve the Testing Issue, and publish on the DCC Website any information relating to the Testing Issue which is likely to be of use to other Testing Participants.

H14.41 Where a Testing Participant is dissatisfied with any of the determinations under Section H14.40 (or the speed with which any such determination is made), the Testing Participant may refer the matter to the DCC. On such a referral to the DCC, the DCC shall (as soon as reasonably practicable thereafter):

- (a) consult with the Testing Participant and any other person as the DCC considers appropriate;
- (b) either, depending on the subject matter of the disagreement:
  - (i) direct the DCC Service Provider to more quickly provide its determination of the matters set out in Section H14.40(a), (b) and/or (c); or

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- (ii) make the DCC's own determination of the matters set out in Section H14.40(a), (b) and/or (c); and
- (c) notify the Panel of the DCC's direction or determination under (b) above, which the Panel shall publish on the Website.

H14.42 Where the Testing Participant (or any Party) disagrees with the DCC's determination pursuant to Section H14.41 of the matters set out at Section H14.40(c) (but not otherwise), then the Testing Participant (or Party) may refer the matter to the Panel for its consideration.

H14.43 Where a matter is referred to the Panel for its consideration pursuant to Section H14.42, then the Panel shall give its decision on the actions (if any) to be taken to resolve the Testing Issue. The Panel may conduct such further consultation as it considers appropriate before making such decision. Such decision may include a decision that:

- (a) (in the case of tests pursuant to Section T (Testing During Transition), while it remains in force) the Testing Issue relates to one or more provisions set out in a decision document published by the Secretary of State concerning the intended enduring provisions of a Section (as referred to in Section T2.2 (SIT Objective), T3.3 (Interface Testing Objective) or T4.3 (SRT Objective), in which case the Panel shall refer the matter to the Secretary of State;
- (b) an aspect of the Code could be amended to better facilitate achievement of the SEC Objectives;
- (c) an aspect of the DCC Systems is inconsistent with the requirements of this Code;
- (d) an aspect of one or more Devices is inconsistent with the requirements of this Code; or
- (e) an aspect of the User Systems or the RDP Systems is inconsistent with the requirements of this Code.

H14.44 The Panel shall publish each of its decisions under Section H14.43 on the Website.

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H14.45A decision of the Panel under Section H14.43 is merely intended to facilitate resolution of the relevant Testing Issue. A decision of the Panel under Section H14.43 is without prejudice to any future decision by the Change Board and/or the Authority concerning a Modification Proposal, or by the Authority concerning the DCC's compliance with the DCC Licence, or by the Panel under Section M8 (Suspension, Expulsion and Withdrawal).

## SECTION I: DATA PRIVACY

### **II DATA PROTECTION AND ACCESS TO DATA**

#### **Without Prejudice**

II.1 The obligations of the DCC and each User under this Section II are without prejudice to any other obligations they each may have under the Relevant Instruments, including any such obligations they each may have concerning Processing of Personal Data.

#### **Consumption Data, User Obligations**

II.2 Each User undertakes that it will not request, in respect of a Smart Metering System, a Communication Service or Local Command Service that will result in it obtaining Consumption Data, unless:

- (a) the User has the Appropriate Permission in respect of that Smart Metering System; and
- (b) (where that User is not the Import Supplier, Export Supplier, Gas Supplier, Electricity Distributor or Gas Transporter for that Smart Metering System) the User has, at the point of obtaining Appropriate Permission and at such intervals as are reasonably determined appropriate by the User for the purposes of ensuring that the Energy Consumer is regularly updated of such matters, notified the Energy Consumer in writing of:
  - (i) the time periods (by reference to length) in respect of which the User obtains or may obtain Consumption Data;
  - (ii) the purposes for which that Consumption Data is, or may be, used by the User; and
  - (iii) the Energy Consumer's right to object or withdraw consent (as the case may be) to the User obtaining or using that Consumption Data, and the process by which the Energy Consumer may object or withdraw consent.

**Verification of Energy Consumer**

- I1.3 Each User shall put in place and maintain arrangements designed in accordance with Good Industry Practice to ensure that the person from whom they have obtained consent pursuant to Section I1.2 is the Energy Consumer.

**Processing of Personal Data by the DCC**

- I1.4 It is acknowledged that, in providing the Services to a User, the DCC may act in the capacity of ‘data processor’ (as defined in the Data Protection Act) on behalf of that User in respect of the Personal Data for which that User is the ‘data controller’ (as defined in the Data Protection Act).
- I1.5 The DCC undertakes for the benefit of each User in respect of the Personal Data for which that User is the ‘data controller’ (as defined in the Data Protection Act) to:
- (a) only Process that Personal Data for the purposes permitted by the DCC Licence and this Code;
  - (b) undertake the Processing of that Personal Data in accordance with this Code, (to the extent consistent with this Code) the instructions of the User and (subject to the foregoing requirements of this Section I1.5(b)) not in a manner that the DCC knows (or should reasonably know) is likely to cause the User to breach its obligations under the Data Protection Act;
  - (c) implement appropriate technical and organisational measures to protect that Personal Data against unauthorised or unlawful Processing and against accidental loss, destruction, damage, alteration or disclosure (such measures to at least be in accordance with Good Industry Practice and the requirements of Section G (Security));
  - (d) not Process that Personal Data outside the European Economic Area;
  - (e) provide reasonable assistance to the User in complying with any subject access request with which the User is obliged to comply under the Data Protection Act and which relates to the Processing of that Personal Data pursuant to this Code;

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- (f) provide reasonable assistance to the User in complying with any enquiry made, or investigation or assessment initiated, by the Information Commissioner or any other Competent Authority in respect of the Processing of that Personal Data pursuant to this Code;
- (g) promptly notify the User in the event that the DCC Processes any of that Personal Data otherwise than in accordance with this Code (including in the event of unauthorised access to such Personal Data);
- (h) notify the User of any complaint or subject access request or other request received by the DCC with respect to the Processing of that Personal Data pursuant to this Code, and to do so within 5 Working Days following receipt of the relevant complaint or request; and
- (i) notify the User of any a complaint or request relating to the DCC's obligations (if any) under the Data Protection Act in respect of the Processing of that Personal Data pursuant to this Code.

#### **Records**

- I1.6 The DCC and each User will each maintain in accordance with Good Industry Practice all such records and other information as is necessary to enable the DCC and each such User to demonstrate that it is complying with its respective obligations under Sections I1.2, I1.3 and I1.5.

## SECTION J: CHARGES

### J1 PAYMENT OF CHARGES

#### Charges

J1.1 Each Party shall pay the Charges to the DCC, which Charges shall be determined in accordance with the Charging Statement applicable from time to time.

#### Invoicing of Charges

J1.2 Following the end of each month in which one or more Parties incurs Charges in accordance with the Charging Statement, the DCC shall prepare and submit to each such Party one or more invoices or one or more invoices with a separate accompanying statement (in either case, an “**Invoice**”) showing:

- (a) the date by which payment is due pursuant to Section J1.4;
- (b) a breakdown (in reasonable detail) of the Charges incurred by that Party in that month (otherwise than by way of Communications Hub Finance Charges);
- (c) a breakdown (in reasonable detail) of the Communications Hub Finance Charges incurred by that Party in that month;
- (d) subject to Section J1.3, the amount of VAT payable on the above amounts;
- (e) any adjustment required pursuant to Section J1.8; and
- (f) the total amount payable by that Party in respect of the above (identifying the amounts (if any) payable in respect of each Communications Hub Finance Charge separately from any amounts payable by way of all other Charges).

J1.3 The Charges stated in each Invoice shall be stated exclusive of VAT, which shall be added if appropriate at the rate prevailing at the relevant tax point. A Party shall only be required to pay VAT where the DCC provides an appropriate VAT invoice.

#### Payment of Charges

J1.4 Each Party shall pay the amount set out in an Invoice issued to it by the DCC by the

“**Due Date**” for payment; being the later of:

- (a) 5 Working Days following receipt of such invoice; and
- (b) 8 Working Days following the end of the month to which such invoice relates.

J1.5 Without prejudice to a Party’s right to dispute the Charges in accordance with Section J2 (Payment Default and Disputes), each Party shall pay the amount set out in each Invoice addressed to it by the Due Date for such payment regardless of any such dispute. Nevertheless, where the DCC agrees that an Invoice contains a manifest error, the DCC shall cancel that Invoice (which will not therefore be payable) and promptly issue a replacement Invoice.

J1.6 Payments shall be made in pounds sterling by transfer of funds to the credit of the account or accounts of the DCC specified in the Invoice, and shall not be deemed to be made until the amount is available as cleared funds. Each payment shall identify within its reference the Invoice number to which that payment relates. The paying Party shall be responsible for all banking fees associated with the transfer of funds. The DCC may specify a different account for amounts payable by way of the Communications Hub Finance Charges relating to each Communications Hub Finance Facility (separately from amounts payable in relation to each other Communications Hub Finance Facility and/or all other Charges).

**Estimation of Charges**

J1.7 If any information that the DCC requires in order to prepare an Invoice is not available at the time that Invoice is prepared, then the DCC may prepare that Invoice based on its reasonable estimate of that information.

**Adjustment of Charges**

J1.8 Where:

- (a) the DCC prepared an Invoice based on its estimate of any information, and the actual information subsequently becomes available to the DCC;
- (b) there is a change to the information used by the DCC to prepare an Invoice (including following a reconciliation or amendment of Registration Data); or

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- (c) it is agreed (or determined), in accordance with Section J2.4 (Resolution of Payment Default), that there was an error in an Invoice,

then the DCC shall include an adjustment in the next Invoice for the relevant Party to be produced thereafter (or, where no Invoice is due to be produced, the DCC shall produce a separate Invoice for such purpose).

J1.9 Each adjustment to be included pursuant to Section J1.8 shall be:

- (a) the difference between the amount included in the previous Invoice, and the amount that should have been included (being, as applicable, either an additional amount payable to the DCC, or a credit in favour of the relevant Party); plus
- (b) interest on the amount of such difference calculated from day-to-day from the Due Date of the previous Invoice to (but excluding) the Due Date of the Invoice in which such adjustment is to be included (compounded monthly).

#### **Interest Rate**

J1.10 The interest rate applying for the purposes of Section J1.9 shall be the Non-Default Interest Rate.

#### **Further Supporting Information**

J1.11 The DCC shall, where requested by a Party, provide such additional information as that Party may reasonably request regarding the calculation of the Charges payable by that Party.

**J2 PAYMENT DEFAULT AND DISPUTES**

**Notification of Payment Failure**

- J2.1 Where a Party fails to pay an amount set out in an Invoice by the relevant Due Date, then the DCC shall, on the Working Day following the Due Date, issue a notice to that Party:
- (a) setting out the unpaid amount; and
  - (b) referring to the matters set out in Sections J2.2, J2.4, J2.5, J3.16 (where applicable), and M8.1(d) (Events of Default).

**Default Interest**

- J2.2 Where a Party fails to pay an amount set out in an Invoice by the relevant Due Date, then that Party shall pay interest on that amount at the Default Interest Rate calculated from day-to-day from the Due Date to (but excluding) the date on which payment is made (compounded monthly).

**Notification of Payment Disputes**

- J2.3 Where a Party wishes to dispute any amount set out in an Invoice addressed to it, then that Party shall nevertheless pay the full amount set out in the Invoice by the Due Date, and shall give notice to the DCC of the disputed amount and the reason for the dispute. A Party may not give notice under this Section J2.3 (or otherwise dispute an amount set out in an Invoice) more than 12 months after the Due Date for that Invoice.

**Resolution of Payment Disputes**

- J2.4 Where a Party disputes, in accordance with Section J2.3, any amount set out in an Invoice addressed to it, then:
- (a) such Party and the DCC shall each in good faith negotiate to resolve the dispute amicably and as soon as reasonably practicable after it arises;
  - (b) the DCC shall provide all such evidence in support of its position as the disputing Party may reasonably request, and the DCC shall provide such

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evidence within 5 Working Days after such request;

- (c) no earlier than 1 Working Day after receipt from the DCC of the information requested under Section J2.4(b) (or, where the DCC does not comply with such request, on the expiry of the period referred to in that Section), the disputing Party may refer the dispute to the Panel, in which case each of the DCC and the disputing Party shall be entitled to provide written submissions in support of its position;
- (d) where a dispute is referred to the Panel in accordance with Section J2.4(c), the Panel shall convene a meeting and determine the dispute within 10 Working Days of the reference being made (to which meeting representatives of the disputing Party and the DCC may be invited in accordance with Section C (Governance)); and
- (e) where the Panel determines that there has been an overpayment to the DCC, the DCC shall include an adjustment in accordance with Section J1.8(c) to address such overpayment (or comply with any direction of the Panel to repay the relevant amount together with interest at the rate that would have applied had the adjustment been made in accordance with Section J1.8(c)).

J2.5 Section J2.4, and any determination by the Panel pursuant thereto, are without prejudice to the following rights of the Parties:

- (a) where the amount set out in an Invoice addressed to a Party is disputed on the grounds of whether or not the Charges were calculated and levied in accordance with the Charging Methodology and the Charging Statement, then either of that Party or the DCC may refer the matter to the Authority for determination pursuant to Condition 20 of the DCC Licence; or
- (b) where the amount set out in an Invoice addressed to a Party is disputed on any other grounds, then either of that Party or the DCC may refer the matter to arbitration in accordance with Section M7 (Dispute Resolution).

#### **Pursuing Non-Payment**

J2.6 Where the DCC has served a notice in accordance with Section J2.1 in respect of

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Charges payable by a Party, and such Charges have not been paid within three (3) Working Days following that notice, the DCC shall:

- (a) as required by Section M8.2 (Notification of Events of Default), notify the Panel that an Event of Default has occurred in respect of that Party under Section M8.1(d); and
- (b) the DCC shall take all reasonable steps and proceedings (in consultation with the Panel) to pursue and recover the unpaid amount (together with interest), unless and until the Panel (whether on the application of the DCC or otherwise) determines that it would not be worthwhile to do so in the circumstances (having regard to, amongst other things, the DCC's duties under part D of Condition 11 of the DCC Licence).

J2.7 Any Party may appeal the decision of the Panel under Section J2.6 to the Authority, and the DCC shall comply with any decision of the Authority in respect of such matter (which shall be final and binding, but without prejudice to the Panel's ability to make a further decision under Section J2.6 following a material change in circumstances).

#### **Records**

J2.8 Without prejudice to any other requirements under Laws or Directives, the DCC shall maintain records of each Invoice (together with reasonable supporting evidence for the Charges levied in the Invoice) for a period of at least 18 months following the date of the Invoice.

**J3 CREDIT COVER**

**Obligation to Provide Credit Support**

J3.1 Each User shall procure that one or more of the following forms of Credit Support is delivered to the DCC, and thereafter maintained, such that the aggregate value of such Credit Support is equal to or greater than that User's Credit Cover Requirement (as notified by the DCC to the User from time to time):

- (a) a Bank Guarantee;
- (b) a Letter of Credit; and/or
- (c) a Cash Deposit.

**Calculation of Credit Cover Requirement**

J3.2 The DCC shall calculate each User's "**Credit Cover Requirement**" from time to time (and at least once a week) as follows:

- (a) the User's Value at Risk; multiplied by
- (b) the User's Credit Cover Factor,

and (except where the Credit Cover Requirement for a User is zero) shall notify each User of the Credit Cover Requirement calculated in respect of that User (and of the Value at Risk and Credit Cover Factor used in that calculation).

**User's Value at Risk**

J3.3 Each User's "**Value at Risk**" shall be calculated as the sum of:

- (a) the Charges (inclusive of VAT) set out in Invoices addressed to, but not yet paid by, the User; plus
- (b) the Charges (inclusive of VAT) that the DCC reasonably estimates are likely to be incurred by the User in the period until the next Invoice for that User is due to be produced by the DCC,

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provided that, where a User's Value at Risk would otherwise be £500 or less, the User's Value at Risk shall be deemed to be zero.

### User's Credit Cover Factor

- J3.4 Each User's "Credit Cover Factor" shall be determined in accordance with Section J3.5, J3.6 or J3.7 (as applicable); provided that, where a User has failed to pay the Charges set out in an Invoice by the Due Date on 3 or more occasions during the 12 months preceding the date on which the Credit Cover Factor is being determined, then the User's Credit Cover Factor shall be 100%.
- J3.5 Where a User has one or more Recognised Credit Ratings, the User's Credit Cover Factor shall be determined on the basis of that Recognised Credit Rating from time to time as follows (based, where the User has more than one such rating, on the lower of the ratings):

DBRS		Moody's		Fitch		Standard and Poor's		Credit Cover Factor (%)
Long-Term	Short-Term	Long-Term	Short-Term	Long-Term	Short-Term	Long-Term	Short-Term	
AAA	R-1 H	Aaa	P-1	AAA	F1+	AAA	A-1+	0
AA (high)	R-1 H	Aa1	P-1	AA+	F1+	AA+	A-1+	0
AA	R-1 M	Aa2	P-1	AA	F1+	AA	A-1+	0
AA (low)	R-1 M	Aa2	P-1	AA-	F1+	AA-	A-1+	0
A (high)	R-1 L	A1	P-1	A+	F1	A+	A-1	0
A	R-1 L	A2	P-1	A	F1	A	A-1	0
A (low)	R-1 L	A3	P-2	A-	F2	A-	A-2	0
BBB (high)	R-2 H	Baa1	P-2	BBB+	F2	BBB+	A-2	50
BBB	R-2 M	Baa2	P-3	BBB	F3	BBB	A-3	50
BBB (low)	R-2 L	Baa3	P-3	BBB-	F3	BBB-	A-3	50
lower	lower	lower	lower	lower	lower	lower	lower	100

- J3.6 Where a User's obligations are guaranteed by a Parent Company Guarantee, and where the provider of that Parent Company Guarantee has a Recognised Credit Rating, the User's Credit Cover Factor shall be determined in accordance with Section J3.5; save that:
- (a) Section J3.5 shall apply on the basis of the Recognised Credit Rating of the guarantor under the Parent Company Guarantee (rather than of the User); and
  - (b) where the Parent Company Guarantee is capped at an amount lower than the User's Value at Risk, then the User's Credit Cover Factor shall be the weighted average of the amounts determined under Sections J3.6(a) and either

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(as applicable) J3.5 or J3.7(a) (such average to be weighted by reference to the Parent Company Guarantee cap and the amount by which the User’s Value at Risk exceeds such cap).

J3.7 To the extent that neither Section J3.5 nor J3.6 applies to a User, the User’s Credit Cover Factor shall be determined:

- (a) where a User’s obligations are not guaranteed by a Parent Company Guarantee, on the basis of the User’s Credit Assessment Score;
- (b) where a User’s obligations are guaranteed by a Parent Company Guarantee and that guarantee is capped at an amount higher than the User’s Value at Risk, on the basis of the guarantor’s Credit Assessment Score; or
- (c) where a User’s obligations are guaranteed by a Parent Company Guarantee and that guarantee is capped at an amount lower than the User’s Value at Risk, on the basis of the weighted average of the User’s Credit Assessment Score and the guarantor’s Credit Assessment Score (weighted by reference to the Parent Company Guarantee cap and the amount by which the User’s Value at Risk exceeds such cap).

J3.8 For the purposes of Section J3.7, the User’s (and/or its guarantor’s) “**Credit Assessment Score**” shall be determined in accordance with the table set out below (subject to Section J3.9(d)):

Check It (ICC) Credit Score Report	Dunn & Bradstreet / N2 Check Comprehensive Report	Equifax	Experian Bronze, Silver or Gold Report	Graydons Level 1, Level 2, or Level 3 Report	Credit Cover Factor (%)
95-100	5A1/	A+	95-100	1A	<b>50</b>
90-94	5A2/4A1	A /A-	90-94	1B/2A	<b>60</b>
80-89	5A3/4A2/3A1	B+	80-89	1C/2B/3A	<b>70</b>
70-79	4A3/3A2/2A1	B/B-	70-79	2C/3B/4A	<b>80</b>
60-69	3A3/2A2/1A1	C+	60-69	3C/4B/5A	<b>90</b>
50-59	2A3/1A2/A1	C/C-	50-59	4C/5B/6A	<b>100</b>
40-49	1A3/A2/B1	D+	40-49	5C/6B/7A	<b>100</b>
30-39	A3/B2/C1	D/D-	30-39	6C/7B/8A	<b>100</b>
20-29	B3/C2/D1	E+	20-29	8B	<b>100</b>
10-19	C3/D2/E1	E/E-	10-19	8C	<b>100</b>
Below 10	Below E1	Below E-	Below 10	Below 8C	<b>100</b>

J3.9 Where Section J3.7 applies to a User:

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- (a) the cost of obtaining the Credit Assessment Score in respect of that User (and/or its guarantor) shall be met by the User;
- (b) a revised Credit Assessment Score in respect of that User (and/or its guarantor) shall be obtained as often as the User reasonably requires and at least once every 12 months;
- (c) where no valid Credit Assessment Score exists in respect of a User (or its guarantor) the User's Credit Cover Factor shall be deemed to be 100%; and
- (d) where the User's Value at Risk (and/or the guarantor's Parent Company Guarantee cap) exceeds the recommended exposure limit associated with its Credit Assessment Score, its Credit Assessment Score shall be the weighted average of the Credit Assessment Score that would otherwise have applied and 100% (weighted by reference to the recommended exposure limit, and the amount by which the Value at Risk (or Parent Company Guarantee cap) exceeds such limit).

#### **Increase or Decrease in Credit Cover Requirement**

- J3.10 On notifying a User of its Credit Cover Requirement pursuant to Section J3.2, the DCC shall also specify the value of the Credit Support provided to the DCC on behalf of the User at that time. Where the value of the Credit Support is less than the User's Credit Cover Requirement, the User shall, within two Working Days after receipt of such notification, procure that additional Credit Support is provided to the DCC on the User's behalf so that the aggregate value of all such Credit Support is equal to or greater than the User's Credit Cover Requirement.
- J3.11 The DCC shall, within five Working Days after a request from a User to do so, return that User's Credit Support (or any part of it) to that User; provided that the DCC shall never be obliged to return Credit Support to the extent that such return would reduce the aggregate value of the User's Credit Support below the User Credit Cover Requirement.
- J3.12 Additions and reductions in Credit Support pursuant to Section J3.10 and J3.11 may (without limitation) be achieved by amending the terms of existing Credit Support or exchanging Credit Support.

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J3.13 For the avoidance of doubt, where a Bank Guarantee, Letter of Credit or Parent Company Guarantee provided on behalf of a User ceases to satisfy the requirements of the definitions of Bank Guarantee, Letter of Credit or Parent Company Guarantee (respectively), then the value of such Credit Support or of the User's Credit Cover Factor (as applicable) shall be calculated as if no such document had been provided (and the DCC shall return such document to the User within 5 Working Days after a request to do so).

### **Breach of Credit Cover Obligations**

J3.14 Where a User fails to procure that Credit Support (or additional Credit Support) is provided to the DCC on the User's behalf in accordance with this Section J3, then the DCC shall issue a notice to that Party:

- (a) setting out that fact; and
- (b) referring to the matters set out in Section M8.1(e) (Events of Default).

### **Disputes**

J3.15 Where a Party disputes the amount of Credit Support requested of it pursuant to this Section J3, that Party shall nevertheless procure that such amount of Credit Support is provided to the DCC, pending resolution of such dispute. In the case of such a dispute:

- (a) such Party and the DCC shall each in good faith negotiate to resolve the dispute amicably and as soon as reasonably practicable after it arises;
- (b) the DCC shall provide all such evidence in support of its position as the disputing Party may reasonably request, and the DCC shall provide such evidence within 5 Working Days after such request;
- (c) no earlier than 1 Working Day after receipt from the DCC of the information requested under Section J3.15(b) (or, where the DCC does not comply with such request, on the expiry of the period referred to in that Section), the disputing Party may refer the dispute to the Panel, in which case each of the DCC and the disputing Party shall be entitled to provide written submissions in support of its position;

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- (d) where a dispute is referred to the Panel in accordance with Section J3.15(c), the Panel shall convene a meeting and determine the dispute within 10 Working Days of the reference being made (to which meeting representatives of the disputing Party and the DCC may be invited in accordance with Section C (Governance)); and
- (e) the disputing Party and the DCC shall each give effect to any determination of the Panel pursuant to this Section J3.15, which shall be final and binding for the purposes of this Code.

#### Use of Credit Support

J3.16 Where a User fails to pay the Charges set out in an Invoice addressed to that User by the Due Date for that Invoice, and where the DCC has issued a notice to that User pursuant to Section J2.1 (Notification of Payment Failure), the DCC shall (in addition to any other remedies available to it) on the Working Day following service of such notice:

- (a) claim an amount equal to the unpaid Charges plus interest (or, if lower, as much as is available to be claimed) under any Bank Guarantee or Letter of Credit provided on behalf of that User;
- (b) remove an amount equal to the unpaid Charges plus interest (or, if lower, as much as is available to be removed) from any Cash Deposit account; or
- (c) undertake a combination of the above in respect of a total amount equal to the unpaid Charges plus interest (or, if lower, as much as is available to be claimed or removed).

J3.17 The DCC shall notify the User as soon as reasonably practicable after the DCC takes any action pursuant to Section J3.16.

J3.18 The DCC shall only exercise its rights in respect of a User's Credit Support in accordance with Section J3.16.

J3.19 Any amount received by the DCC pursuant to the exercise of its rights in respect of a User's Credit Support shall discharge the User's payment obligations to the extent of the amount so received, and reduce the value of the Credit Support to the same extent.

**Cash Deposit**

J3.20 Interest that accrues on the funds deposited in a Cash Deposit account shall be added to and form part of such deposit.

J3.21 It is agreed that all right, title and interest in and to the Cash Deposit vests in the DCC absolutely free and clear of any liens, claims, charges, encumbrances or other security interests (but without prejudice to the DCC's obligation to return an equivalent amount of money to the User subject to and in accordance with Section J3.11).

**Letters of Credit and Bank Guarantees**

J3.22 Where a User has procured that Credit Support is delivered to the DCC in the form of a Letter of Credit or Bank Guarantee, and where that Letter of Credit or Bank Guarantee has 20 Working Days or less left until it expires, the DCC shall give notice of that fact to the User (which notice must refer to the matters set out in Section J3.23).

J3.23 Where the DCC has given notice to a User pursuant to Section J3.22, and where the User has not (within 10 Working Days after such notice) procured that replacement Credit Support of equivalent value is provided to the DCC (to take effect on or before expiry of the current Letter of Credit or Bank Guarantee), then the DCC shall:

- (a) prior to the expiry of the Letter of Credit or Bank Guarantee, claim the entire undrawn value of the Letter of Credit or Bank Guarantee; and
- (b) hold any amount so claimed as if it had been paid to the DCC as a Cash Deposit.

**J4 REVIEW AND FORECASTING OF CHARGES**

**Review of Charges**

- J4.1 The Charges payable from time to time are set out in the Charging Statement applicable at that time.
- J4.2 The DCC shall only amend the Charges from time to time in accordance with the DCC Licence. The DCC shall only amend the Charges once in each calendar year, such amendments to have effect from the start of each Regulatory Year (save for amendments permitted or required in accordance with Condition 19.11 of the DCC Licence). This Section J4.2 is without prejudice to the requirements of Condition 19 of the DCC Licence, and (unless the Authority gives consent under Condition 19.10 of the DCC Licence) the DCC shall give notice of any proposed changes to Parties pursuant to Condition 19.9 of the DCC Licence.

**Indicative Charging Statements**

- J4.3 Within the first five Working Days of April, July, October and January in each year, the DCC shall create and publish on the DCC Website an indicative Charging Statement for the first Regulatory Year due to start thereafter, setting out indicative Charges for that Regulatory Year based on the information available to the DCC at the start of the month of publication.

**Indicative Budgets**

- J4.4 Within the first five Working Days of April, July, October and January in each year, the DCC shall create and publish on the DCC Website a budget for the second and third Regulatory Years due to start thereafter, setting out indicative figures for each such Regulatory Year based on the information available to the DCC at the start of the month of publication.
- J4.5 Each such budget will contain indicative values for the following (as each such expression is defined in the Charging Methodology):

Acronym	Name
EAR <sub>t</sub>	Estimated Allowed Revenue
EFR <sub>t</sub>	Estimated Fixed Revenue
EESR <sub>t</sub>	Estimated Elective Services Revenue

Acronym	Name
EECR <sub>t</sub>	Estimated Explicit Charges Revenue
NFR <sub>t</sub>	National Fixed Revenue
RFR <sub>rt</sub>	Regional Fixed Revenue
EC <sub>it</sub>	Explicit Charge for each Explicit Charging Metric

**Working Model**

J4.6 The DCC shall publish a working model which allows Parties to estimate their indicative Charges based on their view of input data relevant under the Charging Methodology, and which allows Parties to test potential modifications to the Charging Methodology. The DCC shall publish such model in an open-access or off-the-shelf software format, and hereby authorises the Parties to use and modify the model for the purposes set out in this Section J4.6 (subject to the relevant software licence). Such model shall not form part of the Charging Methodology.

**Invoicing Timetable**

J4.7 The DCC shall, from time to time, publish an indicative timetable of the dates on which the DCC intends to submit invoices pursuant to Section J1.2.

## SECTION K: CHARGING METHODOLOGY

### **K1 INTRODUCTION**

- K1.1 This Section K constitutes the Charging Methodology that the DCC is required to have in force in accordance with the DCC Licence.
- K1.2 The Charges payable to the DCC by the other Parties from time to time are those Charges set out in the Charging Statement at that time, which are payable in accordance with Section J.
- K1.3 The DCC is obliged under the DCC Licence to prepare the Charging Statement in accordance with this Charging Methodology.
- K1.4 This Charging Methodology is subject to modification in accordance with Section D (Modification Process), by reference to the Charging Objectives. This Section K is included in this Code in order to allow for such modification. This Section K is not intended to, and does not, create any contractual obligations between the Parties.
- K1.5 This Charging Methodology provides for Fixed Charges, Explicit Charges and Elective Charges. The methodology for calculating Fixed Charges differs before, during, and after the UITMR Period (as set out in Sections K4, K5 and K6 respectively).
- K1.6 The DCC shall act reasonably and in a manner consistent with the Charging Objectives in undertaking all calculations and estimations required pursuant to this Charging Methodology.
- K1.7 The expressions used in this Charging Methodology shall have the meanings given to them in Section K11.

**K2 ESTIMATED REVENUES**

**Estimated Allowed Revenue**

K2.1 In respect of each Regulatory Year, the DCC shall estimate the Allowed Revenue for that Regulatory Year. Such estimate for each Regulatory Year shall be the “**Estimated Allowed Revenue**” for that Regulatory Year.

**Estimated Elective Service Revenue**

K2.2 In respect of each Regulatory Year, the DCC shall estimate the amount that will be payable to it in respect of the provision of Elective Communication Services during that Regulatory Year. Such estimation shall be based on the Charges payable under the relevant Bilateral Agreements, the DCC’s estimate of the frequency at which the DCC will provide such Services (to the extent such Charges are payable on that basis), and any other relevant factors.

K2.3 The DCC’s estimate in accordance with paragraph K2.2 for each Regulatory Year shall be the “**Estimated Elective Service Revenue**” for that Regulatory Year.

**Estimated Explicit Charges Revenue**

K2.4 In respect of each Regulatory Year, the DCC shall estimate the amount that will be payable to it in respect of the Explicit Charging Metrics during that Regulatory Year, based on the Explicit Charges (calculated in accordance with Section K7) and the DCC’s estimate of the frequency at which the Explicit Charging Metrics will occur during that year.

K2.5 The DCC’s estimate in accordance with paragraph K2.4 for each Regulatory Year shall be the “**Estimated Explicit Charges Revenue**” for that Regulatory Year.

**Estimated Fixed Revenue**

K2.6 In respect of each Regulatory Year (t), the “**Estimated Fixed Revenue**” shall be calculated as follows:

$$EFR_t = EAR_t - EESR_t - EECR_t$$

Where:

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$EFR_t$  = the Estimated Fixed Revenue for the Regulatory Year t

$EAR_t$  = the Estimated Allowed Revenue for the Regulatory Year t

$EESR_t$  = the Estimated Elective Services Revenue for the Regulatory Year t

$EECR_t$  = the Estimated Explicit Charges Revenue for the Regulatory Year t.

**K3 MATTERS RELEVANT TO FIXED CHARGE CALCULATION**

**Introduction**

K3.1 The DCC will determine the Fixed Charges for each Regulatory Year using the Estimated Fixed Revenue determined in accordance with Section K2, which is to be translated into Fixed Charges in accordance with Section K4, K5 or K6 (depending upon whether the Regulatory Year occurs before, during or after the UITMR Period).

K3.2 The Fixed Charges are payable in respect of:

- (a) prior to the UITMR Period, Mandated Smart Metering Systems for Domestic Premises;
- (b) during the UITMR Period, Mandated Smart Metering Systems for Domestic Premises and Enrolled Smart Metering Systems for Designated Premises; and
- (c) after the UITMR Period, Enrolled Smart Metering Systems (whether for Domestic Premises or Designated Premises),

and each reference in this Section K3 (or in the definitions of defined terms used directly or indirectly in this Section K3) to ‘**Smart Metering Systems**’ shall accordingly be construed as a reference to Mandated Smart Metering Systems or Enrolled Smart Metering Systems (as applicable).

K3.3 As further described in this Section K3, the Fixed Charges potentially differ so as to distinguish between Smart Metering Systems for Domestic Premises and for Non-Domestic Premises, between Smart Metering Systems in different Regions, and between persons within different Charging Groups.

**Domestic or Non-Domestic Premises**

K3.4 The Charging Objectives require the DCC to impose Charges in respect of Smart Metering Systems for Domestic Premises that do not distinguish (whether directly or indirectly) between Domestic Premises located in different parts of Great Britain. Consistent with the Charging Objectives, the methodology provides for different means of calculating the Fixed Charges depending upon whether a Smart Metering System is for Domestic Premises or for Non-Domestic Premises. The DCC shall

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estimate the numbers of Domestic Premises and Non-Domestic Premises based on Registration Data (using profile class in the case of Smart Metering Systems associated with an MPAN and market sector code in the case of Smart Metering Systems associated with an MPRN, or some other sensible proxy to the extent that the Registration Data does not readily identify whether a premises is a Domestic Premises and Non-Domestic Premises).

### Cost-reflectivity

- K3.5 One of the Charging Objectives is that the Charges are cost reflective (insofar as reasonably practicable in the circumstances of the case, having regard to the cost of implementing the methodology and subject to the objective referred to in Section K3.4). Consistent with the Charging Objectives, the methodology provides (subject to Section K3.4) for the Fixed Charges in respect of a Smart Metering System to be set proportionately to the costs and expenses of providing the Services (other than the Elective Communication Services and the Explicit Charging Metrics) in respect of that Smart Metering System by Region and Charging Group (as set out in the remainder of this Section K3).

### Regions

- K3.6 The costs and expenses of providing the Services (ignoring the Elective Communication Services and ignoring the costs and expenses designed to be recovered pursuant to the Explicit Charges) in respect of a Smart Metering System for a premises may vary depending upon the Region in which such premises is located. For the reasons described in Section K3.4, the Fixed Charges in respect of Smart Metering Systems for Domestic Premises will not differ by Region, but those in respect of Smart Metering Systems for Non-Domestic Premises may.
- K3.7 For the reasons described in Section K3.5 and K3.6, the DCC must split the Estimated Fixed Revenue for Regulatory Year (t) between revenue that should be recovered on a uniform basis across all the Regions (the **National Fixed Revenue**) and revenue that should be recovered on a basis that differentiates between Regions (for each Region, the **Regional Fixed Revenue**). Whilst Fixed Charges in respect of Domestic Premises will not ultimately vary by Region, in order to determine the regional charges to apply in respect of Non-Domestic Premises, the DCC must first apportion the entirety of the

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Estimated Fixed Revenue between those costs which do and those which do not vary by Region (initially disregarding the fact that charges in respect of Domestic Premises will ultimately be recovered on a uniform basis). For these purposes, the DCC shall split the Estimated Fixed Revenue between the National Fixed Revenue and the Regional Fixed Revenue for each Region so as to reflect the relative proportion of the cost and expenses that the DCC incurs across all Regions or in particular Regions in providing the Services (ignoring the Elective Communication Services and ignoring the costs and expenses designed to be recovered pursuant to the Explicit Charges), and such that:

$$EFR_t = NFR_t + \sum_{\forall r} RFR_{rt}$$

Where:

$EFR_t$  = the Estimated Fixed Revenue (estimated in accordance with Section K2) for Regulatory Year (t).

$NFR_t$  = the National Fixed Revenue (estimated in accordance with this Section K3.7) for Regulatory Year (t).

$RFR_{rt}$  = the Regional Fixed Revenue (estimated in accordance with this Section K3.7) within each region (r) for Regulatory Year (t)

#### Charging Groups

K3.8 The Fixed Charges payable in respect of Smart Metering Systems will be payable by the Users who fall into the following categories for the Smart Metering Systems:

- (a) the Import Suppliers (**Charging Group g1**);
- (b) the Export Suppliers (**Charging Group g2**);
- (c) the Gas Suppliers (**Charging Group g3**);
- (d) the Electricity Distributors (**Charging Group g4**); and
- (e) the Gas Transporters (**Charging Group g5**).

**Application of Charging Group Weighting Factors**

K3.9 For the reasons described in Section K3.5, the Fixed Charges payable by each Charging Group may need to differ. This is achieved through the Charging Group Weighting Factors.

K3.10 The Charging Group Weighting Factors are designed:

- (a) to reflect the relative proportion of the costs and expenses likely to be incurred by the DCC in providing the Services (ignoring the Elective Communication Services and ignoring the costs and expenses designed to be recovered pursuant to the Explicit Charges) to the persons in each Charging Group;
- (b) to specify the ratio of the costs and expenses to be incurred in respect of each Smart Metering System (without regard to the number of Smart Metering Systems); and
- (c) so that the sum of the Charging Group Weighting Factors shall be equal to one (1).

K3.11 The “**Charging Group Weighting Factors**” to apply to each Charging Group in respect of each Regulatory Year are to be determined by the DCC in accordance with Section K3.10, and set out in the Charging Statement for that Regulatory Year. The DCC shall make such determination based on its estimate of the demand of persons within each Charging Group for each of the Services other than the Elective Communication Services. Prior to the start of the UITMR Period, such estimates of demand will be based on assumptions for the Regulatory Year starting on 1st April 2021. Once data on usage becomes available the estimates will be determined as the average of the previous two full Regulatory Years of actual data plus the DCC’s forecasts for the two Regulatory Years ahead.

**Description of Approach to Determining Fixed Charges for Smart Metering Systems for Domestic Premises during and after the UITMR Period**

K3.12 In the case of the methodology applying during and after the UITMR Period, the approach to determining the Fixed Charges payable in respect of Smart Metering Systems for Domestic Premises is as set out in Section K5.5 and K6.4 (respectively),

but to assist Parties in understanding those Sections the approach is described in generic terms below:

- (a) the first part of the equation determines an amount that would be recovered in total in respect of all Smart Metering Systems for Domestic Premises across all Regions and Charging Groups were the Fixed Charges to be calculated in the same manner as those for Smart Metering Systems for Non-Domestic Premises; and
- (b) the second part of the equation is then used to pro-rate this total amount on a non-geographic basis across all persons in each Charging Group. This results in the required uniform charge for each Charging Group in respect of Smart Metering Systems for Domestic Premises, and provides the same aggregate revenue for DCC as would have been derived from the same number of Smart Metering Systems for Non-Domestic Premises at the same locations.

#### **Determining Communications Hub Charges**

K3.13 In determining the Communications Hub Charges, the DCC shall have regard to the need, for the purposes of making a prudent estimate in accordance with Condition 36.5 of the DCC Licence, to provide for the availability at all times of a contingency fund in respect of the Communications Hub Finance Charges relating to each Communications Hub Finance Facility that is equal to the DCC's estimate of three months of the Communications Hub Finance Costs relating to that facility. *[This drafting is to be incorporated into the methodology for determining Communications Hub Charges, which is to be the subject of future consultations.]*

**K4 DETERMINING FIXED CHARGES BEFORE THE UITMR PERIOD**

**Introduction**

K4.1 The DCC will determine the Fixed Charges for each Regulatory Year occurring prior to the UITMR Period in accordance with this Section K4, using:

- (a) the Estimated Fixed Revenue for that Regulatory Year determined in accordance with Section K2;
- (b) an estimate, in accordance with this Section K4, of the number of Mandated Smart Metering Systems for Domestic Premises that will exist as at the beginning of that Regulatory Year; and
- (c) the Charging Group Weighting Factors described in Section K3.

**Estimates**

K4.2 In respect of Regulatory Years occurring prior to the UITMR Period:

- (a) the DCC must estimate the aggregate number of Mandated Smart Metering Systems for Domestic Premises that will exist as at the beginning of that Regulatory Year;
- (b) the DCC must estimate the number of persons in each Charging Group for such Mandated Smart Metering Systems; and
- (c) the estimate pursuant to Section K4.2(b) in respect of a Regulatory Year (t) and each Charging Group (g) shall be represented as  $EMSMS_{gt}$ .

**Determining the Fixed Charges**

K4.3 The DCC will determine the Fixed Charge payable in respect of each month (or part month) of Regulatory Year (t) by each person in each Charging Group (g) in respect of each Mandated Smart Metering System ( $FC_{gt}$ ) as follows:

$$FC_{gt} = \frac{EFR_t}{NM_t} \times \frac{\alpha_{gt}}{\sum_{\forall g} (\alpha_{gt} \times EMSMS_{gt})}$$

Where:

$\alpha_{gt}$  = the Charging Group Weighting Factor (as set out in Section K3) for Regulatory Year (t) and each Charging Group (g)

$NM_t$  = the number of months (or part months) in Regulatory Year (t)

$EFR_t$  = the Estimated Fixed Revenue (estimated in accordance with Section K2) for Regulatory Year (t)

$EMSMS_{gt}$  = the estimate pursuant to Section K4.2(c) for Regulatory Year (t) and each Charging Group (g).

#### **Calculating number of MSMSs for Fixed Charge Payment**

K4.4 Following the end of each month (or part month) occurring during each Regulatory Year prior to the UITMR Period, the DCC will:

- (a) determine (insofar as it is able) the actual number of Mandated Smart Metering Systems that existed at the end of the 15th day of that month (or, in the case of a part month that ends on or prior to the 15th day of that month, at the end of that part month);
- (b) calculate the number of persons in each Charging Group for such Mandated Smart Metering Systems; and
- (c) break down these calculations by reference to each Party.

K4.5 The calculation in accordance with Section K4.4(c) for each month (or part month) (m) during Regulatory Year (t) and each Party (p) in each Charging Group (g) shall be represented as  $AMSMS_{pgmt}$ .

**K5 DETERMINING FIXED CHARGES DURING THE UITMR PERIOD**

**Introduction**

K5.1 The DCC will determine the Fixed Charges for each Regulatory Year during the UITMR Period in accordance with this Section K5, using:

- (a) the Estimated Fixed Revenue for that Regulatory Year determined in accordance with Section K2;
- (b) an estimate, in accordance with this Section K5, of the number of Smart Metering Systems for Non-Domestic Premises that will have been Enrolled (and not Withdrawn) as at the beginning of that Regulatory Year;
- (c) an estimate, in accordance with this Section K5, of the number of Mandated Smart Metering Systems for Domestic Premises that will exist as at the beginning of that Regulatory Year; and
- (d) the Charging Group Weighting Factors and other relevant matters described in Section K3.

**Estimates: Non-Domestic Premises**

K5.2 In respect of Regulatory Years occurring during the UITMR Period:

- (a) the DCC will estimate the total number of Smart Metering Systems for Non-Domestic Premises that will have been Enrolled (and not Withdrawn) as at the beginning of that Regulatory Year;
- (b) the DCC must estimate the number of persons in each Charging Group for such Smart Metering Systems;
- (c) the DCC must break down its estimate pursuant to Section K5.2(b) by reference to the number of Smart Metering Systems in each Region; and
- (d) the estimate pursuant to Section K5.2(c) in respect of a Regulatory Year (t), each Charging Group (g) and each Region (r), shall be represented as  $RENSMS_{grt}$ .

**Estimates: Domestic Premises**

K5.3 In respect of Regulatory Years occurring during the UITMR Period:

- (a) the DCC must estimate the aggregate number of Mandated Smart Metering Systems that will exist as at the beginning of that Regulatory Year;
- (b) the DCC must estimate the number of persons in each Charging Group for such Mandated Smart Metering Systems;
- (c) the DCC must break down its estimate pursuant to Section K5.3(b) by reference to the number of Mandated Smart Metering Systems in each Region; and
- (d) the estimate pursuant to Section K5.3(c) in respect of a Regulatory Year (t), each Charging Group (g) and each Region (r), shall be represented as  $REDSMS_{grt}$ .

**Determining the Fixed Charges: Non-Domestic Premises**

K5.4 For each Regulatory Year (t), the DCC will determine the Fixed Charge payable in respect of each month (or part month) of Regulatory Year (t) by each person within each Charging Group (g) in respect of each Enrolled Smart Metering System for a Non-Domestic Premises in each Region (r) ( $RNFC_{grt}$ ), as follows:

$$RNFC_{grt} = \frac{NFR_t}{NM_t} \times \frac{\alpha_{gt}}{\sum_{\forall g} (\alpha_{gt} \times \sum_{\forall r} RESMS_{grt})} + \frac{RFR_{rt}}{NM_t} \times \frac{\alpha_{gt}}{\sum_{\forall g} (\alpha_{gt} \times RESMS_{grt})}$$

Where:

$\alpha_{gt}$  = the Charging Group Weighting Factor (as set out in Section K3) for Regulatory Year (t) and each Charging Group (g)

$NM_t$  = the number of months (or part months) in Regulatory Year (t)

$NFR_t$  = the National Fixed Revenue (estimated in accordance with Section K2) for Regulatory Year (t)

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$RFR_{rt}$  = the Regional Fixed Revenue (estimated in accordance with Section K2) for Regulatory Year (t) and Region (r)

$$\forall g \forall r \quad RESMS_{grt} = REDSMS_{grt} + RENSMS_{grt}$$

$RENSMS_{grt}$  = the estimate pursuant to Section K5.2(d) for Regulatory Year (t), each Charging Group (g) and each Region (r)

$REDSMS_{grt}$  = the estimate pursuant to Section K5.3(d) for Regulatory Year (t), each Charging Group (g) and each Region (r).

#### Determining the Fixed Charges: Domestic Premises

K5.5 For each Regulatory Year (t), the DCC will determine the Fixed Charge payable in respect of each month (or part month) of Regulatory Year (t) by each person within each Charging Group (g) in respect of each Mandated Smart Metering System ( $RDFC_{gt}$ ) as follows:

$$RDFC_{gt} = \sum_{\forall g \forall r} (RNFC_{grt} \times REDSMS_{grt}) \times \frac{\alpha_{gt}}{\sum_{\forall g} (\alpha_{gt} \times \sum_{\forall r} REDSMS_{grt})}$$

Where:

$\alpha_{gt}$  = the Charging Group Weighting Factor (as set out in Section K3) for Regulatory Year (t) and each Charging Group (g)

$RNFC_{grt}$  = the Fixed Charge payable in respect of months (or part months) during Regulatory Year (t) by persons in each Charging Group (g) in respect of Enrolled Smart Metering Systems for Non-Domestic Premises in each Region (r), as calculated in accordance with Section K5.4

$REDSMS_{grt}$  = the estimate pursuant to Section K5.3(d) for Regulatory Year (t), each Charging Group (g) and each Region (r).

**Calculating number of ESMSs for Fixed Charge Payment: Non-Domestic Premises**

K5.6 Following the end of each month (or part month) occurring during each Regulatory Year during the UITMR Period, the DCC will:

- (a) determine the actual number of Smart Metering Systems for Non-Domestic Premises that have been Enrolled (and not Withdrawn) as at the end of the 15th day of that month (or, in the case of a part month that ends on or prior to the 15th day of that month, at the end of that part month), whether Enrolled during that month or previously;
- (b) calculate the number of persons within each Charging Group for those Enrolled Smart Metering Systems; and
- (c) break down these calculations by reference to each Party, and by reference to the Region in which such premises are located.

K5.7 The calculations in accordance with Section K5.6 of the number of Enrolled Smart Metering Systems for Non-Domestic Premises as at the end of each month (m) during Regulatory Year (t) within each Charging Group (g) broken down by reference to each Party (p), and by reference to each Region (r), shall be represented as  $ANSMS_{pgrmt}$ .

**Calculating number of MSMSs for Fixed Charge Payment: Domestic Premises**

K5.8 Following the end of each month (or part month) occurring during each Regulatory Year during the UITMR Period, the DCC will:

- (a) determine (insofar as it is able) the actual number of Mandated Smart Metering Systems for Domestic Premises as at the end of the 15th day of that month (or, in the case of a part month that ends on or prior to the 15th day of that month, at the end of that part month);
- (b) calculate the number of persons within each Charging Group for those Mandated Smart Metering Systems; and
- (c) break down these calculations by reference to each Party.

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K5.9 The calculations in accordance with Section K5.8 of the number of Mandated Smart Metering Systems as at the end of each month (or part month) (m) during Regulatory Year (t) within each Charging Group (g) broken down by reference to each Party (p) shall be represented as  $ADSMS_{pgmt}$ .

**K6 DETERMINING FIXED CHARGES AFTER THE UITMR PERIOD (ENDURING)**

**Introduction**

K6.1 The DCC will determine the Fixed Charges for each Regulatory Year following the UITMR Period in accordance with this Section K6, using:

- (a) the Estimated Fixed Revenue for that Regulatory Year determined in accordance with Section K2;
- (b) an estimate, in accordance with this Section K6, of the number of Smart Metering Systems that will have been Enrolled (and not Withdrawn) as at the beginning of that Regulatory Year; and
- (c) the Charging Group Weighting Factors and other relevant matters described in Section K3.

**Estimates**

K6.2 In respect of Regulatory Years occurring after the UITMR Period, the DCC will estimate the number of Smart Metering Systems that will have been Enrolled (and not Withdrawn) as at the beginning of that Regulatory Year. The DCC shall undertake such estimates for Domestic Premises and Non-Domestic Premises separately (being *EDSMS* and *ENSMS* respectively). For each such Regulatory Year (t), the DCC will estimate the average number of persons within each Charging Group (g) for such Smart Metering Systems, and break down such estimates by reference to the Region (r) in which the premises is located, such that:

$$\forall g \forall r \quad ESMS_{grt} = EDSMS_{grt} + ENSMS_{grt}$$

Where:

*EDSMS*<sub>grt</sub> = the DCC's estimate of the number of persons within each Charging Group (g) for Smart Metering Systems for Domestic Premises that will have been Enrolled (and not Withdrawn) as at the beginning of that Regulatory Year (t), broken down by Region (r); and

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$ENSMS_{grt}$  = the DCC's estimate of the number of persons within each Charging Group (g) for Smart Metering Systems for Non-Domestic Premises that will have been Enrolled (and not Withdrawn) as at the beginning of that Regulatory Year (t), broken down by Region (r).

### Determining the Fixed Charges: Non-Domestic Fixed Charges

K6.3 For each Regulatory Year (t), the DCC will determine the Fixed Charge payable in respect of each month (or part month) of Regulatory Year (t) by each person within each Charging Group (g) in respect of each Enrolled Smart Metering System for a Non-Domestic Premises in each Region (r) ( $NFC_{grt}$ ) as follows:

$$NFC_{grt} = \frac{NFR_t}{NM_t} \times \frac{\alpha_{gt}}{\sum_{\forall g} (\alpha_{gt} \times \sum_{\forall r} ESMS_{grt})} + \frac{RFR_{rt}}{NM_t} \times \frac{\alpha_{gt}}{\sum_{\forall g} (\alpha_{gt} \times ESMS_{grt})}$$

Where:

$\alpha_{gt}$  = the Charging Group Weighting Factor (as set out in Section K3) for Regulatory Year (t) and each Charging Group (g)

$NM_t$  = the number of months (or part months) in Regulatory Year (t)

$NFR_t$  = the National Fixed Revenue (determined in accordance with Section K3) for Regulatory Year (t)

$ESMS_{grt}$  = the estimated number of persons within each Charging Group (g) for Enrolled Smart Metering Systems determined in accordance with Section K6.2 for Regulatory Year (t) and each Region (r)

$RFR_{rt}$  = the Regional Fixed Revenue (determined in accordance with Section K3) for Regulatory Year (t) and each Region (r).

### Determining the Fixed Charges: Domestic Fixed Charges

K6.4 For each Regulatory Year (t), the DCC will determine the Fixed Charge payable in respect of each month (or part month) of Regulatory Year (t) by each person within each Charging Group (g) in respect of each Enrolled Smart Metering System for a

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Domestic Premises ( $DFC_{gt}$ ) as follows:

$$DFC_{gt} = \sum_{\forall g \forall r} (NFC_{grt} \times EDSMS_{grt}) \times \frac{\alpha_{gt}}{\sum_{\forall g} (\alpha_{gt} \times \sum_{\forall r} EDSMS_{grt})}$$

Where:

$\alpha_{gt}$  = the Charging Group Weighting Factor (as set out in Section K3) for Regulatory Year (t) and each Charging Group (g)

$NFC_{grt}$  = the Fixed Charges payable in respect of months (or part months) during Regulatory Year (t) by persons in each Charging Group (g) in respect of Enrolled Smart Metering Systems for Non-Domestic Premises in each Region (r), as determined in accordance with Section K6.3

$EDSMS_{grt}$  = the estimated average number of persons within each Charging Group (g) for Enrolled Smart Metering Systems for Domestic Premises determined in accordance with Section K6.2 for Regulatory Year (t) and each Region (r).

#### Calculating number of ESMSs for Fixed Charge Payment

K6.5 Following the end of each month (or part month) during each Regulatory Year occurring after the UITMR Period, the DCC will:

- (a) determine the actual number of Smart Metering Systems that have been Enrolled (and not Withdrawn) as at the end of the 15th day of that month (or, in the case of a part month that ends on or prior to the 15th day of that month, at the end of that part month), whether Enrolled during that month or previously, and shall do so for Domestic Premises and for Non-Domestic Premises separately;
- (b) calculate the number of persons within each Charging Group for such Enrolled Smart Metering Systems; and
- (c) break down these calculations by reference to Parties (p), and (in the case of

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Smart Metering Systems for Non-Domestic Premises only) by reference to the Region in which such premises are located.

K6.6 The calculations in accordance with Section K6.5 of the number of Enrolled Smart Metering Systems as at the end of each month (or part month) (m) during Regulatory Year (t) within each Charging Group (g) broken down by reference to each Party (p), and (in the case of Non-Domestic Premises only) by reference to each Region (r), shall:

- (a) in respect of Domestic Premises, be represented as  $ADSMS_{pgmt}$ ; and
- (b) in respect of Non-Domestic Premises, be represented as  $ANSMS_{pgrmt}$ .

**K7 DETERMINING EXPLICIT CHARGES**

**Introduction**

- K7.1 The Explicit Charges for each Regulatory Year are payable in respect of the Explicit Charging Metrics for that Regulatory Year.
- K7.2 The Explicit Charging Metrics from time to time are as set out in this Section K7.
- K7.3 Part of the rationale for Explicit Charging Metrics is to allow the DCC to closely reflect the charges it pays to the DCC Service Providers in respect of certain services, so as to minimise the risks for the DCC associated with uncertainty regarding the frequency with which such services are to be provided. The Explicit Charging Metrics may comprise any or all of the Core Communication Services and of the Enabling Services (so they are a sub-set of all Services other than the Elective Communication Services). The Explicit Charging Metrics represent those Core Communication Services and Enabling Services that are to be charged for separately from the Fixed Charges.
- K7.4 The DCC will determine the Explicit Charges for each Regulatory Year in accordance with this Section K7.

**Explicit Charging Metrics**

- K7.5 The Explicit Charging Metrics are as follows:
- (a) the prescribed fee for providing Detailed Evaluations in respect of potential Elective Communication Services (as referred to in Section H7); and
  - (b) the Services which are identified as attracting an Explicit Charge in the DCC User Gateway Services Schedule.

**Explicit Charges**

- K7.6 The DCC will determine the Explicit Charges for each Explicit Charging Metric and each Regulatory Year:
- (a) in a manner consistent with the Charging Objectives referred to in Sections C1.4 and C1.5(a), (b), and (c); and

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- (b) (subject to the Charging Objective referred to in Section C1.3) on a non-discriminatory and cost reflective basis so as to recover the incremental cost to the DCC (including under the DCC Service Provider Contracts) associated with the occurrence of that Explicit Charging Metric (and disregarding any costs and expenses that would be incurred whether or not that Explicit Charging Metric occurred).

K7.7 This Section K7.7 applies only in respect of the Explicit Charging Metrics referred to in Sections K7.5(a). Where the DCC is simultaneously considering requests for an Explicit Charging Metric from two or more Parties, and where it would be advantageous to all such Parties for the DCC to do so, the DCC shall offer the Explicit Charging Metrics both conditionally on all the Parties taking up the Explicit Charging Metric and without such condition. In respect of the Explicit Charges to apply in respect of the conditional offer, the DCC shall calculate the Explicit Charges for each Party on the assumption that the other Parties accept the offers, and shall accordingly apportion any common costs between the Parties on a non-discriminatory and cost-reflective basis.

#### Second-Comer Contributions

K7.8 This Section K7.8 applies only in respect of the Explicit Charging Metrics referred to in Sections K7.5(a). Subject to Section K7.10, where:

- (a) the DCC makes an offer in respect of any proposed Explicit Charging Metric to a person (the “**subsequent person**”); and
- (b) prior to such offer being made to the subsequent person, another person (the “**initial contributor**”) was obliged to pay Explicit Charges designed to recover any costs (the “**relevant costs**”) that would otherwise (in accordance with this Charging Methodology) have been recoverable from the subsequent person,

then the DCC shall make an offer to the subsequent person that requires that subsequent person to pay by way of Explicit Charges such a contribution to the relevant costs as may be reasonable in all the circumstances.

K7.9 Subject to Section K7.10, where an offer made by the DCC that includes an element

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of relevant costs is accepted by the subsequent person, the DCC shall (following payment by the subsequent person) offer such rebate to the initial contributor as may be reasonable in all the circumstances.

K7.10 Sections K7.8 and K7.9 shall not apply:

- (a) where the relevant costs are less than £20,000;
- (b) where the relevant costs are between £20,000 and £500,000 (inclusive), and the initial contributor's offer for the Explicit Charging Metric was accepted more than 5 years before the offer to the subsequent contributor is made;
- (c) where the relevant costs are more than £500,000, and the initial contributor's offer for the Explicit Charging Metric was accepted more than 10 years before the offer to the subsequent contributor is made; and/or
- (d) where the initial contributor no longer exists or cannot be contacted by the DCC following reasonable enquiry.

K7.11 All references to an initial contributor in this Section K7 shall, in respect of any subsequent person, be interpreted so as to include any person that was previously a subsequent person in respect of the relevant costs in question and that paid Explicit Charges designed to recover an element of those relevant costs.

**K8 DETERMINING ELECTIVE CHARGES**

**Introduction**

- K8.1 The Elective Charges for each Regulatory Year are payable in accordance with the relevant Bilateral Agreement.
- K8.2 The terms and conditions of each Bilateral Agreement (including those in respect of the Elective Charges payable thereunder) are to be agreed or determined in accordance with Section H7 (Elective Communication Services) and the DCC Licence.

**Determining the Elective Charges**

- K8.3 Where the DCC makes any offer to enter into a Bilateral Agreement in respect of an Elective Communication Service, the DCC shall offer Elective Charges in respect of each such Elective Communication Service determined by the DCC:
- (a) in a manner consistent with the Charging Objectives referred to in Sections C1.5(a), (b), and (c);
  - (b) in a non-discriminatory and cost-reflective manner, so as to recover the total costs to the DCC (including under the DCC Service Provider Contracts) associated with that Bilateral Agreement (including so as to recover a reasonable proportion of any standing costs that would be incurred whether or not that Elective Communication Service was provided); and
  - (c) so that such proportion of such standing costs is recovered by way of a standing charge that is payable whether or not the service is requested or provided.
- K8.4 Where the DCC is simultaneously considering requests for a formal offer to provide Elective Communication Services from two or more Parties, and where it would be advantageous to all such Parties for the DCC to do so, the DCC shall make the offer both conditionally on all the Parties accepting the offer and without such condition. In respect of the Elective Charges to apply in respect of the conditional offer, the DCC shall calculate the Elective Charges for each Party on the assumption that the other Parties accept the offers, and shall accordingly apportion any common costs between

the Parties on a non-discriminatory and cost-reflective basis.

- K8.5 Although this Code in no way binds the Authority it is acknowledged that any determination by the Authority of the Elective Charges in respect of a Bilateral Agreement will be undertaken as envisaged by the DCC Licence, including by reference to those matters set out in Sections K8.3 and K8.4.

### **Second-Comer Contributions**

- K8.6 Subject to Section K8.8, where:

- (a) the DCC makes an offer in respect of any proposed Elective Communications Service to a person (the “**subsequent person**”); and
- (b) prior to such offer being made to the subsequent person, another person (the “**initial contributor**”) was obliged to pay Elective Charges designed to recover any costs (the “**relevant costs**”) that would otherwise (in accordance with this Charging Methodology) have been recoverable from the subsequent person,

then the DCC shall make an offer to the subsequent person that requires that subsequent person to pay by way of Elective Charges such a contribution to the relevant costs as may be reasonable in all the circumstances.

- K8.7 Subject to Section K8.8, where an offer made by the DCC that includes an element of relevant costs is accepted by the subsequent person, the DCC shall (following payment by the subsequent person) offer such rebate to the initial contributor as may be reasonable in all the circumstances.

- K8.8 Sections K8.6 and K8.7 shall not apply:

- (a) where the relevant costs are less than £20,000;
- (b) where the relevant costs are between £20,000 and £500,000 (inclusive), and the initial contributor’s offer for the Elective Communication Service was accepted more than 5 years before the offer to the subsequent contributor is made;
- (c) where the relevant costs are more than £500,000, and the initial contributor’s

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offer for the Elective Communication Service was accepted more than 10 years before the offer to the subsequent contributor is made; and/or

- (d) where the initial contributor no longer exists or cannot be contacted by the DCC following reasonable enquiry.

K8.9 All references to an initial contributor in this Section K8 shall, in respect of any subsequent person, be interpreted so as to include any person that was previously a subsequent person in respect of the relevant costs in question and that paid Elective Charges designed to recover an element of those relevant costs.

## **K9 WITHIN-YEAR ADJUSTMENTS**

### **Introduction**

- K9.1 The revenue restriction contained in the DCC Licence allows the DCC to carry forward any under or over recovery in respect of one Regulatory Year to the following Regulatory Year. Therefore, there is no absolute need for the DCC to alter the Charges part way through a Regulatory Year.
- K9.2 Nevertheless, subject to compliance with Condition 19 of the DCC Licence, the DCC may alter the Charges part way through a Regulatory Year, including in one of the following two ways:
- (a) where an approved Modification Proposal varying this Charging Methodology has an effective date which occurs part way through a Regulatory Year; or
  - (b) where the requirements of this Section K9 are met, by applying within-year adjustments for the matters set out in this Section K9.

### **Amending this Charging Methodology**

- K9.3 Where the Authority consents in accordance with Condition 19 of the DCC Licence, the DCC may recalculate the Charges in accordance with this Charging Methodology (including so as to take into account any modification of this Charging Methodology). In such circumstances, the references herein to a Regulatory Year shall be interpreted as meaning the remaining period of such Regulatory Year from the time at which the modified Charges in question are to apply.

### **Within-Year Adjustment for Bad Debt**

- K9.4 Where a Party fails to pay to the DCC an amount due by way of Charges such that an Event of Default has occurred, and provided the DCC has complied with its obligations under Section J (Charges) in respect of the same, the DCC may (where it reasonably considers it appropriate to do so, taking into account the matters referred to in Section K9.1) determine the **Unrecovered Bad Debt Payment** ( $UBDP_{pemt}$ ) to be paid by every other Party (p) in respect of that Event of Default (e) in one or more subsequent months (m) of such Regulatory Year (t) as the DCC may determine.  $UBDP_{pemt}$  shall be calculated as follows:

$$UBDP_{pemt} = \frac{UBP_e \times DS_{pe}}{BM_e}$$

Where:

$BM_e$  is the number of months in the balance of the Regulatory Year over which the DCC decides it is to recover the amount owing in respect of the Event of Default

$UBP_e$  is the amount owing in respect of the Event of Default (e) or such smaller amount as DCC decides to recover over the remainder of the Regulatory Year (t)

$DS_{pe}$  is the share of the debt owing in respect of the Event of Default (e) to be paid by each Party (p) other than the Defaulting Party, which is to be calculated as follows.

$$DS_{pe} = \frac{TMP_{pe}}{\sum_{\forall p} TMP_{pe}}$$

where  $TMP_{pe}$  is the total amount paid or payable by way of Charges by each Party (p) in respect of the 12 months preceding the month in respect of which the Event of Default (e) occurred

$\sum_{\forall p}$  represents a sum over all Parties other than the Party that is the Defaulting Party for the Event of Default.

K9.5 Where the DCC:

- (a) has levied a charge for an Unrecovered Bad Debt Payment; and
- (b) subsequently recovers from the defaulting Party any or all of the unpaid debt to which the Unrecovered Bad Debt Payment related,

then the DCC shall return the money it has recovered from the defaulting Party to the other Parties in proportion to their contributions to  $UBDP_{pemt}$ . In order to return such

money, the DCC shall include a negative  $UBDP_{pemt}$  amount in the Charges for the month following the month in which the DCC received payment (or part payment) from the defaulting Party.

**Within-Year Adjustment for Liability Events**

K9.6 If a Liability Event arises, the DCC may (where it reasonably considers it appropriate to do so, taking into account the matters referred to in Section K9.1 and having consulted with the Authority and the Panel) determine the **Liability Payment** ( $LP_{plmt}$ ) to be paid by (or, in the case of negative Liability Sums, paid to) every other Party (p) in respect of that Liability Event (l) in one or more subsequent months (m) of such Regulatory Year (t) as the DCC may determine.  $LP_{plmt}$  shall be calculated as follows:

$$LP_{plmt} = \frac{TLP_l \times LS_{pl}}{BM_l}$$

Where:

$BM_l$  is the number of months in the balance of the Regulatory Year over which the DCC decides it is to recover the amount owing in respect of the Liability Event

$TLP_l$  is the Liability Sum arising in respect of the Liability Event (l) or such smaller amount as DCC decides to recover over the remainder of the Regulatory Year (t)

$LS_{pl}$  is the share of the liability owing in respect of the Liability Event (l) to be paid by (or, in the case of negative Liability Sums, paid to) each Party (p), which is to be calculated as follows.

$$LS_{pl} = \frac{TMP_{pl}}{\sum_{\forall p} TMP_{pl}}$$

where  $TMP_{pl}$  is the total amount paid or payable by way of Charges by each Party (p) in respect of the 12 months preceding the month in which the

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Liability Sum for the Liability Event (l) is payable to or by the DCC Service Providers

$\sum_{\forall p}$  represents a sum over all Parties.

#### Within-Year Adjustment for Communications Hub Finance Acceleration Events

K9.7 For the purposes of Section K9.6:

- (a) a Communications Hub Finance Acceleration Event is a Liability Event;
- (b) the amount due and payable by the DCC as a result of a Communications Hub Finance Acceleration Event is a Liability Sum to the extent the DCC estimates that such amount will be recoverable by the DCC as Allowed Revenue;
- (c) the reference to “Charges” in the definition of  $LS_{pl}$  shall (in the case of a Communications Hub Finance Acceleration Event) be interpreted as a reference to “Communications Hub Charges”; and
- (d) the amount payable by each Party in respect of such Liability Event shall (for the purposes of invoicing and payment under Section J (Charges) or Section M11.5(b) (Third Party Rights)) be treated as an amount due by way of Communications Hub Finance Charges relating to the Communications Hub Finance Facility in respect of which the Communications Hub Finance Acceleration Event has occurred.

## **K10 CALCULATING MONTHLY PAYMENTS**

### **Introduction**

K10.1 The monthly payment of Charges payable by each Party shall be calculated in accordance with this Section K10, based on:

- (a) the Fixed Charges determined in accordance with Section K4, K5 or K6 (as applicable);
- (b) the Explicit Charges determined in accordance with Section K7;
- (c) the Elective Charges determined in accordance with Section K8; and
- (d) any within-year adjustments determined in accordance with Section K9.

### **Calculating Fixed Charges**

K10.2 The Fixed Charges payable by each person in respect of any month (or part month) during a Regulatory Year shall be calculated following the end of that month based on the calculations in accordance with Section K4, K5 or K6 (as applicable).

K10.3 The Fixed Charges are payable by the persons in each Charging Group. The Fixed Charges payable by any Party that is not in a Charging Group shall be zero.

### **Calculating Explicit Charges and Elective Charges Payments**

K10.4 The Explicit Charges payable by each Party in respect of any month (or part month) during a Regulatory Year shall be calculated following the end of that month based on the Explicit Charging Metrics incurred by that Party in that month (or part month).

K10.5 The Elective Charges payable by each Party in respect of any month (or part month) during a Regulatory Year shall be calculated following the end of that month based on the relevant Bilateral Agreement.

### **Calculating Monthly Payments**

K10.6 For each month (or part month) (m) during a Regulatory Year (t) prior to the UITMR Period, the initial monthly payment (*IMP*) in respect of the Charges payable by each Party (p) shall be calculated as follows:

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$$IMP_{pmt} = \sum_{\forall g} (FC_{gt} \times AMSMS_{pgmt}) + TEP_{pmt} + \sum_{e \in m} UBDP_{pemt} + \sum_{l \in m} LP_{plmt}$$

Where:

$FC_{gt}$  = the Fixed Charges payable in respect of months (or part months) during Regulatory Year (t) by persons in Charging Group (g) in respect of Mandated Smart Metering Systems, calculated in accordance with Section K4

$AMSMS_{pgmt}$  = the amount described in Section K4.5

$TEP_{pmt}$  = the total amount payable by a Party (p) in respect of Elective Charges and a month (m) in a Regulatory Year (t)

$UBDP_{pemt}$  = the Unrecovered Bad Debt Payment in respect of a month (m) in a Regulatory Year (t) and each Event of Default (e), as calculated in accordance with Section K9

$LP_{plmt}$  = the Liability Payment in respect of a month (m) in a Regulatory Year (t) and each Liability Event (l), as calculated in accordance with Section K9.

K10.7 For each month (or part month) (m) during a Regulatory Year (t) during the UITMR Period, the rollout monthly payment ( $RMP$ ) in respect of the Charges payable by each Party (p) shall be calculated as follows:

$$RMP_{pmt} = \sum_{\forall g} (RDFC_{gt} \times ADSMS_{pgmt}) + \sum_{\forall g} \left( \sum_{\forall r} (RNFC_{grt} \times ANSMS_{pgrmt}) \right) + \sum_{i=1}^{i=n} (EC_{it} \times ECM_{ipmt}) + TEP_{pmt} + \sum_{e \in m} UBDP_{pemt} + \sum_{l \in m} LP_{plmt}$$

Where:

$RDFC_{gt}$  = the Fixed Charges payable in respect of months (or part months) during Regulatory Year (t) by persons in Charging Group (g) in respect of

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Mandated Smart Metering Systems, calculated in accordance with Section K5

$ADSMS_{pgmt}$  = the amount described as such in Section K5.9

$RNFC_{grt}$  = the Fixed Charges payable in respect of months (or part months) during Regulatory Year (t) by persons in Charging Group (g) in respect of Enrolled Smart Metering Systems for Non-Domestic Premises in each Region (r), calculated in accordance with Section K5

$ANSMS_{pgrmt}$  = the amount described as such in Section K5.7

$EC_{it}$  = the Explicit Charge for an Explicit Charging Metric (i) and a Regulatory Year (t)

$ECM_{ipmt}$  = the Explicit Charging Metrics incurred by a Party (p) during the month (m) in a Regulatory Year (t)

$TEP_{pmt}$  = the total amount payable by a Party (p) in respect of Elective Charges and a month (m) in a Regulatory Year (t)

$UBDP_{pemt}$  = the Unrecovered Bad Debt Payment in respect of a month (m) in a Regulatory Year (t) and each Event of Default (e), as calculated in accordance with Section K9

$LP_{plmt}$  = the Liability Payment in respect of a month (m) in a Regulatory Year (t) and each Liability Event (l), as calculated in accordance with Section K9.

K10.8 For each month (or part month) (m) during a Regulatory Year (t) after the UITMR Period, the monthly payment (*MP*) in respect of the Charges payable by each Party (p) shall be calculated as follows:

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$$MP_{pmt} = \sum_{\forall g} (DFC_{gt} \times ADSMS_{pgmt}) + \sum_{\forall g} \left( \sum_{\forall r} (NFC_{grt} \times ANSMS_{pgrmt}) \right) + \sum_{i=1}^{i=n} (EC_{it} \times ECM_{ipmt}) + TEP_{pmt} + \sum_{e \in m} UBDP_{pemt} + \sum_{l \in m} LP_{plmt}$$

Where:

$DFC_{gt}$  = the Fixed Charges payable in respect of months (or part months) during Regulatory Year (t) by persons in Charging Group (g) in respect of Enrolled Smart Metering Systems for Domestic Premises, calculated in accordance with Section K6

$ADSMS_{pgmt}$  = the amount described as such in Section K6.7

$NFC_{grt}$  = the Fixed Charges payable in respect of months (or part months) during Regulatory Year (t) by persons in Charging Group (g) in respect of Enrolled Smart Metering Systems for Non-Domestic Premises in each Region (r), calculated in accordance with Section K6

$ANSMS_{pgrmt}$  = the amount described as such in Section K6.7

$EC_{it}$  = the Explicit Charge for an Explicit Charging Metric (i) and a Regulatory Year (t)

$ECM_{ipmt}$  = the Explicit Charging Metrics incurred by a Party (p) during the month (m) in a Regulatory Year (t)

$TEP_{pmt}$  = the total amount payable by a Party (p) in respect of Elective Charges and a month (m) in a Regulatory Year (t)

$UBDP_{pemt}$  = the Unrecovered Bad Debt Payment in respect of a month (m) in a Regulatory Year (t) and each Event of Default (e), as calculated in accordance with Section K9

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$LP_{plmt}$  = the Liability Payment in respect of a month (m) in a Regulatory Year (t) and each Liability Event (l), as calculated in accordance with Section K9.

**K11 DEFINITIONS**

K11.1 In this Charging Methodology, except where the context otherwise requires, the expressions in the left hand column below shall have the meanings given to them in the right hand column below:

<b>Allowed Revenue</b>	has the meaning given to that expression in the revenue restriction conditions of the DCC Licence.
<b>Charging Group</b>	has the meaning given to that expression in Section K3.9.
<b>Charging Group Weighting Factor</b>	has the meaning given to that expression in Section K3.12.
<b>Elective Charges</b>	means the Charges payable in respect of Elective Communication Services.
<b>Enrolled Smart Metering System</b>	means a Smart Metering System that has been Enrolled.
<b>Estimated Allowed Revenue</b>	has the meaning given to that expression in Section K2.1.
<b>Estimated Elective Service Revenue</b>	has the meaning given to that expression in Section K2.3.
<b>Estimated Explicit Charges Revenue</b>	has the meaning given to that expression in Section K2.5.
<b>Estimated Fixed Charges Revenue</b>	has the meaning given to that expression in Section K2.6.
<b>Explicit Charges</b>	means the Charges calculated in accordance with Section K7, and payable in respect of the Explicit

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Charging Metrics.

- Explicit Charging Metrics** has the meaning given to that expression in Section K7.
- Fixed Charges** means the Charges calculated in accordance with Section K4, K5 or K6 (as applicable).
- Liability Event** means an event as a result of which either:
- (a) the DCC has a net liability to the DCC Service Providers collectively (excluding in respect of charges arising in the ordinary course of events); or
  - (b) the DCC Service Providers collectively have a net liability to the DCC (excluding in respect of service credits or liquidated damages arising from poor service performance).
- Liability Sum** means, in respect of a Liability Event as a result of which:
- (a) the DCC owes a net liability to the DCC Service Providers collectively, the amount of such net liability (having taken into account amounts recoverable by the DCC in respect of that Liability Event otherwise than pursuant to this Charging Methodology, including amounts recoverable from other Parties as a result of any breach of this Code by such Parties which caused or contributed to that Liability Event), but only to the extent that the DCC estimates that such net liability will be recoverable by the DCC as Allowed Revenue; or

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- (b) the DCC Service Providers collectively owe a net liability to the DCC, the net amount actually received by the DCC in respect of such net liability (having taken into account amounts owed by the DCC to other Parties and to third parties in respect of that Liability Event otherwise than pursuant to this Charging Methodology), but only to the extent that the DCC estimates that such net liability will reduce the Allowed Revenue that the DCC could otherwise recover by way of the Charges (which net amount will be expressed as a negative number).

**Liability Payment** has the meaning given to that expression in Section K9.6 (expressed as a negative number in the case of negative Liability Sums).

**Mandated Smart Metering System** means, from time to time, each MPAN or MPRN associated with a Domestic Premises (regardless of whether or not a Smart Metering System has been installed or Enrolled), but excluding those MPANs and MPRNs associated with premises in respect of which the DCC is exempted from the requirement to Enrol Smart Metering Systems in accordance with the Statement of Service Exemptions.

**National Fixed Revenue** has the meaning given to that expression in Section K3.7.

**Regional Fixed Revenue** has the meaning given to that expression in Section K3.7.

**Regulatory Year** means (subject to Section K9.3) a period of twelve months beginning at the start of 1 April in any calendar

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year and ending at the end of 31 March in the next following calendar year; provided that a Regulatory Year will end and a new one will commence simultaneously with both the commencement and the end of the UITMR Period.

#### **UITMR Period**

means the period, covering User integration testing and the mass rollout period, which for these purposes:

- (a) commences at the start of the month in which the DCC is first obliged to make regular monthly payments to one or more of the DCC Service Providers; and
- (b) ends at the end of the date referred to in paragraph 1 of Condition 39 of the Energy Supply Licences.

#### **Unrecovered Bad Debt Payment**

has the meaning given to that expression in Section K9.4.

## SECTION L – SMART METERING KEY INFRASTRUCTURE

### L1 SMKI POLICY MANAGEMENT AUTHORITY

#### Establishment of the SMKI PMA

- L1.1 The Panel shall establish a Sub-Committee in accordance with the requirements of this Section L1, to be known as the “**SMKI PMA**”.
- L1.2 Save as expressly set out in this Section L1, the SMKI PMA shall be subject to the provisions concerning Sub-Committees set out in Section C6 (Sub-Committees).

#### Membership of the SMKI PMA

- L1.3 The SMKI PMA shall be composed of the following persons (each an “**SMKI PMA Member**”):
- (a) the SMKI PMA Chair (as further described in Section L1.5);
  - (b) three SMKI PMA (Supplier) Members (as further described in Section L1.6);  
and
  - (c) one representative of the Security Sub-Committee and one representative of the Technical Sub-Committee (in each case as further described in Section L1.8).
- L1.4 Each SMKI PMA Member must be an individual (and cannot be a body corporate, association or partnership). No one person can hold more than one office as an SMKI PMA Member at the same time.
- L1.5 The “**SMKI PMA Chair**” shall be such person as is (from time to time) appointed to that role by the Panel in accordance with a process designed to ensure that:
- (a) the candidate selected is sufficiently independent of any particular Party or class of Parties;
  - (b) the SMKI PMA Chair is appointed for a three-year term (following which he or she can apply to be re-appointed);

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- (c) the SMKI PMA Chair is remunerated at a reasonable rate;
- (d) the SMKI PMA Chair's appointment is subject to Section C6.9 (Member Confirmation), and to terms equivalent to Section C4.6 (Removal of Elected Members); and
- (e) provision is made for the SMKI PMA Chair to continue in office for a reasonable period following the end of his or her term of office in the event of any delay in appointing his or her successor.

L1.6 Each of the three “**SMKI PMA (Supplier) Members**” shall (subject to any directions to the contrary made by the Secretary of State for the purpose of transition on the incorporation of this Section L1 into this Code):

- (a) be appointed in accordance with Section L1.7, subject to compliance by the appointed person with Section C6.9 (Member Confirmation);
- (b) retire 2 years after their appointment (without prejudice to their ability to be nominated for a further term of office); and
- (c) be capable of being removed from office in accordance with Sections C4.5 and C4.6 (Removal of Elected Members), for which purpose those Sections shall be read as if references to “Elected Member” were to “SMKI PMA (Supplier) Member”, references to “Panel” were to “SMKI PMA”, references to “Panel Chair” were to “SMKI PMA Chair”, and references to “Panel Members” were to SMKI PMA Members”.

L1.7 Each of the three SMKI PMA (Supplier) Members shall be appointed in accordance with a process:

- (a) by which two SMKI PMA (Supplier) Members will be elected by Large Supplier Parties, and one SMKI PMA (Supplier) Member will be elected by Small Supplier Parties;
- (b) by which any person (whether or not a Supplier Party) shall be entitled to nominate candidates to be elected as an SMKI PMA (Supplier) Member; and
- (c) that is otherwise the same as that by which Elected Members are elected under

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Sections C4.2 and C4.3 (as if references therein to “Panel” were to “SMKI PMA”, to “Panel Chair” were to “PMA Chair”, and to provisions of Section C or D were to the corresponding provisions set out in or applied pursuant to this Section L1).

- L1.8 The Security Sub-Committee and the Technical Sub-Committee shall each nominate one of their members to be an SMKI PMA Member by notice to the Secretariat from time to time. The Security Sub-Committee or the Technical Sub-Committee (as applicable) may each replace its nominee from time to time by prior notice to the Secretariat. Such nomination or replacement shall be subject to compliance by the relevant person with Section C6.9 (Member Confirmation). Until each such Sub-Committee exists, the Panel shall nominate a person to act as a representative of that Sub-Committee (and may from time to time replace such person).
- L1.9 Each SMKI PMA Member must ensure that he or she reads the SMKI Document Set when first appointed, and subsequently from time to time, so that he or she is familiar with its content.

#### **Proceedings of the SMKI PMA**

- L1.10 Of the SMKI PMA Members, only the SMKI PMA Chair may nominate an Alternate. The SMKI PMA Chair will be deemed to have nominated the SMKI Specialist to act as the SMKI PMA Chair’s Alternate. Where the SMKI Specialist is unavailable, the SMKI PMA Chair must nominate another Alternate from amongst the other SMKI PMA Members.
- L1.11 No business shall be transacted at any meeting of the SMKI PMA unless a quorum is present at that meeting. The quorum for each such meeting shall be four of the SMKI PMA Members, at least one of whom must be the SMKI PMA Chair (or his or her Alternate).
- L1.12 Without prejudice to the generality of Section C5.13(c) (Attendance by Other Persons) as it applies pursuant to Section L1.13:
- (a) the SMKI Specialist and a representative of the DCC shall be invited to attend each and every SMKI PMA Meeting (each of whom shall be entitled to speak

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at SMKI PMA Meetings without the permission of the SMKI PMA Chair);  
and

- (b) other persons who may be invited to attend SMKI PMA meetings may include:
  - (i) the Independent SMKI Assurance Service Provider;
  - (ii) one or more representatives of Device Manufacturers; or
  - (iii) a specialist legal adviser.

L1.13 Subject to Sections L1.10, L1.11 and L1.12, the provisions of Section C5 (Proceedings of the Panel) shall apply to the proceedings of the SMKI PMA, for which purpose that Section shall be read as if references to “Panel” were to “SMKI PMA”, references to “Panel Chair” were to “SMKI PMA Chair”, and references to “Panel Members” were to SMKI PMA Members”.

L1.14 Notwithstanding Section C3.12 (Protections for Panel Members and Others), that Section shall not apply to the SMKI Specialist when acting as the SMKI PMA Chair’s Alternate, and the SMKI Specialist shall have no rights under that Section.

#### **Duties of the SMKI PMA**

L1.15 The SMKI PMA shall undertake the following duties:

- (a) to approve the Device CPS and Organisation CPS, and any changes to those documents, in accordance with Sections L9;
- (b) to propose variations to the SMKI SEC Documents, as further described in Section L1.17;
- (c) to periodically review (including where directed to do so by the Panel) the effectiveness of the SMKI Document Set (including so as to evaluate whether the SMKI Document Set remains consistent with the SEC Objectives), and report to the Panel on the outcome of such review (such report to include any recommendations for action that the SMKI PMA considers appropriate);
- (d) to, as soon as reasonably practicable following the incorporation of the

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following documents into this Code, review those documents in accordance with paragraph (c) above:

- (i) the SMKI Compliance Policy;
- (ii) the RAPP;
- (iii) the Device Certificate Policy;
- (iv) the Organisation Certificate Policy; and
- (v) the Recovery Procedure,

and (where the SMKI PMA considers it appropriate to do so) submit one or more Modification Proposals in respect of those documents (which Modification Proposals shall, notwithstanding Section X2.3(a), (b) and (c), be subject to Section D (Modification Process) as varied by Section X2.3(d));

- (e) to exercise the functions allocated to it under the Recovery Procedure, and in particular to exercise the power to nominate Parties for such purposes (and in accordance with such procedures) as are set out in the Recovery Procedure;
- (f) to provide the Panel, the Change Board and Working Groups with support and advice in respect of Modification Proposals that provide for variations to the SMKI SEC Documents;
- (g) to provide assurance in accordance with Section L2 (SMKI Assurance);
- (h) to provide the Panel with support and advice in respect of Disputes for which the Panel is required to make a determination, insofar as such Disputes relate to the SMKI Document Set;
- (i) to provide the Panel and Sub-Committees with general advice and support with respect to the SMKI Services and SMKI Repository Service;
- (j) to exercise such functions as are allocated to it under, and to comply with all the applicable requirements of, the SMKI Document Set in accordance with Section L9.1; and

- (k) to perform any other duties expressly ascribed to the SMKI PMA elsewhere in this Code.

L1.16 The SMKI PMA shall establish a process whereby the Code Administrator monitors Modification Proposals with a view to identifying (and bringing to the SMKI PMA's attention) those proposals that are likely to affect the SMKI SEC Documents. The Code Administrator shall comply with such process.

**Modification of the SMKI SEC Documents by the PMA**

L1.17 Notwithstanding Section D1.3 (Persons Entitled to Submit Modification Proposals):

- (a) the SMKI PMA shall be entitled to submit Modification Proposals in respect of the SMKI SEC Documents where the SMKI PMA considers it appropriate to do so; and
- (b) any SMKI PMA Member shall be entitled to submit Modification Proposals in respect of the SMKI SEC Documents where he or she considers it appropriate to do so (where the SMKI PMA has voted not to do so).

**L2 SMKI ASSURANCE**

**SMKI Compliance Policy**

- L2.1 The SMKI PMA shall exercise the functions allocated to it by the SMKI Compliance Policy.
- L2.2 The DCC shall procure all such services as are required for the purposes of complying with its obligations under the SMKI Compliance Policy.

**SMKI Participants: Duty to Cooperate in Assessment**

- L2.3 Each SMKI Participant shall do all such things as may be reasonably requested by the SMKI PMA, or by any person acting on behalf of or at the request of the SMKI PMA (including in particular the Independent SMKI Assurance Service Provider), for the purposes of facilitating an assessment of that SMKI Participant's compliance with any applicable requirements of the SMKI Document Set.
- L2.4 For the purposes of Section L2.3, an SMKI Participant shall provide the SMKI PMA (or the relevant person acting on its behalf or at its request) with:
- (a) all such Data as may reasonably be requested, within such times and in such format as may reasonably be specified; and
  - (b) all such other forms of cooperation as may reasonably be requested, including in particular access at all reasonable times to:
    - (i) such parts of the premises of that SMKI Participant as are used for; and
    - (ii) such persons engaged by that SMKI Participant as carry out, or are authorised to carry out, any activities related to its compliance with the applicable requirements of the SMKI Document Set.

**Events of Default**

- L2.5 In relation to an Event of Default which consists of a material breach by an SMKI Participant of any applicable requirements of the SMKI Document Set, the provisions

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of Sections M8.2 to M8.4 shall apply subject to the provisions of Sections L2.6 to L2.12.

L2.6 Where in accordance with Section M8.2 the Panel receives notification that an Event of Default has occurred, it shall refer the matter to the SMKI PMA.

L2.7 On any such referral the SMKI PMA may investigate the matter in accordance with Section M8.3 as if the references in that Section to the Panel were to the SMKI PMA.

L2.8 Where the SMKI PMA has:

- (a) carried out an investigation in accordance with Section M8.3; or
- (b) received a report from the Independent SMKI Assurance Service Provider, following an assessment by it of the compliance of any SMKI Participant with the applicable requirements of the SMKI Document Set, concluding that the SMKI Participant has not complied with those requirements,

the SMKI PMA shall consider the information available to it and shall determine whether any non-compliance with the SMKI Document Set has occurred and, if so, whether that non-compliance constitutes an Event of Default.

L2.9 Where the SMKI PMA determines that an Event of Default has occurred, it shall:

- (a) notify the relevant SMKI Participant and any other Party it considers may have been affected by the Event of Default; and
- (b) refer the matter to the Panel for the Panel to determine the appropriate steps to take in accordance with Section M8.4.

L2.10 Where the Panel is considering what steps to take in accordance with Section M8.4, it shall request and consider the advice of the SMKI PMA.

L2.11 Where the Panel determines that an SMKI Participant is required to give effect to a remedial action plan in accordance with Section M8.4(d) that plan must be approved by the SMKI PMA.

L2.12 Where, in accordance with Section L2.11, the SMKI PMA has approved a remedial

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action plan in relation to the provision by the DCC of the SMKI Services, the Panel shall ensure that the approved plan (being redacted only in so far as necessary for the purposes of security) is made available to all Parties.

L2.13 Where, in accordance with Section L2.11, the SMKI PMA has approved a remedial action plan in relation to:

- (a) the DCC acting in a capacity other than as the provider of the SMKI Services;  
or
- (b) any other SMKI Participant,

the Panel may, where it considers it appropriate to do so having regard to the interests of any Party affected by the Event of Default, arrange for the approved plan (being redacted only in so far as necessary for the purposes of security) to be made available to all Parties.

#### **Emergency Suspension of SMKI Services**

L2.14 Where the SMKI PMA has reason to believe that there is any immediate threat of the DCC Total System, any User Systems or any RDP Systems being Compromised to a material extent by the occurrence of an event arising in relation to the SMKI Services, it may instruct the DCC immediately to suspend:

- (a) the provision (in whole or in part) of the SMKI Services and/or any other Services which rely on the use of Certificates;
- (b) the rights of any SMKI Participant to receive (in whole or in part) the SMKI Services and/or any other Services which rely on the use of Certificates,

and thereafter to retain that suspension in effect until such time as the SMKI PMA instructs the DCC to reinstate the provision of the relevant Services or the rights of the SMKI Participant (as the case may be).

L2.15 Where the SMKI PMA takes any steps under Section L2.14, it shall:

- (a) immediately notify the Authority; and

(b) comply with any direction given to it by the Authority.

L2.16 Any Party which is affected by the SMKI PMA taking any steps under Section L2.14 may appeal the decision to do so to the Authority, and the DCC shall comply with any decision of the Authority in respect of the matter (which shall be final and binding for the purposes of this Code).

**L3 THE SMKI SERVICES**

**The SMKI Services**

L3.1 For the purposes of this Part L3, the “**SMKI Services**” means all of the activities undertaken by the DCC in its capacity as either:

- (a) the Device Certification Authority; or
- (b) the Organisation Certification Authority,

in each case in accordance with the applicable requirements of the Code.

**Authorised Subscribers**

L3.2 Any Party which has successfully completed the SMKI and Repository Service Entry Process may apply to become an Authorised Subscriber in accordance with, and by following the relevant procedures set out in, the relevant Certificate Policy and the RAPP.

L3.3 The DCC shall authorise any Party to submit a Certificate Signing Request, and so to become an Authorised Subscriber, where that Party has successfully completed the relevant procedures set out in the relevant Certificate Policy and the RAPP.

L3.4 The DCC shall provide any SMKI Services that may be requested by an Authorised Subscriber where the request is made by that Authorised Subscriber in accordance with the applicable requirements of the SMKI SEC Documents.

L3.5 The DCC must ensure that in the provision of the SMKI Services it acts in accordance with Good Industry Practice.

**Eligible Subscribers**

L3.6 An Authorised Subscriber which is entitled to become a Subscriber in relation to a Certificate shall be known as an “**Eligible Subscriber**”.

**Device Certificates**

L3.7 In respect of Device Certificates, where it is an Authorised Subscriber in accordance

with the Device Certificate Policy:

- (a) the DCC shall be an Eligible Subscriber if the Subject of the Certificate is:
  - (i) a Communications Hub Function; or
  - (ii) a Gas Proxy Function;
- (b) an Import Supplier shall be an Eligible Subscriber if the Subject of the Certificate is:
  - (i) an Electricity Smart Meter; or
  - (ii) a Type 1 Device;
- (c) a Gas Supplier shall be an Eligible Subscriber if the Subject of the Certificate is:
  - (i) a Gas Smart Meter; or
  - (ii) a Type 1 Device; and
- (d) any other Party shall be an Eligible Subscriber if the Subject of the Certificate is:
  - (i) an Electricity Smart Meter;
  - (ii) a Gas Smart Meter; or
  - (iii) a Type 1 Device,

but only in so far as the SMI Status of that Device is not set to 'commissioned' or 'installed not commissioned'.

#### DCA Certificates

- L3.8 In respect of DCA Certificates, if it is an Authorised Subscriber in accordance with the Device Certificate Policy, the DCC (in its capacity as Root DCA or Issuing DCA) shall be an Eligible Subscriber.

Organisation Certificates

- L3.9 In respect of Organisation Certificates, any Party shall be an Eligible Subscriber if:
- (a) it is an Authorised Subscriber in accordance with the Organisation Certificate Policy; and
  - (b) where that Party is:
    - (i) the DCC, the Subject of the Certificate is either the DCC or a DCC Service Provider; or
    - (ii) any other Party, the Subject of the Certificate is that Party

OCA Certificates

- L3.10 In respect of OCA Certificates, if it is an Authorised Subscriber in accordance with the Organisation Certificate Policy, the DCC (in its capacity as Root OCA or Issuing OCA) shall be an Eligible Subscriber.

**Organisation Certificates for Commissioning of Devices**

- L3.11 The DCC shall:
- (a) [prior to the commencement of Interface Testing, or by such date as may be specified by the Secretary of State] establish and lodge in the Repository; and
  - (b) subsequently maintain,
- such Organisation Certificates as are necessary to facilitate the installation at premises of Devices that are capable of being Commissioned.

**L4 THE SMKI SERVICE INTERFACE**

**DCC: Obligation to Maintain the SMKI Service Interface**

L4.1 The DCC shall maintain the SMKI Service Interface in accordance with the SMKI Interface Design Specification and make it available to Authorised Subscribers to send and receive communications in accordance with the SMKI Code of Connection.

L4.2 The DCC shall ensure that the SMKI Service Interface is available at all times (subject to Planned Maintenance undertaken in accordance with Section H8.3).

**The SMKI Service Interface**

L4.3 For the purposes of this Part the “**SMKI Service Interface**” means a communications interface designed to allow communications to be sent between an Authorised Subscriber and the DCC for the purposes of the SMKI Services.

**SMKI Interface Design Specification**

L4.4 For the purposes of this Part, the “**SMKI Interface Design Specification**” shall be a SEC Subsidiary Document of that name which:

- (a) specifies the technical details of the SMKI Service Interface;
- (b) includes the protocols and technical standards that apply to the SMKI Service Interface; and
- (c) bases those technical standards on PKIX/IETF/PKCS open standards, where:
  - (i) PKIX is the Public Key Infrastructure for X.509 Certificates, being an IETF set of standards for certificate and certificate revocation list profiles as specified in RFC 5280;
  - (ii) the IETF is the Internet Engineering Task Force; and
  - (iii) PKCS is the Public Key Cryptography Standard.

**SMKI Code of Connection**

L4.5 For the purposes of this Part, the “**SMKI Code of Connection**” shall be a SEC Subsidiary Document of that name which:

- (a) sets out the way in which an Authorised Subscriber may access the SMKI Service Interface;
- (b) specifies the procedure by which an Authorised Subscriber and the DCC may communicate over the SMKI Service Interface; and
- (c) includes a description of the way in which the mutual authentication and protection of communications taking place over the SMKI Service Interface will operate.

**SMKI Interface Document Development**

L4.6 The DCC shall develop drafts of the SMKI Interface Design Specification and SMKI Code of Connection:

- (a) in accordance with the process set out at Part L4.7; and
- (b) so that the drafts are available:
  - (i) by such a date as will facilitate the incorporation of each document into the Code [prior to the commencement of Interface Testing]; or
  - (ii) (which shall take precedence) [by such other date as may be specified by the Secretary of State].

L4.7 The process set out in this Part L4.7 for the development of drafts of the SMKI Interface Design Specification and SMKI Code of Connection is that:

- (a) the DCC shall, in consultation with the Parties and such other persons as it considers appropriate, produce a draft of each document;
- (b) where a disagreement arises with any person who is consulted with regard to any proposal as to the content of either document, the DCC shall endeavour to reach an agreed proposal with that person consistent with the purposes of the document;

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- (c) the DCC shall send a draft of each document to the Secretary of State as soon as is practicable after it is produced, and shall when doing so provide to the Secretary of State:
  - (i) a statement of the reasons why the DCC considers that draft document to be fit for purpose; and
  - (ii) a summary of any disagreements that arose during consultation and that have not been resolved by reaching an agreed proposal; and
- (d) the DCC shall comply with any requirements in a direction given to it by the Secretary of State in relation to either draft document, including in particular:
  - (i) any requirement to produce and submit to the Secretary of State a further draft of either document; and
  - (ii) any requirement as to the process to be followed by the DCC (and the time within which that process shall be completed) prior to submitting a further such draft.

**L5 THE SMKI REPOSITORY SERVICE**

**The SMKI Repository**

L5.1 For the purposes of this Part L5, the “**SMKI Repository**” means a System for storing and (subject to the provisions of this Part) making available the following:

- (a) all Device Certificates;
- (b) all DCA Certificates;
- (c) all Organisation Certificates;
- (d) all OCA Certificates;
- (e) all versions of the Device Certificate Policy;
- (f) all versions of the Organisation Certificate Policy;
- (g) all versions of the Subscriber Agreement;
- (h) all versions of the Relying Party Agreement;
- (i) all versions of the RAPP;
- (j) all versions of the Recovery Procedure;
- (k) all versions of the SMKI Compliance Policy;
- (l) all versions of the CRL;
- (m) all versions of the ARL;
- (n) such other documents or information as may be specified by the SMKI PMA from time to time; and
- (o) such other documents or information as the DCC, in its capacity as the provider of the SMKI Services, may from time to time consider appropriate.

**The SMKI Repository Service**

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- L5.2 The DCC shall establish, operate, maintain and make available the SMKI Repository in accordance with the provisions of this Part L5 (the “**SMKI Repository Service**”).
- L5.3 The DCC shall ensure that the documents and information described in Section L5.1 may be lodged in the SMKI Repository:
- (a) by the DCC, for the purpose of providing the SMKI Services; and
  - (b) except in the case of Certificates, the CRL and the ARL, by the SMKI PMA, for the purpose of fulfilling its functions under the Code.
- L5.4 The DCC shall ensure that no person may lodge documents or information in the SMKI Repository other than in accordance with Section L5.3.
- L5.5 The DCC shall ensure that the SMKI Repository may be accessed for the purpose of viewing and/or obtaining a copy of any document or information stored on it by:
- (a) any Party which reasonably requires such access in accordance, or for any purpose associated, with the Code;
  - (b) the Panel; and
  - (c) the SMKI PMA.
- L5.6 The DCC shall ensure that no person may access documents or information in the SMKI Repository other than in accordance with Section L5.5.

#### **PMA: Role in relation to the SMKI Repository**

- L5.7 The SMKI PMA shall lodge each of the following documents in the SMKI Repository promptly upon the SMKI Repository Service first becoming available or (if later) the incorporation of that document into the Code:
- (a) the Device Certificate Policy;
  - (b) the Organisation Certificate Policy;
  - (c) the Subscriber Agreement;

(d) the Relying Party Agreement; and

(e) the SMKI Compliance Policy.

L5.8 The SMKI PMA shall lodge in the SMKI Repository the modified version of each document referred to in Section L5.7 promptly upon any modification being made to that document in accordance with the Code.

L5.9 The SMKI PMA may require the DCC to lodge in the SMKI Repository such other documents or information as it may from time to time direct.

L5.10 Subject to Section L5.3, the SMKI PMA may lodge in the SMKI Repository such other documents or information as it may from time to time consider appropriate.

**Parties: Duties in relation to the SMKI Repository**

L5.11 Neither any Party nor the SMKI PMA may access the SMKI Repository for the purpose of viewing and/or obtaining a copy of any document or information stored on it except to the extent that it reasonably requires such access in accordance, or for any purpose associated, with the Code.

**L6 THE SMKI REPOSITORY INTERFACE**

**DCC: Obligation to Maintain the SMKI Repository Interface**

L6.1 The DCC shall maintain the SMKI Repository Interface in accordance with the SMKI Repository Interface Design Specification and make it available to:

- (a) the Parties;
- (b) the Panel (or the Code Administrator on its behalf); and
- (c) the SMKI PMA (or the Code Administrator on its behalf),

to send and receive communications in accordance with the SMKI Repository Code of Connection.

L6.2 The DCC shall ensure that the SMKI Repository Interface is available at all times (subject to Planned Maintenance undertaken in accordance with Section H8.3).

**The SMKI Repository Interface**

L6.3 For the purposes of this Part the “**SMKI Repository Interface**” means a communications interface designed to allow communications to be sent from and received by the SMKI Repository for the purposes of the SMKI Repository Service.

**SMKI Repository Interface Design Specification**

L6.4 For the purposes of this Part, the “**SMKI Repository Interface Design Specification**” shall be a SEC Subsidiary Document of that name which:

- (a) specifies the technical details of the SMKI Repository Interface; and
- (b) includes the protocols and technical standards that apply to the SMKI Repository Interface.

**SMKI Repository Code of Connection**

L6.5 For the purposes of this Part, the “**SMKI Repository Code of Connection**” shall be a SEC Subsidiary Document of that name which:

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- (a) sets out the way in which the Parties, the Panel and the SMKI PMA may access the SMKI Repository Interface;
- (b) specifies the procedure by which the Parties, the Panel and the SMKI PMA may communicate over the SMKI Repository Interface; and
- (c) includes a description of the way in which the mutual authentication and protection of communications taking place over the SMKI Repository Interface will operate.

#### **SMKI Repository Interface Document Development**

L6.6 The DCC shall develop drafts of the SMKI Repository Interface Design Specification and SMKI Repository Code of Connection:

- (a) in accordance with the process set out at Part L6.7; and
- (b) so that the drafts are available:
  - (i) by such a date as will facilitate the incorporation of each document into the Code [prior to the commencement of Interface Testing]; or
  - (ii) (which shall take precedence) [by such other date as may be specified by the Secretary of State].

L6.7 The process set out in this Part L6.7 for the development of drafts of the SMKI Repository Interface Design Specification and SMKI Repository Code of Connection is that:

- (a) the DCC shall, in consultation with the Parties and such other persons as it considers appropriate, produce a draft of each document;
- (b) where a disagreement arises with any person who is consulted with regard to any proposal as to the content of either document, the DCC shall endeavour to reach an agreed proposal with that person consistent with the purposes of the document;
- (c) the DCC shall send a draft of each document to the Secretary of State as soon

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as is practicable after it is produced, and shall when doing so provide to the Secretary of State:

- (i) a statement of the reasons why the DCC considers that draft document to be fit for purpose; and
  - (ii) a summary of any disagreements that arose during consultation and that have not been resolved by reaching an agreed proposal;
- (d) the DCC shall comply with any requirements in a direction given to it by the Secretary of State in relation to either document, including in particular:
- (i) any requirement to produce and submit to the Secretary of State a further draft of either document; and
  - (ii) any requirement as to the process to be followed by the DCC (and the time within which that process shall be completed) prior to submitting a further such draft.

**L7 SMKI AND REPOSITORY SERVICE ENTRY PROCESS**

**Eligibility Generally**

L7.1 A Party shall not be entitled to:

(a) apply to become an Authorised Subscriber for the purposes of the Device Certificate Policy or the Organisation Certificate Policy (or both); or

(b) access the SMKI Repository,

until that Party has successfully completed the SMKI and Repository Service Entry Process for the purposes of paragraph (a) or (b) above (as applicable).

L7.2 Only persons that are Parties are eligible to complete the SMKI and Repository Service Entry Process.

**SMKI and Repository Entry Guide**

L7.3 The Code Administrator shall establish and publish on the Website a guide to the SMKI and Repository Service Entry Process, which shall identify any information that a Party is required to provide in support of its application to complete the SMKI and Repository Service Entry Process (whether for the purposes of Section L7.1(a) or (b) or both).

**SMKI and Repository Service Entry Process**

L7.4 A Party that wishes to complete the SMKI and Repository Service Entry Process (whether for the purposes of Section L7.1(a) or (b) or both) must apply to the Code Administrator in compliance with any requirements identified in the guide referred to in Section L7.3.

L7.5 On receipt of a Party's application pursuant to Section L7.4, the Code Administrator shall process the Party's application to complete the SMKI and Repository Service Entry Process in accordance with this Section L7.

**SMKI and Repository Service Entry Process Requirements**

L7.6 A Party wishing to complete the SMKI and Repository Service Entry Process in order

to:

- (a) become an Authorised Subscriber for the purposes of the Device Certificate Policy or the Organisation Certificate Policy (or both), must have successfully completed the SMKI and Repository Service Entry Process Tests for that purpose; or
- (b) access the SMKI Repository, must have successfully completed the SMKI and Repository Service Entry Process Tests for that purpose.

L7.7 A Party will have successfully completed the SMKI and Repository Service Entry Process for a particular purpose once the Code Administrator has received confirmation from the DCC that the Party has met the relevant requirements of Section L7.6, and once the Code Administrator has confirmed the same to the Party.

L7.8 Once a Party has successfully completed the SMKI and Repository Service Entry Process for a particular purpose, the Code Administrator shall confirm the same to the DCC and the Panel.

**Disputes Regarding SMKI and Repository Entry Process**

L7.9 Where a Party wishes to raise a dispute in relation to its application to complete the SMKI and Repository Service Entry Process, and to the extent that the dispute relates to:

- (a) the SMKI and Repository Service Entry Process Tests, then the dispute shall be determined in accordance with the applicable dispute resolution procedure set out in Section H14 (Testing Services); or
- (b) any matters other than those referred to above, then the dispute may be referred to the Panel for determination.

L7.10 Where a Party disagrees with any decision of the Panel made pursuant to Section H1.9(b), then that Party may refer the matter to the Authority for its determination, which shall be final and binding for the purposes of this Code.

**L8 SMKI PERFORMANCE STANDARDS AND DEMAND MANAGEMENT**

**SMKI Services: Target Response Times**

L8.1 The DCC shall undertake the following activities within the following time periods (each such time period being, in respect of each such activity, the “**Target Response Time**” for that activity):

- (a) in response to a single Certificate Signing Request, sending to an Eligible Subscriber either an Organisation Certificate or Device Certificate within 30 seconds of receipt of the Certificate Signing Request from that Eligible Subscriber over the SMKI Service Interface; and
- (b) in response to a Batched Certificate Signing Request, sending to an Eligible Subscriber the number of Device Certificates that were requested:
  - (i) where the receipt of the Batched Certificate Signing Request from that Eligible Subscriber over the SMKI Service Interface occurred between the hours of 07:00 and 19:00 on any day, by no later than 07:00 on the following day; or
  - (ii) where the receipt of the Batched Certificate Signing Request from that Eligible Supplier over the SMKI Service Interface did not occur between the hours of 07:00 and 19:00, within 24 hours of the time of that receipt.

L8.2 For the purposes of Part L8.1, a “**Batched Certificate Signing Request**” is a single communication containing Certificate Signing Requests for the Issue of more than one but no more than 50,000 Device Certificates.

L8.3 For the purposes of Part L8.1, the concepts of ‘sending’ and ‘receipt’ are to be interpreted in accordance with the explanation of those concepts in the SMKI Interface Design Specification.

**SMKI Repository Service: Target Response Time**

L8.4 The DCC shall send to a Party, the Panel or the SMKI PMA (as the case may be) a

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copy of any document or information stored on the SMKI Repository within 30 seconds of receipt of a request for that document from that person or body over the SMKI Repository Interface (and that time period shall be the “**Target Response Time**” for that activity).

L8.5 For the purposes of Part L8.4, the concepts of ‘sending’ and ‘receipt’ are to be interpreted in accordance with the explanation of those concepts in the SMKI Repository Interface Design Specification.

#### **Code Performance Measures**

L8.6 Each of the following performance measures constitute a Code Performance Measure (to which the following Target Service Level and Minimum Service Level will apply, measured over the following Performance Measurement Period):

No.	Code Performance Measure	Performance Measurement Period	Target Service Level	Minimum Service Level
6	Percentage of Certificates delivered within the applicable Target Response Time for the SMKI Services.	monthly	99%	96%
7	Percentage of documents stored on the SMKI Repository delivered within the applicable Target Response Time for the SMKI Repository Service.	monthly	99%	96%

#### **SMKI Services: Managing Demand**

L8.7 By the 15<sup>th</sup> Working Day of the months of December, March, June and September, each Party which is an Authorised Subscriber in accordance with the Device Certificate Policy shall provide the DCC with a forecast of the number of Certificate Signing Requests that the Authorised Subscriber will send in each of the 6 months following the end of the month in which such forecast is provided. Such forecast shall contain a breakdown of the total number of Certificate Signing Requests in respect of

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Device Certificates between those which request the Issue of a single Device Certificate and those which are Batched Certificate Signing Requests.

- L8.8 The DCC shall monitor and record the aggregate number of Certificate Signing Requests sent by each Authorised Subscriber in total.
- L8.9 By no later than the 10<sup>th</sup> Working Day following the end of each month, the DCC shall provide:
- (a) each Authorised Subscriber with a report that sets out the number of Certificate Signing Requests sent by that Authorised Subscriber in respect of Device Certificates during that month (in total and broken down between those which request the Issue of a single Device Certificate and those which are Batched Certificate Signing Requests), and comparing the actual numbers sent against the numbers most recently forecast for the applicable month; and
  - (b) a report to the Panel (for publication on the Website) that sets out:
    - (i) the aggregate number of Certificate Signing Requests in respect of Device Certificates sent by all Authorised Subscribers collectively during that month (in total and broken down between those which request the Issue of a single Device Certificate and those which are Batched Certificate Signing Requests), and comparing the actual numbers for that month sent against the numbers most recently forecast for the applicable month; and
    - (ii) where the number of Certificate Signing Requests in respect of Device Certificates sent by any Authorised Subscriber during that month is greater than or equal to 110% of the Authorised Subscriber's most recent monthly forecast for the applicable month, the identity of each such Authorised Subscriber and the number of Certificate Signing Requests in respect of Device Certificates sent by each such Authorised Subscriber (in total and broken down between those which request the Issue of a single Device Certificate and those which are Batched Certificate Signing Requests)

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- L8.10 The DCC shall, as soon as is reasonably practicable, submit a Modification Proposal containing rules that it considers appropriate to enable the prioritisation by the DCC of Certificate Signing Requests in respect of Device Certificates sent over the SMKI Service Interface in circumstances in which the aggregate demand for the Issue of Device Certificates cannot be satisfied within the applicable Target Response Times.
- L8.11 The DCC shall not be considered to be in breach of this Code with regard to the obligation to achieve the Target Response Times set out at Section L8.1 if, during the month in question, the aggregate Certificate Signing Requests in respect of Device Certificates sent by all Authorised Subscribers exceeds 110% of the aggregate demand most recently forecast for that month by all Authorised Subscribers pursuant to Section L8.7 (provided that the DCC shall nevertheless in such circumstances use its reasonable endeavours to achieve the Target Response Times).

**L9 THE SMKI DOCUMENT SET**

**Obligations on the PMA**

L9.1 The SMKI PMA shall exercise the functions that are allocated to it under and (in so far as they apply to it) comply with the requirements of the SMKI Document Set.

**Obligations on SMKI Participants**

L9.2 Each SMKI Participant shall (in so far as they apply to it) comply with the requirements of the SMKI SEC Documents.

**The SMKI Document Set**

L9.3 For the purposes of this Section L, the SMKI Document Set means:

- (a) the SMKI SEC Documents;
- (b) the Device CPS; and
- (c) the Organisation CPS.

**The SMKI SEC Documents**

L9.4 For the purposes of this Section L, the SMKI SEC Documents means the provisions of the Code comprising:

- (a) the following SEC Subsidiary Documents:
  - (i) the Device Certificate Policy;
  - (ii) the Organisation Certificate Policy;
  - (iii) the SMKI Compliance Policy;
  - (iv) the RAPP;
  - (v) the Recovery Procedure;
- (b) [the Subscriber Agreement and the Relying Party Agreement];

- (c) the provisions of this Section L; and
- (d) every other provision of the Code which relates to the provision or the use of the SMKI Services or the SMKI Repository Service or to any matters directly arising from or affecting the provision or the use of those Services.

**The Registration Authority Policies and Procedures: Document Development**

L9.5 The DCC shall develop a draft of the RAPP:

- (a) to make provision for such matters as are specified in the Certificate Policies as being matters provided for in the RAPP;
- (b) to make provision for such other matters as are necessary or appropriate in relation to the exercise of its functions as the Registration Authority;
- (c) in accordance with the process set out at Part L9.6; and
- (d) so that the draft is available:
  - (i) by such a date as will facilitate the incorporation of the RAPP into the Code [prior to the commencement of Interface Testing]; or
  - (ii) (which shall take precedence) [by such other date as may be specified by the Secretary of State].

L9.6 The process set out in this Part L9.6 for the development of a draft of the RAPP is that:

- (a) the DCC shall, in consultation with the Parties and such other persons as it considers appropriate, produce a draft of the RAPP;
- (b) where a disagreement arises with any person who is consulted with regard to any proposal as to the content of the RAPP, the DCC shall endeavour to reach an agreed proposal with that person consistent with the purposes of the RAPP specified in Section L9.5;
- (c) the DCC shall send a draft of the RAPP to the Secretary of State as soon as is practicable after it is produced, and shall when doing so provide to the

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Secretary of State:

- (i) a statement of the reasons why the DCC considers that draft to be fit for purpose; and
  - (ii) a summary of any disagreements that arose during consultation and that have not been resolved by reaching an agreed proposal;
- (d) the DCC shall comply with any requirements in a direction given to it by the Secretary of State in relation to the draft of the RAPP, including in particular:
- (i) any requirement to produce and submit to the Secretary of State a further draft of the document; and
  - (ii) any requirement as to the process to be followed by the DCC (and the time within which that process shall be completed) prior to submitting a further such draft.

### **The Device Certification Practice Statement**

L9.7 The DCC shall establish, give effect to, maintain and comply with a document which shall be known as the “**Device CPS**”.

L9.8 The Device CPS shall be a document which:

- (a) sets out the policies and procedures of the DCC designed to ensure that it will comply with the requirements of the Device Certificate Policy;
- (b) incorporates the detailed operating procedures to be used by the DCC for the purposes of its compliance with the requirements of that Policy;
- (c) incorporates such other provisions as may be required by or in accordance with that Policy or any other part of the Code; and
- (d) is approved by the SMKI PMA as appropriate for these purposes.

L9.9 For the purposes of the approval of the Device CPS by the SMKI in accordance with Section L9.8(d):

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- (a) the SMKI PMA shall specify a date by which the DCC must submit to it an initial draft of the Device CPS, which date shall be set to allow sufficient time to permit the document to be approved [prior to the commencement of Interface Testing];
- (b) the DCC shall submit an initial draft of the Device CPS to the SMKI PMA by no later than that date;
- (c) the SKMI PMA shall review the initial draft of the Device CPS and shall:
  - (i) approve the draft, which shall become the Device CPS; or
  - (ii) state that it will approve the draft subject to the DCC first making such amendments to the document as it may direct; and
- (d) the DCC shall make any amendments to the draft Device CPS that may be directed by the SMKI PMA, and the amended draft shall become the Device CPS.

L9.10 The DCC shall keep the Device CPS under review, and shall in particular carry out a review of the Device CPS whenever (and to the extent to which) it may be required to so by the SMKI PMA.

L9.11 Following any review of the Device CPS:

- (a) the DCC may propose amendments to it, which it shall submit to the SMKI PMA for its approval; and
- (b) those amendments may be made only to the extent to which the SMKI PMA has approved them.

L9.12 Both the DCC and the SMKI PMA shall treat the Device CPS as confidential.

#### **The Organisation Certification Practice Statement**

L9.13 The DCC shall establish, give effect to, maintain and comply with a document which shall be known as the “**Organisation CPS**”.

L9.14 The Organisation CPS shall be a document which:

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- (a) sets out the policies and procedures of the DCC designed to ensure that it will comply with the requirements of the Organisation Certificate Policy;
- (b) incorporates the detailed operating procedures to be used by the DCC for the purposes of its compliance with the requirements of that Policy;
- (c) incorporates such other provisions as may be required by or in accordance with that Policy or any other part of the Code; and
- (d) is approved by the SMKI PMA as appropriate for these purposes.

L9.15 For the purposes of the approval of the Organisation CPS by the SMKI in accordance with Section L9.14(d):

- (a) the SMKI PMA shall specify a date by which the DCC must submit to it an initial draft of the Organisation CPS, which date shall be set to allow sufficient time to permit the document to be approved [prior to the commencement of Interface Testing];
- (b) the DCC shall submit an initial draft of the Organisation CPS to the SMKI PMA by no later than that date;
- (c) the SKMI PMA shall review the initial draft of the Organisation CPS and shall:
  - (i) approve the draft, which shall become the Organisation CPS; or
  - (ii) state that it will approve the draft subject to the DCC first making such amendments to the document as it may direct; and
- (d) the DCC shall make any amendments to the draft Organisation CPS that may be directed by the SMKI PMA, and the amended draft shall become the Organisation CPS.

L9.16 The DCC shall keep the Organisation CPS under review, and shall in particular carry out a review of the Organisation CPS whenever (and to the extent to which) it may be required to so by the SMKI PMA.

L9.17 Following any review of the Organisation CPS:

- (a) the DCC may propose amendments to it, which it shall submit to the SMKI PMA for its approval; and
- (b) those amendments may be made only to the extent to which the SMKI PMA has approved them.

L9.18 Both the DCC and the SMKI PMA shall treat the Organisation CPS as confidential.

**Enquiries in relation to the SMKI Document Set**

L9.19 The DCC shall respond within a reasonable time to any reasonable request for information made by a Party in relation to the SMKI Services, the SMKI Repository Services or the SMKI Document Set, but excluding any request for a copy of any document or information which can be accessed through the SMKI Repository.

**SECTION M: GENERAL**

**M1 COMMENCEMENT AND DURATION**

**Commencement**

M1.1 This Code shall take effect from the effective date designated by the Secretary of State pursuant to Condition 22 of the DCC Licence.

**Duration**

M1.2 Once this Code comes into effect, it shall remain in effect:

- (a) in respect of the DCC, until the DCC ceases to be a Party in accordance with Section M9 (Transfer of the DCC Licence); and
- (b) in respect of each Party other than the DCC, until (subject to Section M8.14) such Party ceases to be a Party in accordance with Section M8 (Suspension, Expulsion and Withdrawal).

**M2 LIMITATIONS OF LIABILITY**

**Unlimited Liabilities**

- M2.1 Nothing in this Code or any Bilateral Agreement shall exclude or limit a Party's Liability:
- (a) for death or personal injury resulting from the negligence of that Party;
  - (b) for fraud or fraudulent misrepresentation;
  - (c) to pay the Charges and any interest accruing in respect of the Charges in accordance with this Code; or
  - (d) for any other type of Liability which cannot by law be excluded or limited.

**Exclusion of Indirect Loss**

- M2.2 No Party shall in any circumstances be liable to another Party for loss arising as a result of a breach of this Code and/or any Bilateral Agreement that does not directly result from such breach and that was not reasonably foreseeable as likely to occur in the ordinary course of events.

**Confidentiality and Intellectual Property Rights**

- M2.3 Each Party's Liability for any breach of Section M4 (Confidentiality) shall be unlimited (save as provided in Section M2.2).
- M2.4 Each Party's Liability for any breach of Section M5 (Intellectual Property Rights) shall be unlimited (save as provided in Section M2.2).

**Damage to Physical Property**

- M2.5 Subject to Section M2.1, each Party's Liability for loss of or damage to physical property (including loss of or damage to Systems, and loss or corruption of Data) arising as a result of a breach by that Party of this Code and/or any Bilateral Agreement shall be limited as follows:
- (a) the Liability of the DCC shall be limited to £1,000,000 (one million pounds)

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in respect of each incident or series of related incidents; and

- (b) the Liability of each Party other than the DCC shall be limited to £1,000,000 (one million pounds) in respect of each incident or series of related incidents.

M2.6 Subject to Section M2.5, it is expressly agreed that a Party may recover the following losses arising as a result of a breach of this Code (and without intending to limit recovery of any other Liability that may arise as a result of such breach):

- (a) where such breach causes the loss of, or damage to, a Smart Metering System (or any part of it), the Import Supplier, Export Supplier and/or Gas Supplier (as applicable) for that Smart Metering System shall be entitled to recover the reasonable costs and expenses (including reasonable labour costs) incurred in attending the relevant premises for the purpose of repairing or replacing that Smart Metering System (or the relevant part of it); and
- (b) where such breach causes an Organisation Certificate to be Compromised and the Subscriber wishes it to be replaced, the reasonable costs and expenses (including reasonable labour costs) incurred in replacing any or all such Compromised Certificates held on Devices (but not the costs and expenses of replacing Device Certificates), including the reasonable costs and expenses incurred in utilising the Recovery Procedure.

M2.7 Subject to Sections M2.1 and M2.6 and save in the case of a breach of those provisions referred to in Section M2.3 or M2.4, no Party shall in any circumstances be liable to another Party for any of the following losses arising as a result of a breach of this Code and/or any Bilateral Agreement:

- (a) loss of profit;
- (b) loss of revenue;
- (c) loss of use;
- (d) loss of contract; or
- (e) loss of goodwill.

**Exclusion of Other Liabilities**

- M2.8 Subject to Sections M2.1 and M2.6 and save in the case of a breach of those provisions referred to in Section M2.3 or M2.4, no Party shall be liable to any other Party for loss arising from any breach of this Code and/or any Bilateral Agreement other than for losses that are subject to Section M2.5. This Section M2.8 is without prejudice to the operation of the Charging Methodology.
- M2.9 The rights and remedies provided by this Code and/or any Bilateral Agreement are exclusive and not cumulative, and exclude and are in place of all substantive (but not procedural) rights or remedies provided by common law or statute in respect of the subject matter of this Code and/or any Bilateral Agreement, including any rights that any Party may possess in tort (or delict).
- M2.10 Subject to Section M2.1, each of the Parties hereby waives to the fullest extent possible all such rights and remedies provided by common law or statute (and releases the other Parties to the same extent from all Liabilities or obligations provided by common law or statute in respect of the subject matter of this Code and/or any Bilateral Agreement).

**Statutory Rights**

- M2.11 For the avoidance of doubt, nothing in this Section M2 shall exclude or restrict or otherwise prejudice or affect any of:
- (a) the rights, powers, duties and obligations of any Party which are conferred or created by the Relevant Instruments; or
  - (b) the rights, powers and duties of the Authority or the Secretary of State.

**Other Matters**

- M2.12 Each of the sub-clauses of this Section M2 shall be construed as a separate and severable contract term, and if one or more of such sub-clauses is held to be invalid, unlawful or otherwise unenforceable, then the other or others of such sub-clauses shall remain in full force and effect and shall continue to bind the Parties.
- M2.13 In respect of all substantive (but not procedural) rights or remedies provided by

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common law or statute (including in tort or delict, but without prejudice to contractual rights or remedies) in respect of loss of or damage to physical property (including loss of or damage to Systems, and loss or corruption of Data) arising in relation to the subject matter of this Code and/or any Bilateral Agreement, it is agreed that:

- (a) each Party hereby waives and releases (to the fullest extent possible at law) such rights and remedies in respect of such loss or damage as such Party may otherwise have against the contractors, employees and agents of each other Party (including the DCC Service Providers) in their capacity as such;
- (b) the DCC shall ensure that each DCC Service Provider (when acting in its capacity as such) waives and releases (to the fullest extent possible at law) such rights and remedies in respect of such loss or damage as such DCC Service Provider may otherwise have against the Parties other than DCC in their capacity as such (and/or against the contractors, employees and agents of such Parties in their capacity as such);
- (c) the waiver and release referred to in Section M2.13(a) is to be enforceable by the persons stated therein to have the benefit thereof in accordance with Section M11.5 (Third Party Rights); and
- (d) the DCC shall ensure that the waiver and release referred to in Section M2.13(b) is enforceable by the persons stated therein to have the benefit thereof under the Contracts (Rights of Third Parties) Act 1999.

M2.14 Each Party shall be under a duty to mitigate its loss.

M2.15 Each Party hereby acknowledges and agrees that the provisions of this Section M2 are fair and reasonable having regard to the circumstances.

#### **Conduct of Indemnity Claims**

M2.16 Where this Code provides that one Party (the “**Indemnifier**”) is to indemnify another Party (the “**Indemnified Party**”) against third party claims, the Indemnified Party shall:

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- (a) promptly notify the Indemnifier of any such claim, and provide it with details in relation to the same and all relevant documentation excluding that which attracts legal privilege;
- (b) consult with the Indemnifier with respect to the subject matter of the claim and the manner in which the Indemnified Party intends to deal with the same, keep the Indemnifier promptly advised of developments concerning the same, and have due regard to the Indemnifier's views in relation to the same;
- (c) not settle, compromise or make any admission of liability concerning any such claim, without the prior written consent of the Indemnifier (such consent not to be unreasonably withheld or delayed); and
- (d) where the Indemnifier so requests, allow the Indemnifier (or such person as the Indemnifier may nominate) to conduct all negotiations and proceedings regarding the claim (at the Indemnifier's cost), in which case the Indemnifier shall ensure that the claim is diligently defended in accordance with any reasonable instructions of the Indemnified Party and not settled or compromised without the Indemnified Party's consent (such consent not to be unreasonably withheld or delayed).

#### **SECCo**

M2.17 The provisions of this Section M2 (and the definitions used in this Section) shall apply to SECCo as if SECCo was a Party, but shall not limit SECCo's liability under Section C3.12 (Protections for Panel Members and Others).

M2.18 Nothing in this Section M2 shall limit the DCC's liability to reimburse SECCo in respect of Recoverable Costs.

**M3 SERVICES FM AND FORCE MAJEURE**

**Force Majeure affecting the Services - Services FM**

M3.1 The concept of Services FM applies in respect of the obligations of the DCC to provide the Services pursuant to this Code (including pursuant to any Bilateral Agreement).

M3.2 The DCC may claim relief from Liability for non-performance of its obligations in respect of the Services to the extent this is due to Services FM. To the extent that performance of the DCC's obligations is unaffected by the Services FM, the provisions of this Code and any Bilateral Agreement will continue to apply.

M3.3 The DCC cannot claim Services FM has occurred:

(a) in relation to any wilful act, neglect or failure to take reasonable precautions against the relevant Services FM event by the DCC or its servants, agents, employees or contractors (including the DCC Service Providers);

(b) in relation to any circumstances resulting from a failure or delay by any other person in the performance of that other person's obligations under a contract with the DCC (unless that other person is itself prevented from or delayed in complying with its obligations as a result of Services FM); and/or

(c) as a result of any shortage of labour, material or other resources unless caused by circumstances which are themselves Services FM,

and in any event, the DCC shall not be entitled to relief if and to the extent that it is required to comply with the Business Continuity Plan but has failed to do so (unless this failure is also due to Services FM affecting the operation of the Business Continuity Plan).

M3.4 The DCC shall, as soon as reasonably practicable (and in any event within five (5) days of the occurrence of the Services FM), give to the Users that were due to receive the affected Services and to the Panel full details of the Services FM and any relief the DCC wishes to claim in connection with the Services FM.

M3.5 The DCC shall be entitled to relief in respect of Services FM to the extent that the

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Panel agrees (or it is subsequently determined by arbitration) that the requirements of Sections M3.2 and M3.3 are met, and that:

- (a) the DCC could not have avoided the occurrence of the Services FM (or its consequences or likely consequences) by taking steps which the DCC was required to take (or procure) under this Code and any Bilateral Agreement or might reasonably be expected to have taken;
- (b) the Services FM directly caused the non-performance of the Services for which relief is claimed;
- (c) the time lost and/or relief from the obligations under this Code and any Bilateral Agreement claimed by the DCC could not reasonably be expected to be mitigated or recovered by the DCC acting in accordance with Good Industry Practice; and
- (d) the DCC is taking all steps in accordance with Good Industry Practice to overcome or minimise the consequences of the Services FM on the performance of the Services.

M3.6 If the DCC is entitled to relief in respect of Services FM in accordance with Section M3.5, then:

- (a) the DCC shall be relieved of Liability under this Code and any Bilateral Agreement in respect of the Services to the extent to which that Liability would otherwise have arisen solely as a result of the Services FM; and
- (b) for the avoidance of doubt, the Charges (but not, for the avoidance of doubt, the Fixed Charges) payable by a User shall be reduced to the extent that the DCC does not provide the Services to that User as a result of the Services FM (and shall be calculated on the basis of the Services that are actually provided).

M3.7 The DCC shall notify the affected Users and the Panel as soon as reasonably practicable after the Services FM ceases or no longer causes the DCC to be unable to comply with its obligations under this Code and/or any Bilateral Agreement in respect of the Services. Following such notification, the Services shall continue to be

performed in accordance with the terms and conditions existing immediately before the occurrence of the Services FM.

M3.8 The DCC hereby irrevocably and unconditionally waives all and any rights to claim any extension or allowance of time or other relief from performance of its obligations in respect of the Services other than to the extent caused by Services FM. Each User hereby irrevocably and unconditionally waives all and any rights to claim compensation (including for breach of contract or in tort) for failure by the DCC to provide the Services to the extent caused by Services FM.

**Force Majeure**

M3.9 The concept of Force Majeure applies in respect of:

- (a) all obligations of the DCC pursuant to this Code and any Bilateral Agreement other than the obligations of the DCC to provide the Services; and
- (b) all obligations of the other Parties pursuant to this Code and any Bilateral Agreement,

all such obligations together being in this Section M3 the “**Relevant Obligations**”.

M3.10 Subject to Section M3.11, the Affected Party will not be in breach of this Code and/or any Bilateral Agreement or otherwise liable for any failure or delay in performance of any Relevant Obligations to the extent such failure or delay is caused by Force Majeure.

M3.11 An Affected Party may only rely upon Section M3.10 in respect of a failure or delay in performance of any Relevant Obligations to the extent that the Affected Party and the Party or Parties to whom the Affected Party owes the Relevant Obligations agree (or it is determined by arbitration) that the Affected Party:

- (a) notified the Party or Parties to whom the Affected Party owes those Relevant Obligations of the matters constituting Force Majeure as soon as reasonably practicable following their occurrence;
- (b) kept such Party or Parties fully informed as to the matters relating to the Force Majeure; and

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- (c) took all reasonable steps in accordance with Good Industry Practice to overcome the Force Majeure and/or minimise the consequences of the Force Majeure on the performance of the Relevant Obligations.

M3.12 The Affected Party shall notify the Party or Parties to whom the Affected Party owes the Relevant Obligations as soon as reasonably practicable after the Force Majeure ceases or no longer causes the Affected Party to be unable to comply with the Relevant Obligations.

M3.13 Each Party hereby irrevocably and unconditionally waives all and any rights to claim any extension or allowance of time or other relief from performance of the Relevant Obligations other than to the extent caused by Force Majeure. Each Party hereby irrevocably and unconditionally waives all and any rights to claim compensation (including for breach of contract or in tort) for, or to seek to expel the Affected Party from this Code for, any failure by the Affected Party to comply with the Relevant Obligations to the extent caused by Force Majeure.

#### **SECCo**

M3.14 The provisions of this Section M3 (and the definitions used in this Section) shall apply to SECCo as if SECCo was a Party.

**M4 CONFIDENTIALITY**

**Prohibition on disclosure and use by DCC**

- M4.1 Subject to Section M4.3, the DCC shall not disclose another Party's Confidential Information to, or authorise access to another Party's Confidential Information by, any person.
- M4.2 Subject to Section M4.3, the DCC shall not use a Party's Confidential Information for any purpose other than the purpose for which it was provided (or otherwise made available) to the DCC, and in any event for any purpose other than the purposes of this Code.

**Circumstances in which disclosure or use by the DCC are permitted**

- M4.3 The restrictions on disclosure and authorisation of access in Section M4.1 and on use in Section M4.2 shall not apply to the disclosure or use of, or authorisation of access to, a Party's Confidential Information to the extent:
- (a) expressly permitted or required by the DCC Licence;
  - (b) necessary for the exercise by the DCC of any of its obligations under the Electricity Act, the Gas Act, the DCC Licence, or this Code;
  - (c) made or given in accordance with the Authority's prior written consent;
  - (d) such Confidential Information is already available in the public domain other than as a result of a breach by the DCC of this Section M4 and/or the DCC Licence; or
  - (e) such Confidential Information is already lawfully in the possession of the DCC otherwise than as a result (whether directly or indirectly) of a breach of this Code and/or the DCC Licence (but without prejudice to any obligations to which the DCC is subject in respect of the use or disclosure of such Confidential Information under the arrangements relating to such lawful possession).
- M4.4 The restrictions on disclosure and authorisation of access in Section M4.1 shall not

apply to the disclosure of, or authorisation of access to, a Party's Confidential Information to the extent:

- (a) made or given in order to comply with the DCC's duties under Laws and Directives or the rules of any recognised stock exchange; provided that, in so far as is reasonably practicable in accordance with such Laws and Directives or rules, the DCC shall provide that Party with prior notice of such proposed disclosure or authorisation of access; or
- (b) made or given to the employees, other agents, contractors or advisers of the DCC to the extent such persons require such Confidential Information for the purpose of performing their roles as such; provided that such persons are subject to restrictions on the disclosure or use of, or authorisation of access to, such Confidential Information equivalent to those under this Section M4, and provided that the DCC shall be liable for any disclosure, authorisation or use by such persons otherwise than in accordance with this Section M4. This Section M4.4(b) is without prejudice to Section M4.5.

**Restriction of disclosure to DCC employees who are leaving**

M4.5 The DCC shall not (having regard to the nature and effective life of the Confidential Information in question) continue to disclose Confidential Information to (or authorise access to Confidential Information by) an employee or other agent of the DCC who has notified DCC of his or her intention to become engaged as an employee or agent of:

- (a) any other Party; or
- (b) a broker or consultant who is known to provide services in relation to the Supply of Energy and/or Commercial Activities,

save where the DCC could not, in all the circumstances, reasonably be expected to refrain from divulging to such employee or other agent Confidential Information which is required for the proper performance of his or her duties.

**Other matters relating to the DCC**

- M4.6 The DCC shall put in place and at all times maintain managerial and operational practices, systems, and procedures designed to ensure that it complies with this Section M4.
- M4.7 The DCC agrees that damages may not be an adequate remedy in the event of breach of this Section M4, and that a Party may seek injunctive relief in respect of any breach or potential breach of this Section M4.

**Provision of Information to the Panel**

- M4.8 Each Party agrees, subject to any confidentiality provision binding on it, to provide to the Panel (or its Sub-Committees and/or Working Groups, including via the Code Administrator, the Secretariat or SECCo) all Data reasonably requested by the Panel (or its Sub-Committees and/or Working Groups, including via the Code Administrator, the Secretariat or SECCo) in order that they may properly carry out their duties and functions under this Code.

**Confidentiality and the Panel**

- M4.9 Where a Party wishes its Party Data to remain confidential, it shall clearly mark (or otherwise state) such Party Data as (or to be) confidential. Where a Party does not clearly mark (or otherwise state) its Party Data as (or to be) confidential, the Panel (or its Sub-Committees or Working Groups, the Code Administrator, the Secretariat or SECCo, as applicable) may treat such Party Data as not being confidential (and shall have no confidentiality obligation in respect of the same).
- M4.10 Subject to Section M4.11, the Panel shall (and shall ensure that its Sub-Committees and Working Groups, the Code Administrator, the Secretariat and SECCo shall) not disclose, or authorise access to, any Party Data that is provided (or otherwise made available) to them by one or more Parties in confidence.
- M4.11 The restrictions in Section M4.10 on disclosures of, or authorisation of access to, Party Data shall not apply to the extent:
- (a) made or given in accordance with duties under Laws and Directives or

instructions of the Authority;

- (b) such Party Data is already available in the public domain other than as a result of a breach by the Panel (or its Sub-Committees or Working Groups, the Code Administrator, the Secretariat or SECCo); or
- (c) such Party Data is already lawfully in the possession of the Panel (or its Sub-Committees or Working Groups, the Code Administrator, the Secretariat or SECCo) otherwise than as a result (whether directly or indirectly) of this Code and/or the DCC Licence (but without prejudice to any obligations in respect of the use or disclosure of such Confidential Information under the arrangements relating to such lawful possession).

M4.12 The Parties acknowledge that, in order for the Panel (and its Sub-Committees and Working Groups, the Code Administrator, the Secretariat and SECCo) to properly carry out their duties and functions under this Code, the Panel may decide (or be obliged) to keep Data as confidential, and not disclose that Data to the Parties. The Panel shall use its reasonable endeavours to keep such instances to a minimum.

#### **Confidentiality of DCC Data**

M4.13 Where Data belonging to the DCC, or relating to the DCC or the Services, is disclosed (or otherwise becomes available) to another Party under or in relation to this Code, and where the DCC wishes such Data to remain confidential, the DCC shall clearly mark (or otherwise state) such Data as (or to be) confidential. Where the DCC does not clearly mark (or otherwise state) such Data as (or to be) confidential, the other Parties may treat such Data as not being confidential (and shall have no confidentiality obligation in respect of the same).

M4.14 Each Party other than the DCC shall not disclose, or authorise access to, the Data that is clearly marked (or otherwise stated) as (or to be) confidential in accordance with Section M4.13; provided that such restrictions on disclosure and access shall not apply to the extent:

- (a) made or given in accordance with duties under Laws and Directives or instructions of the Authority;

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- (b) such Data is already available in the public domain other than as a result of a breach of this Code by a Party; or
- (c) such Party Data is already lawfully in the possession of the Party otherwise than as a result (whether directly or indirectly) of this Code and/or the DCC Licence (but without prejudice to any obligations in respect of the use or disclosure of such Confidential Information under the arrangements relating to such lawful possession).

M4.15 The Parties other than the DCC may only use the Data belonging to the DCC, or relating to the DCC or the Services, which is disclosed (or otherwise becomes available) to them under or in relation to this Code for the purpose of performing their obligations or exercising their rights under this Code (or for any other use that is expressly authorised by the DCC in writing).

**M5 INTELLECTUAL PROPERTY RIGHTS**

**SEC Materials**

- M5.1 Section M5.2 applies in respect of this Code and any and all documents, materials, reports, charts and tables, diagrams and specifications, and any and all other works, inventions, ideas, designs or proposals (in whatever form, and including Modification Proposals) arising out of or in connection with the central administration, operation and development of this Code, including any and all associated drafts and working papers (collectively, the “**SEC Materials**”); provided that the SEC Materials shall not include the Consumer Data or the Services IPR.
- M5.2 The Parties agree that, as between the Parties, any and all Intellectual Property Rights subsisting in the SEC Materials and the whole of the title to the SEC Materials will:
- (a) be owned by SECCo; and
  - (b) automatically and immediately vest in SECCo upon their creation or acquisition.
- M5.3 Where a Party other than SECCo acquires (by operation of Laws and Directives or otherwise) any Intellectual Property Rights in the SEC Materials, then that Party:
- (a) (as far as is permitted by law) hereby assigns such Intellectual Property Rights to SECCo with full title guarantee, by way of present assignment of future Intellectual Property Rights; and
  - (b) (to the extent such assignment is not permitted) shall (and shall procure that any of its employees, agents or contractors shall) do all acts and things and execute all documents that may be reasonably necessary to transfer such Intellectual Property Rights to SECCo with full title guarantee (and pending such assignment shall hold such rights on trust for SECCo).
- M5.4 SECCo hereby grants to each of the other Parties (for so long as they remain a Party) a royalty-free, non-exclusive, non-transferable licence to use the SEC Materials for the sole purpose of participating as a Party (including exercising its rights and performing its obligations as a Party). Each licence granted to a Party under this

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Section M5.4 includes the right of that Party to grant sub-licences to its agents, contractors and advisers provided that they are granted solely in respect of that Party's participation as a Party (and the SEC Materials are used for no other purpose).

M5.5 SECCo hereby grants to each of the Panel Members, any Sub-Committee or Working Group members, the Code Administrator and the Secretariat (for so long as they each remain such) a royalty-free, non-exclusive, non-transferable licence to use the SEC Materials for the sole purpose of performing their roles as such. Each licence granted to a person under this Section M5.5 includes the right of that person to grant sub-licences to its agents, contractors and advisers provided that they are granted solely in respect of that person's performance of the role for which the licence was granted (and the SEC Materials are used for no other purpose).

#### **Consumer Data**

M5.6 Section M5.7 applies in respect of the Data that is obtained by the DCC (or its employees, other agents or contractors) as a result of providing Services to that User, including the Data contained in requests for Services and that is obtained as a result of communicating with Smart Metering Systems pursuant to this Code on behalf of a User (such Data being the "**Consumer Data**" of that User).

M5.7 As between the DCC and each User, any and all Intellectual Property Rights subsisting in the Consumer Data of that User shall be owned by that User (and the DCC shall make no claims in respect of such Intellectual Property Rights).

M5.8 Each User, in respect of its Consumer Data, hereby grants to the DCC a royalty-free, non-exclusive, non-transferable licence to use that Consumer Data for the sole purpose of DCC exercising its rights and performing its obligations under the Electricity Act, the Gas Act, the DCC Licence and this Code. Each licence granted to the DCC under this Section M5.8 includes the right of the DCC to grant sub-licences to its agents, contractors and advisers provided that they are granted solely in respect of the DCC's rights and obligations under the Electricity Act, the Gas Act, the DCC Licence and this Code (and the Consumer Data is used for no other purpose).

M5.9 Each User, in respect of its Consumer Data, shall ensure that the DCC (and its

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agents, contractors and advisers) can use that Consumer Data in the manner envisaged by Section M5.8, and shall indemnify the DCC in respect of any Liabilities suffered or incurred by the DCC (or its agents, contractors or advisers) as a result of claims brought by persons alleging that the use of that Consumer Data in the manner envisaged by Section M5.8 has infringed any Intellectual Property Rights.

#### **Party Data**

- M5.10 Section M5.11 applies in respect of the Data (other than SEC Materials and Consumer Data) that is provided (or otherwise made available) pursuant to this Code to the Panel (or its Sub-Committees and/or Working Groups, including via the Code Administrator, the Secretariat or SECCo) by or on behalf of a Party (such Data being the “**Party Data**” of that Party).
- M5.11 As between the Panel (including its Sub-Committees and/or Working Groups, the Code Administrator, the Secretariat and SECCo) and each Party, any and all Intellectual Property Rights subsisting in the Party Data of that Party shall be owned by that Party (and none of the Panel, its Sub-Committees, its Working Groups, the Code Administrator, the Secretariat or SECCo shall make any claims in respect of such Intellectual Property Rights).
- M5.12 Without prejudice to Section M4.10 (Confidentiality and the Panel), each Party, in respect of its Party Data, hereby grants to SECCo, the Panel Members, any Sub-Committee or Working Group members, the Code Administrator and the Secretariat a royalty-free, non-exclusive, non-transferable licence to use that Party Data for the sole purpose of performing their roles as such. Each licence granted to a person under this Section M5.12 includes the right of that person to grant sub-licences to its agents, contractors and advisers provided that they are granted solely in respect of that person’s performance of the role for which the licence was granted (and the Party Data is used for no other purpose).
- M5.13 Without prejudice to Section M4.10, each Party, in respect of its Party Data, shall ensure that SECCo, the Panel Members, any Sub-Committee or Working Group members, the Code Administrator and the Secretariat (and their agents, contractors and advisers) can use that Party Data in the manner envisaged by Section M5.12, and shall indemnify the SECCo, the Panel Members, any Sub-Committee or Working

Group members, the Code Administrator and the Secretariat in respect of any Liabilities suffered or incurred by them (or their agents, contractors or advisers) as a result of claims brought by persons alleging that the use of that Party Data in the manner envisaged by Section M5.12 has infringed any Intellectual Property Rights.

**Services IPR**

M5.14 Section M5.15 applies in respect of the Intellectual Property Rights created by, arising from or that are associated with:

- (a) the activities undertaken by the DCC for the purposes of carrying on its Authorised Business (as defined in the DCC Licence) in accordance with the DCC Licence; or
- (b) the operation of a DCC Service Provider Contract in accordance with its provisions,

such Intellectual Property Rights being the “**Services IPR**”.

M5.15 As between the DCC and each User, the Services IPR shall be owned by the DCC (and no User shall make any claims in respect of the Services IPR).

M5.16 The DCC hereby grants to each User a royalty-free, non-exclusive, non-transferable licence to use the Services IPR for the sole purpose of receiving (and to the extent necessary to receive) the Services. Each licence granted by the DCC under this Section M5.16 includes the right of the User to grant sub-licences to its agents, and contractors provided that they are granted solely for the purpose of the User receiving (and to the extent necessary for the User to receive) the Services (and that the Services IPR is used for no other purpose).

M5.17 The DCC shall ensure that each User (and its agents and contractors) can use the Services IPR in the manner envisaged by Section M5.16, and shall indemnify each User in respect of any Liabilities suffered or incurred by that User (or its agents or contractors) as a result of claims brought by persons alleging that the use of that Services IPR in the manner envisaged by Section M5.16 has infringed any Intellectual Property Rights.

**General**

M5.18 For the avoidance of doubt, the use by a Party of Intellectual Property Rights licensed to it under this Section M5 otherwise than in accordance with such licence shall constitute a breach of this Code.

M5.19 The Parties agree that damages may not be an adequate remedy in the event of breach of this Section M5, and that a Party may seek injunctive relief in respect of any breach or potential breach of this Section M5.

**SECCo**

M5.20 The provisions of this Section M5 (and the definitions used in this Section) shall apply to SECCo as if SECCo was a Party.

**M6 PARTY DETAILS**

**Provision of the Party Details**

M6.1 Each Party's original Party Details shall be provided as part of its Framework Agreement counterpart or its Accession Agreement (as applicable).

**Amendments to Party Details**

M6.2 Each Party may amend its Party Details by notice to the Secretariat from time to time, and each Party shall ensure that its Party Details remain up-to-date.

**Publication**

M6.3 The Secretariat shall maintain a record of each Party's Party Details, and shall publish that record on the Website (other than those elements of the Party Details that are identified in Schedule 5 as being confidential).

M6.4 As soon as reasonably practicable after each person becomes a Party, or following notification of an amendment to a Party's Party Details in accordance with Section M6.2, the Secretariat shall update the record referred to in Section M6.3.

M6.5 The Secretariat shall use its reasonable endeavours to identify any errors or omissions in each Party's Party Details, and shall notify the relevant Party of any such errors or omissions.

**M7 DISPUTE RESOLUTION**

**Duty to Seek to Resolve**

M7.1 Where a Dispute arises between two or more Parties, each such Party shall seek to resolve the Dispute amicably within a reasonable timescale through negotiation in good faith.

**Reference to the Authority**

M7.2 Any Dispute of a nature that is expressly stated in this Code or in the Electricity Act or the Gas Act or in the Energy Licences to be subject to determination by the Authority shall be subject to determination by the Authority (which shall be final and binding for the purposes of this Code).

**Reference to the Panel or its Sub-Committees**

M7.3 Any Dispute of a nature that is expressly stated in this Code or a Bilateral Agreement to be subject to determination by the Panel (or one of its Sub-Committees) shall be subject to determination by the Panel (or that Sub-Committee). The Panel shall ensure that any such Dispute is determined within a reasonable period of time after its referral to the Panel (or its Sub-Committee).

M7.4 Unless such determination by the Panel (or one of its Sub-Committees) is expressly stated in this Code or a Bilateral Agreement to be final and binding, such disputes shall (following the Panel's or Sub-Committee's determination) be subject to final determination by the Authority (where this is expressly stated to be the case) or as referred to in Section M7.5.

**Arbitration**

M7.5 Subject to Sections M7.2, M7.3 and M7.4, any Dispute shall be subject to determination by arbitration in accordance with Section M7.6 (subject to Section M7.13).

M7.6 Where this Section M7.6 applies:

(a) the Party seeking to initiate the arbitration shall give a written notice to the

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other Party or Parties involved in the Dispute, stating that the matter is to be referred to arbitration and setting out a brief summary of the Dispute;

- (b) the Party seeking to initiate the arbitration shall send a copy of that notice to the Panel;
- (c) to the extent consistent with this Section M7.6, the arbitration shall be subject to the Arbitration Act 1996 and the rules of the London Court of International Arbitration (the **LCIA**);
- (d) the arbitrator shall be a person appointed by agreement between the Parties involved in the Dispute, or (in the absence of agreement within 10 Working Days following the notice under Section M7.6(a)) appointed by the LCIA;
- (e) (unless otherwise agreed by the Parties involved in the Dispute) the arbitration proceedings shall take place in London and in the English language;
- (f) the Parties involved in the Dispute agree to keep the arbitration process (and the decision or anything said, done or produced in or in relation to the arbitration process) confidential, except as may be required by Laws and Directives and provided that representatives of the Panel may attend the arbitration and receive a copy of the decision;
- (g) the Panel shall treat the decision and all other information relating to the arbitration as confidential, and Section M4.10 (Confidentiality and the Panel) shall apply to the decision and such information;
- (h) the arbitrator shall have the power to make provisional awards as provided for in Section 39 of the Arbitration Act 1996; and
- (i) subject to any contrary award by the arbitrator, each Party involved in the Dispute shall bear its own costs in relation to the arbitration and an equal share of the fees and expenses of the arbitrator.

**M7.7** The decision of the arbitrator pursuant to a reference in accordance with Section M7.6 shall be final and binding on each of the Parties to the arbitration, except where

there is a serious irregularity (as defined in section 68(2) of the Arbitration Act 1996) or a Party successfully appeals the arbitral award on a point of law in accordance with section 69 of the Arbitration Act 1996. Each Party shall comply with such decision provided that (for the avoidance of doubt) the arbitrator shall not have the power to modify this Code.

**DCC Service Provider Disputes**

- M7.8 If any Dispute that is subject to determination by arbitration involves the DCC, and the DCC considers that the Dispute relates to a dispute it has under or in relation to one or more of the DCC Service Provider Contracts, then the DCC may join the relevant DCC Service Provider or DCC Service Providers to the arbitration, so that the arbitrator hears and determines the disputes under or in relation to the DCC Service Provider Contracts simultaneously with the Dispute. The Parties other than the DCC hereby consent to such joining of disputes.
- M7.9 Where the DCC is aware of any dispute arising under or in relation to one or more DCC Service Provider Contracts that may reasonably relate to a Dispute or potential Dispute that would be subject to arbitration, then the DCC may give notice of that dispute to the Panel and to any or all of the other Parties.
- M7.10 Where the DCC gives notice to a Party under Section M7.9, such notice shall only be valid if the DCC gives reasonable detail of such dispute and expressly refers to the waiver that may potentially be given by that Party under Section M7.12.
- M7.11 Within 30 Working Days after the DCC has given a valid notification to a Party under Section M7.9 in respect of a dispute under or in relation to a DCC Service Provider Contract, that Party should give notice to the DCC of any Dispute that that Party wishes to bring in relation to that dispute. Where that Dispute is to be resolved by arbitration, the DCC may then exercise its rights under Section M7.8.
- M7.12 Where the DCC gives notice to a Party in accordance with Section M7.9, and where that Party does not give notice to the DCC in accordance with Section M7.11, then that Party shall be deemed to have waived any right it may have to bring a claim against the DCC in respect of the subject matter of the dispute in question (and shall, notwithstanding Section M2 (Limitations of Liability), indemnify the DCC in full

against any Liabilities incurred by the DCC as a consequence of that Party bringing any such claim).

**Claims by Third Parties**

M7.13 Subject to Section M7.14, if any person who is not a Party to this Code brings any legal proceedings in any court against any Party and that Party considers such legal proceedings to raise or involve issues that are or would be the subject matter of a Dispute or potential Dispute that would (but for this Section M7.13) be subject to arbitration, then (in lieu of arbitration) the court in which the legal proceedings have been commenced shall hear and determine the legal proceedings and the Dispute between such person and the Parties.

M7.14 If any person who is not a Party to this Code brings any legal proceedings in any court against any Party and that Party considers such legal proceedings to raise or involve issues that are the subject matter of a Dispute that is already subject to an ongoing arbitration, then Section M7.13 shall only apply where the arbitrator in that arbitration determines that such legal proceedings raise or involve issues that are the subject matter of the Dispute.

**Injunctive Relief**

M7.15 Nothing in this Section M7 shall prevent a Party seeking interim or interlocutory remedies in any court in relation to any breach of this Code.

**SECCo**

M7.16 The provisions of this Section M7 (and the definitions used in this Section) shall apply to SECCo as if SECCo was a Party.

**M8 SUSPENSION, EXPULSION AND WITHDRAWAL**

**Events of Default**

- M8.1 An “**Event of Default**” shall have occurred in respect of any Party other than the DCC (the “**Defaulting Party**”) if one or more of the following occurs in respect of the Defaulting Party:
- (a) the Defaulting Party has not, during any period of six consecutive months, done any or all of the following: (i) taken an Enrolment Service, a Core Communication Service or a Local Command Service; (ii) made a request for a formal offer for a proposed Elective Communication Service; (iii) become a Subscriber; and/or (iv) accessed the SMKI Repository;
  - (b) the Defaulting Party has committed a material breach of Section I1.2 (Consumption Data, User Obligations);
  - (c) the Defaulting Party has failed in a material respect to comply with an enforcement notice served by the Information Commissioner pursuant to section 40 of the Data Protection Act, whether such failure has been notified to the Panel by the Information Commissioner or the Panel has otherwise become aware of such failure;
  - (d) the DCC has served a notice on the Defaulting Party in accordance with Section J2.1 (Notification of Payment Failure) in respect of Charges payable by the Defaulting Party, and such Charges have not been paid within three (3) Working Days following that notice;
  - (e) the DCC has issued a notice to the Defaulting Party in accordance with Section J3.14 (Breach of Credit Cover Obligations) in respect of Credit Support required to be procured by the Defaulting Party, and such Credit Support has not been provided within three (3) Working Days following that notice;
  - (f) the Defaulting Party has not paid any amount other than in respect of the Charges (failures in respect of which are subject to Section M8.1(d)) which the Defaulting Party is due to have paid under this Code, and does not remedy

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such failure within five (5) Working Days after a notice requiring it to do so (which notice must refer to this Section M8);

- (g) the Defaulting Party has made a material misrepresentation in its Application Form;
- (h) the Defaulting Party is in material breach of any of its material obligations under this Code and/or any Bilateral Agreement (other than those that are subject to another paragraph of this Section M8.1) and the Defaulting Party has failed to remedy the breach (or to desist from the breach and mitigate its effects insofar as it is reasonably practicable to do so) within 20 Working Days after a notice requiring it to do so (which notice must describe the breach in reasonable detail and refer to this Section M8); and/or
- (i) the Defaulting Party suffers an Insolvency Type Event.

#### **Notification of an Event of Default**

M8.2 Where the DCC or the Code Administrator or the Secretariat becomes aware that an Event of Default has occurred in respect of a Party, then the DCC or the Code Administrator or the Secretariat (as applicable) shall notify the Panel of such occurrence. Where any Party other than the DCC becomes aware that an Event of Default has occurred in respect of another Party, the Party that has become so aware may notify the Panel of such occurrence.

#### **Investigation of an Event of Default**

M8.3 Where the Panel has reason to believe that an Event of Default may have occurred in respect of a Party, then the Panel may investigate the circumstances relating to such potential Event of Default. Each Party shall provide all reasonable Data and cooperation as the Panel may reasonably request in respect of any such investigation.

#### **Consequences of an Event of Default**

M8.4 Where an Event of Default occurs in respect of a Defaulting Party and while that Event of Default is continuing, the Panel may take one or more of the following steps (in each case to the extent and at such time as the Panel sees fit, having regard to all

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the circumstances of the Event of Default and any representations made by any Competent Authority or any Party, provided that the Panel must always take the steps referred to in Section M8.4(a) and (b)):

- (a) notify the Authority that such Event of Default has occurred in respect of the Defaulting Party;
- (b) notify the Defaulting Party that such Event of Default has occurred in respect of it;
- (c) notify each other Party that such Event of Default has occurred in respect of the Defaulting Party;
- (d) require the Defaulting Party to give effect to a reasonable remedial action plan designed to remedy and/or mitigate the effects of the Event of Default within a reasonable timescale (a material breach of which plan shall in itself constitute an Event of Default);
- (e) suspend one or more of the Defaulting Party's rights referred to in Section M8.5 (following such prior consultation with the Defaulting Party as the Panel considers appropriate);
- (f) instruct the DCC to suspend (in which case the DCC shall, within one Working Day thereafter, suspend) one or more of the Defaulting Party's rights referred to in Section M8.6 (following such prior consultation with the Defaulting Party as the Panel considers appropriate); and/or
- (g) expel the Defaulting Party from this Code subject to and in accordance with Section M8.10.

#### **Suspension of Rights**

M8.5 The rights referred to in Section M8.4(e) are:

- (a) the right of the Defaulting Party (and each other member of its Voting Group) to vote in Panel Member elections under Section C4 (Panel Elections);
- (b) the right of the Defaulting Party to raise new Modification Proposals under

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Section D (Modifications); and

- (c) the right of the Defaulting Party to influence the appointment of a Change Board Member, so that:
  - (i) in the case of a Supplier Party, the Change Board Member appointed by the Voting Group of which that Supplier Party forms part shall be suspended; or
  - (ii) in the case of any Party other than a Supplier Party, the Secretariat shall ignore the views of that Party when considering any request to appoint or remove a Change Board Member appointed by the Party Category of which that Party forms part.

M8.6 The rights referred to in Section M8.4(f) are:

- (a) the right of the Defaulting Party to receive Core Communication Services or Local Command Services in any User Role other than the 'Other User' User Role;
- (b) (subject to the Authority's approval) the right of the Defaulting Party to receive any or all Elective Communication Services;
- (c) (subject to the Authority's approval) the right of the Defaulting Party to initiate Enrolment of Smart Metering Systems; and
- (d) (subject to the Authority's approval) the right of the Defaulting Party to request or receive any or all Services other than those referred to elsewhere in this Section M8.6.

M8.7 The suspension of any or all of the Defaulting Party's rights referred to in Section M8.5 or M8.6 shall be without prejudice to the Defaulting Party's obligations and Liabilities under and in relation to this Code (whether accruing prior to, during, or after such suspension). Without prejudice to the generality of the foregoing, the Defaulting Party shall continue to be liable for all Charges that it is or becomes liable to pay under this Code.

M8.8 Where the Panel has, pursuant to Section M8.4(e) and/or (f), suspended a Party's

rights, then the Panel may at any time thereafter end such suspension (provided that, in the case of rights that the Panel cannot suspend without the Authority's approval, the Panel may not end such suspension without the Authority's approval).

**Ceasing to be a Party**

M8.9 A Party that holds an Energy Licence that requires that Party to be a party to this Code:

- (a) cannot be expelled from this Code by the Panel unless the Authority has approved such expulsion (and, in the case of any such approval, Section M8.10(a) shall apply as if the Party did not hold an Energy Licence that requires it to be a party to this Code); and
- (b) cannot voluntarily cease to be a Party while that Energy Licence remains in force.

M8.10 A Party that does not hold an Energy Licence that requires that Party to be a party to this Code:

- (a) may (while an Event of Default is continuing in respect of that Party) be expelled from this Code with effect from such time on such date as the Panel may resolve (where the Panel considers it reasonable to do so in the circumstances); and
- (b) may give notice to the Panel of that Party's intention to voluntarily cease to be a Party and of the time on the date from which it wishes to cease to be a Party. The Panel shall, following receipt of such a notice, resolve that that Party shall cease to be a Party with effect from the time on the date notified.

M8.11 The Panel shall notify the Authority and each remaining Party in the event that any person is expelled from this Code or voluntarily ceases to be a Party.

**Appeal to the Authority**

M8.12 Where the Panel resolves to suspend the rights of a Party and/or to expel a Party pursuant to this Section M, then that Party may at any subsequent time apply to the Authority to have such suspension lifted or to be reinstated as a Party. The Parties

and the Panel shall give effect to any decision of the Authority pursuant to such application, which shall be final and binding for the purposes of this Code.

**Consequences of Ceasing to be a Party**

M8.13 Where the Panel makes a resolution in respect of a Party in accordance with Section M8.10, then with effect from the time on the date at which such resolutions are effective:

- (a) that Party's accession to this Code shall be terminated, and it shall cease to be a Party; and
- (b) subject to Section M8.14, that Party shall cease to have any rights or obligations under this Code or any Bilateral Agreement.

M8.14 The termination of a Party's accession to this Code shall be without prejudice to:

- (a) those rights and obligations under this Code and/or any Bilateral Agreement that may have accrued prior to such termination; or
- (b) those provisions of this Code or any Bilateral Agreement that are expressly or by implication intended to survive such termination, including Sections A (Definitions and Interpretation), J (Charges), M2 (Limitations of Liability), M5 (Intellectual Property Rights), M7 (Dispute Resolution), M10 (Notices), and M11 (Miscellaneous).

**M9 TRANSFER OF DCC LICENCE**

**Introduction**

M9.1 This Section M9 is included in accordance with Condition 22 of the DCC Licence, and provides for the transfer of (amongst other things) the DCC's interest in this Code to a Successor Licensee.

**Application and Interpretation of this Section M9**

M9.2 This Section M9 shall only apply where two persons hold a DCC Licence at the same time. In such circumstances:

- (a) “**Transfer Date**” has the meaning given to that expression in Condition 43 of the earlier of the two DCC Licences;
- (b) until the Transfer Date, the holder of the earlier DCC Licence shall be “**the DCC**” for the purposes of this Code, and the holder of the later DCC Licence shall be “**the Successor Licensee**”; and
- (c) from the Transfer Date, all references in this Code to “**the DCC**” shall be references to the holder of the later DCC Licence.

**Novation Agreement**

M9.3 Where this Section M9 applies, the DCC and the Successor Licensee shall each enter into a novation agreement in a form approved by the Authority.

M9.4 Such novation agreement will, with effect from the Transfer Date, novate to the Successor Licensee all rights and obligations of the DCC under the agreements referred to in Section M9.5 (including all rights obligations and liabilities of the DCC that may have accrued in respect of the period prior to the Transfer Date).

M9.5 Such novation agreement shall be in respect of the following agreements:

- (a) the Framework Agreement;
- (b) all Accession Agreements; and

(c) all Bilateral Agreements.

M9.6 The DCC shall enter into such novation agreement in (to the extent applicable) its own right, and also (to the extent applicable) on behalf of the Parties (which shall include SECCo) that are counterparties to the agreements referred to in Section M9.5.

**DCC Authority to enter into Accession Agreements**

M9.7 Each Party (which shall include SECCo) hereby irrevocably and unconditionally authorises the DCC to execute and deliver, on behalf of such Party, a novation agreement as envisaged by this Section M9.

**Co-operation**

M9.8 Each Party shall do all such things as the Panel may reasonably request in relation to the novation of the agreements referred to in Section M9.5 from the DCC to the Successor DCC.

**M10 NOTICES**

**DCC User Gateway, Self-Service Interface and Registration Data**

M10.1 Certain communications are to be sent:

- (a) via the DCC User Gateway in accordance with Section H3 (DCC User Gateway);
- (b) via the Self-Service Interface in accordance with Section H8 (Service Management, Self-Service Interface and Service Desk); or
- (c) under and in accordance with Section E (Registration Data).

**Other Notices**

M10.2 Save as provided in Section M10.1, any notice or other communication to be made by one Party to another Party under or in connection with this Code or any Bilateral Agreement shall be in writing and shall be:

- (a) delivered personally or by courier;
- (b) sent by first class prepaid post; or
- (c) sent by fax or email.

M10.3 All notices and communications as described in Section M10.2 shall be sent to the physical address, fax number or email address specified for such purpose in the relevant Party's Party Details. Where no fax or email address is specified for a particular type of notice or communication, notice may not be given in that manner.

M10.4 Subject to Section M10.5, all notices and communications as described in Section M10.2 shall be deemed to be received by the recipient:

- (a) if delivered personally or by courier, when left at the address set out for such purpose in the relevant Party's Party Details;
- (b) if sent by first class prepaid post, two Working Days after the date of posting;
- (c) if sent by fax, upon production by the sender's equipment of a transmission

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report indicating that the fax was sent to the fax number of the recipient in full without error (provided that a copy of the notice is sent by personal or courier delivery or by first class prepaid post within 1 Working Day after the fax is sent); and

- (d) if sent by email, one hour after being sent, unless an error message is received by the sender in respect of that email before that hour has elapsed (provided that a copy of the notice is sent by personal or courier delivery or by first class prepaid post within 1 Working Day after the email is sent).

M10.5 Any notice that would otherwise be deemed to be received on a day that is not a Working Day, or after 17.30 hours on a Working Day, shall be deemed to have been received at 9.00 hours on the next following Working Day.

#### **The Panel, Code Administrator, Secretariat and SECCo**

M10.6 Notices between a Party and any of the Panel, the Code Administrator, the Secretariat or SECCo shall also be subject to this Section M. Notices to any of the Panel, the Code Administrator, the Secretariat or SECCo shall be sent to the relevant address given for such purpose, from time to time, on the Website (or, in the absence of any such address, to SECCo's registered office).

#### **Process Agent**

M10.7 Any Party (being a natural person) who is not resident in Great Britain or (not being a natural person) which is not incorporated in Great Britain shall, as part of its Party Details, provide an address in Great Britain for service of process on its behalf in any proceedings under or in relation to this Code and/or any Bilateral Agreement. Where any such Party fails at any time to provide such address, such Party shall be deemed to have appointed SECCo as its agent to accept such service of process on its behalf.

**M11 MISCELLANEOUS**

**Entire Code**

M11.1 This Code and any document referred to herein represents the entirety of the contractual arrangements between the Parties in relation to the subject matter of this Code. This Code and any document referred to herein supersedes any previous contract between any of the Parties with respect to the subject matter of this Code.

M11.2 Each Party confirms that, except as provided in this Code and without prejudice to any claim for fraudulent misrepresentation, it has not relied on any representation, warranty or undertaking which is not contained in this Code or any document referred to herein.

**Severability**

M11.3 If any provision of this Code shall be held to be invalid or unenforceable by a judgement or decision of any Competent Authority, that provision shall be deemed severable and the remainder of this Code shall remain valid and enforceable to the fullest extent permitted by law.

**Waivers**

M11.4 The failure by any Party to exercise, or the delay by any Party in exercising, any right, power, privilege or remedy provided under this Code or by law shall not constitute a waiver thereof nor of any other right, power, privilege or remedy. No single or partial exercise of any such right, power, privilege or remedy shall preclude any future exercise thereof or the exercise of any other right, power, privilege or remedy.

**Third Party Rights**

M11.5 The following persons shall be entitled to enforce the following rights in accordance with the Contracts (Rights of Third Parties) Act 1999:

- (a) the person referred to in Sections C3.12 (Protections for Panel Members and Others) and M2.13(a) (Other Matters) shall be entitled to enforce the respective rights referred to in those Sections; and

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- (b) the Approved Finance Party for each Communications Hub Finance Facility shall be entitled to exercise and/or enforce the following rights of the DCC in respect of the Communications Hub Finance Charges relating to that facility where the Authority has determined that the DCC is unwilling or unable to do so:
- (i) the right to calculate the amount of the Communications Hub Finance Charges arising as a result of that event (provided in such circumstances that the Approved Finance Party must demonstrate to the satisfaction of the Authority that the amount of the charges so calculated will in aggregate be no more than the amount contractually due and payable (but unpaid) by the DCC to the Approved Finance Party in respect of that event);
  - (ii) the right to invoice the Users in respect of the Communications Hub Finance Charges arising as a result of the Communications Hub Finance Acceleration Event (whether in the amount calculated by the DCC in accordance with this Code, or in the amount calculated by the Approved Finance Party and approved by the Authority under Section M11.5(b)); and/or
  - (iii) the right to enforce payment by the Users in accordance with this Code of the amount of Communications Hub Finance Charges invoiced in accordance with this Code,

and the payment of any amount by a User to an Approved Finance Party pursuant to this Section M11.5(b) shall satisfy that User's obligation to pay that amount to the DCC.

M11.6 Subject to Section M11.5, the Parties do not intend that any of the terms or conditions of this Code will be enforceable by a third party (whether by virtue of the Contracts (Rights of Third Parties) Act 1999 or otherwise).

M11.7 Notwithstanding that a person who is not a Party has the right to exercise and/or enforce particular rights in accordance with Section M11.5, the Parties may vary or terminate this Code in accordance with its terms without requiring the consent of any

such person.

**Assignment and Sub-contracting**

M11.8 Without prejudice to a Party's right to appoint agents to exercise that Party's rights, no Party may assign any of its rights under this Code without the prior written consent of the other Parties.

M11.9 Any Party may sub-contract or delegate the performance of any or all of its obligations under this Code to any appropriately qualified and experienced third party, but such Party shall at all times remain liable for the performance of such obligations (and for the acts and omissions of such third party, as if they were the Party's own). It is expressly acknowledged that the DCC has sub-contracted a number of its obligations under this Code to the DCC Service Providers.

**Agency**

M11.10 Nothing in this Code shall create, or be deemed to create, a partnership or joint venture or relationship of employer and employee or principal and agent between the Parties and no employee of one Party shall be deemed to be or have become an employee of another Party.

M11.11 No Party shall:

- (a) pledge the credit of another Party;
- (b) represent itself as being another Party, or an agent, partner, employee or representative of another Party; or
- (c) hold itself out as having any power or authority to incur any obligation of any nature, express or implied, on behalf of another Party.

**Derogations**

M11.12 A Party that holds an Energy Licence shall not be obliged to comply with its obligations under this Code to the extent to which such Party has the benefit of a derogation from the obligation to do so granted by the Authority under such Energy Licence.

**Law and Jurisdiction**

M11.13 This Code and any dispute or claim arising out of or in connection with it (including non-contractual claims) shall be governed by, and construed in accordance with, the laws of England and Wales.

M11.14 In relation to any dispute or claim arising out of or in connection with this Code (including in respect of non-contractual claims), each Party (subject to Section M7 (Dispute Resolution)) irrevocably agrees to submit to the exclusive jurisdiction of the courts of England and Wales and of Scotland. For the avoidance of doubt, the foregoing shall not limit a Party's right to enforce a judgment or order in any other jurisdiction.

**SECCo**

M11.15 The provisions of this Section M11 (and the definitions used in this Section) shall apply to SECCo as if SECCo was a Party.

## SECTION T – TESTING DURING TRANSITION

### T1 DEVICE SELECTION METHODOLOGY

#### Overview

T1.1 The Device Selection Methodology is the methodology for determining the Devices that are to be used by the DCC for the purposes of Systems Integration Testing and Interface Testing.

#### Use of Devices

T1.2 Systems Integration Testing and Interface Testing are to be undertaken using (to the extent reasonably practicable) actual Devices (rather than Test Stubs or other alternative arrangements).

#### Device Selection Methodology

T1.3 The DCC shall develop, publish (including on the DCC Website) and comply with a methodology (the “**Device Selection Methodology**”) concerning the selection and de-selection of Devices for the purposes of Systems Integration Testing and Interface Testing. The Device Selection Methodology shall include provision for the DCC to:

- (a) (save for Communications Hubs) select as many different Device Models as the DCC considers appropriate in order to demonstrate in a timely manner that the Testing Objectives have been achieved; provided that the DCC shall select at least the first two Gas Meter Device Models and at least the first two Electricity Meter Device Models offered that meet the criteria set out in Sections T1.4 and T1.6;
- (b) (save for Communications Hubs) select the Device Models in accordance with the selection criteria described in Sections T1.4 and T1.6;
- (c) (save for Communications Hubs) publish an invitation to submit Device Models for selection (such publication to be in a manner likely to bring it to the attention of Parties and Manufacturers), such invitation to require Devices to be offered for use on reasonable terms specified by the DCC and from a certain date;

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- (d) de-select a Device Model if that Device Model is subsequently found to not comply with the criteria set out in Section T1.4(a), with respect to which the methodology shall describe the process to be followed by the DCC in such circumstances and provide for an appeal by a Party or a Manufacturer to the Panel. The Panel's decision on such matter may then be appealed to the Authority (or, where the Secretary of State so directs, to the Secretary of State or such other person as the Secretary of State directs) for final determination of disputes regarding whether or not a Device Model does comply with the requirements of Section T1.4(a); and
- (e) select Communications Hubs comprising Devices of the Device Models that the DCC first proposes to make available to Supplier Parties pursuant to the Communications Hub Services (which Device Models must be CHTS compliant, save that they need not have DLMS Certificates or CPA Certificates at the start of Systems Integration Testing).

T1.4 In selecting Devices (other than those comprising Communications Hubs), the DCC shall apply the following minimum selection criteria in the following order of priority:

- (a) first, that the Devices are SMETS compliant; provided that such Device Models need not have a CPA Certificate until CPA Certificates are generally available for the relevant Device Type, and the DCC need only switch to the Device Model with a CPA Certificate where it is reasonably practicable to do so with regard to the timely achievement of the Testing Objectives;
- (b) second, that at least two of the Gas Meter Device Models and at least two of the Electricity Meter Device Models are Device Models of a Manufacturer which is not the Manufacturer (or an Affiliate of the Manufacturer) of the Communications Hubs that the DCC first proposes to make available to Supplier Parties pursuant to the Communications Hub Services; and
- (c) third, that there are likely to be sufficient Devices available for Systems Integration Testing and Interface Testing.

T1.5 Where the DCC is not able to select Devices that meet all the criteria set out in Section T1.4, it may relax the requirements in the following order until it is able to

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select Devices: first the criteria in Section T1.4(c), then those in Section T1.4(b) and then those in Section T1.4(a). Following this, where the DCC is still not able to select Devices, the DCC shall use such alternative equipment or Test Stubs as it considers appropriate to best facilitate achievement of the SIT and Interface Testing Objectives in a timely manner.

- T1.6 In addition to the minimum selection criteria set out in Section T1.4, the Device Selection Methodology may also include any other reasonable criteria that the DCC considers appropriate and that are consistent with those set out in Section T1.4.

### **Appeal of Methodology**

- T1.7 Within the 14 days after publication of the Device Selection Methodology under Section T1.3, any person that is a Party and/or a Manufacturer may refer the methodology to the Authority (or, where the Secretary of State so directs, to the Secretary of State or such other person as the Secretary of State directs) to determine whether the methodology meets the requirements of this Section T1 (which determination shall be final and binding for the purposes of this Code).
- T1.8 Following a referral in accordance with Section T1.7, the DCC shall comply with any directions of the person making the determination thereunder to reconsider and/or amend the Device Selection Methodology. The DCC shall republish (including on the DCC Website) the methodology as so amended, and the provisions of Section T1.7 and this Section T1.8 shall apply to any such amended methodology.

### **Compliance with Methodology**

- T1.9 Following its decision on which Device Models (or alternative arrangements) to select pursuant to the Device Selection Methodology, the DCC shall publish its decision on the DCC Website together with its reasons for selecting those Device Models (or alternative arrangements).
- T1.10 Where any Party and/or Manufacturer believes that the DCC has not complied with the Device Selection Methodology as published from time to time in accordance with this Section T1, then such person may refer the matter to be determined by the Panel. The Panel's decision on such matter may be appealed to the Authority (or, where the Secretary of State so directs, to the Secretary of State or such other person as the

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Secretary of State directs), whose decision shall be final and binding for the purposes of this Code.

## T2 SYSTEMS INTEGRATION TESTING

### Overview

T2.1 Systems Integration Testing tests the capability of the DCC and the component parts of the DCC Systems together with the Communications Hubs selected pursuant to Section T1 to interoperate with each other and with the RDP Systems.

### SIT Objective

T2.2 The objective of Systems Integration Testing (the “**SIT Objective**”) is to demonstrate that the DCC and the component parts of the DCC Systems together with the Communications Hubs selected pursuant to Section T1 interoperate with each other and with the RDP Systems to the extent necessary in order that:

(a) the DCC is capable of complying with its obligations under Sections E (Registration Data), F (Smart Metering System Requirements), G (Security) and H (DCC Services) and of providing CHTS-compliant Communications Hubs; and

(b) the Registration Data Providers are capable of complying with the obligations under Section E (Registration Data) with which the Network Parties are obliged to procure that the Registration Data Providers comply,

in each case at levels of activity commensurate with the Projected Operational Service Levels. For such purposes, the Sections referred to in this Section T2.2 shall be construed by reference to the decision documents published by the Secretary of State concerning the intended enduring provisions of those Sections (regardless of whether those provisions have yet been incorporated into this Code, or whether those provisions are stated not yet to apply under Section X (Transition)).

T2.3 Systems Integration Testing is to be undertaken on a Region-by-Region basis and an RDP-System-by-RDP-System basis; such that the SIT Objective is to be achieved in respect of each Region and each RDP System separately.

### SIT Approach Document

T2.4 The DCC shall develop a document (the “**SIT Approach Document**”) which sets out:

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- (a) the reasonable entry criteria to be satisfied with respect to each Registration Data Provider prior to commencement of Systems Integration Testing in respect of that Registration Data Provider;
- (b) the manner in which Systems Integration Testing is to be undertaken, including the respective obligations of the DCC, and each Registration Data Provider;
- (c) a reasonable timetable for undertaking and completing Systems Integration Testing;
- (d) the frequency and content of progress reports concerning Systems Integration Testing to be provided by the DCC to the Panel (which the Panel shall publish on the Website), which reports must include details of Testing Issues identified and resolved and of any problems and solutions encountered with respect to Devices;
- (e) (to the extent it is not reasonably practicable to use actual Devices) details of the alternative arrangements (which may include Test Stubs) to be used in their place (together with an explanation of how such arrangements will provide sufficient assurance that the SIT Objective has been met), in which case there must also be a process describing whether and how to switch to the use of actual Devices as they become available;
- (f) where a Device Model is de-selected pursuant to the Device Selection Methodology, the process for switching to an alternate Device Model where practicable, or otherwise to Tests Stubs or an alternative arrangement;
- (g) a Good Industry Practice methodology for determining whether the SIT Objective has been achieved in respect of each Region and each RDP System, including details of the exit criteria to be achieved and the level of assurance that will be delivered by achievement of those exit criteria (provided that one such exit criteria for each Region must include the successful use of CHTS-compliant Communications Hubs in that Region, save that such Communications Hubs need not have CPA Certificates);
- (h) that the DCC will publish a report where the DCC considers that the exit

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criteria referred to in (g) above have been achieved for a Region or an RDP System (providing evidence of such achievement in such report), having consulted with each Registration Data Provider in relation to the exit criteria applicable to that Registration Data Provider; and

- (i) how an auditor that is sufficiently independent of the DCC and the DCC Service Providers in relation to the matters being tested will monitor Systems Integration Testing, and confirm that the exit criteria referred to in (g) above have been achieved for a Region or an RDP System (such independent auditor to be appointed by the DCC on terms consistent with Good Industry Practice).

#### **Approval of SIT Approach Document**

- T2.5 The DCC shall submit the SIT Approach Document to the Panel for the Panel's approval as fit for the purposes envisaged by this Section T2.
- T2.6 The DCC shall not submit the SIT Approach Document to the Panel under Section T2.5 until after the DCC has first published the Device Selection Methodology.
- T2.7 Before submitting the SIT Approach Document to the Panel, the DCC shall consult with the Registration Data Providers regarding the SIT Approach Document. When submitting the SIT Approach Document to the Panel, the DCC shall also submit copies of the consultation responses received from the Registration Data Providers. In addition, the DCC shall publish such consultation responses (to the extent not marked confidential) on the DCC Website.
- T2.8 Where the Panel decides not to approve the SIT Approach Document submitted for approval, the Panel shall notify such decision to the DCC and the Registration Data Providers giving the reasons why it considers that it is not fit for the purposes envisaged in this Section T2. In such circumstances, the DCC shall:
  - (a) revise the document to address such reasons;
  - (b) re-consult with the Registration Data Providers; and
  - (c) re-submit the document to the Panel for approval and comply with Section T2.7 (following which this Section T2.8 or Section T2.9 shall apply).

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T2.9 Where the Panel decides to approve the SIT Approach Document submitted for approval, the Panel shall notify such decision to the DCC and the Registration Data Providers. In such circumstances, the DCC and each Registration Data Provider shall have the ability (within the 14 days after notification by the Panel) to refer the matter to the Authority (or, where the Secretary of State so directs, to the Secretary of State or such other person as the Secretary of State directs) to determine whether the SIT Approach Document should be approved as fit for the purposes envisaged by this Section T2, or should be revised by the DCC in accordance with Section T2.8 (which determination shall be final and binding for the purposes of this Code).

### **Commencement of Systems Integration Testing**

T2.10 Subject to Section T2.11, once the SIT Approach Document has been approved by the Panel, the DCC shall publish the approved document on the DCC Website and give at least 3 months' (or such shorter period as the Secretary of State may direct) notice to the Registration Data Providers of the date on which Systems Integration Testing is to commence.

T2.11 Where the Panel's approval of the SIT Approach Document is appealed by one or more Registration Data Providers, the DCC shall nevertheless publish the document and give notice under Section T2.10 insofar as the document relates to the other Registration Data Providers. Where the Panel's approval of the SIT Approach Document is appealed by one or more Registration Data Providers or the DCC, the Panel may nevertheless direct that the matter appealed is not of a nature that should delay notice under Section T2.10, in which case the DCC shall publish the document and give notice under Section T2.10 (noting the appeal). Subject to the foregoing provisions of this Section T2.11, the DCC shall not publish the document and give notice under Section T2.10 where the Panel's decision has been appealed under Section T2.9 (pending approval of the document thereunder).

T2.12 Prior to the commencement of Systems Integration Testing, the DCC shall assess whether or not each Registration Data Provider meets the entry criteria referred to in Section T2.4(a), and report to the Registration Data Provider and the Panel on the same. Each Network Party shall ensure that its Registration Data Provider:

(a) cooperates with the DCC in its assessment of whether the Registration Data

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Provider meets the entry criteria referred to in Section T2.4(a);

- (b) takes all reasonable steps to meet those entry criteria by the date required in accordance with the SIT Approach Document; and
- (c) notifies the Panel and the DCC as soon as reasonably practicable if the Registration Data Provider considers that it will not meet those criteria by that date.

T2.13 Systems Integration Testing in respect of each Registration Data Provider shall only commence once the Registration Data Provider meets the entry criteria referred to in Section T2.4(a). Any disagreement between the DCC and a Registration Data Provider as to whether the Registration Data Provider has met such entry criteria shall be determined by the Panel, provided that such disagreement must be notified to the Panel within 14 days of the DCC notifying its assessment to the Registration Data Provider. The Panel's decision on such matter may (within 14 days after the Panel's decision) be appealed to the Authority (or, where the Secretary of State so directs, to the Secretary of State or such other person as the Secretary of State directs), whose decision shall be final and binding for the purposes of this Code.

### **Systems Integration Testing**

T2.14 The DCC shall comply with its obligations under the approved SIT Approach Document. The DCC shall use its reasonable endeavours to ensure that Systems Integration Testing is completed as soon as it is reasonably practicable to do so.

T2.15 Each Network Party shall ensure that its Registration Data Provider complies with its obligations under the approved SIT Approach Document.

T2.16 Where requested by the DCC and/or a Registration Data Provider, each Party shall take all reasonable steps to do all such things as are within its power and necessary or expedient in order to facilitate achievement of the SIT Objective.

T2.17 Where the DCC wishes to make amendments to the SIT Approach Document, the DCC shall consult with the Registration Data Providers regarding those amendments and submit those amendments to the Panel (in accordance with Section T2.7) for approval (following which Section T2.8 or T2.9 and Section T2.11 shall apply).

**Completion of Systems Integration Testing**

T2.18 Systems Integration Testing shall be completed (in respect of each Region or RDP System) once the DCC has published (including on the DCC Website):

- (a) its report in accordance with the SIT Approach Document demonstrating that the exit criteria have been met in respect of that Region or RDP System (as envisaged by Section T2.4(h)); and
- (b) the independent auditor's report to the DCC in accordance with the SIT Approach Document confirming that the exit criteria have been met in respect of that Region or RDP System (as envisaged by Section T2.4(i)).

T2.19 As soon as reasonably practicable following completion of Systems Integration Testing (in respect of each Region and each RDP System) the DCC shall give notice of the same to the Panel, the Parties and to the Authority.

**Testing Issues**

T2.20 Each Registration Data Provider shall be deemed to be a Testing Participant for the purposes of Section H14 and may raise a Testing Issue in respect of Systems Integration Testing.

**T3 INTERFACE TESTING**

**Overview**

T3.1 Interface Testing tests the capability of the DCC and the DCC Systems together with the Communications Hubs selected pursuant to Section T1 to interoperate with User Systems.

**Interface Testing Objective**

T3.2 The objective of Interface Testing (the “**Interface Testing Objective**”) is to demonstrate that the DCC and the DCC Systems together with the Communications Hubs selected pursuant to Section T1 interoperate with User Systems to the extent necessary in order that:

- (a) the DCC is capable of complying with its obligations under Sections E (Registration Data), F (Smart Metering System Requirements), G (Security) and H (DCC Services) and of providing CHTS-compliant Communications Hubs (in each case) at levels of activity commensurate with the Projected Operational Service Levels; and
- (b) Parties who wish to do so, and who are ready to do so in accordance with the entry criteria for the User Entry Process Tests, are able to undertake and complete the User Entry Process Tests (pursuant to Section H14 (Testing Services)).

T3.3 For the purposes of Section T3.2, the Sections referred to in that Section shall be construed by reference to the decision documents published by the Secretary of State concerning the intended enduring provisions of those Sections (regardless of whether those provisions have yet been incorporated into this Code, or whether those provisions are stated not yet to apply under Section X (Transition)).

T3.4 Interface Testing is to be undertaken on a Region-by-Region basis; such that the Interface Testing Objective is to be demonstrated in respect of each Region separately. Interface Testing for a Region cannot be completed until Systems Integration Testing has been completed for that Region, but Interface Testing for one Region may be run concurrently with Systems Integration Testing for another Region

to the extent it is reasonably practicable to do so.

**Concurrent Provision of Interface Testing and Testing Services**

- T3.5 Prior to the start of Interface Testing, the DCC may recommend to the Panel, having regard to the overriding objective of completing Interface Testing in a timely manner, that the Testing Services should be provided from the commencement of or from some point during Interface Testing. Where the DCC so recommends, it must provide a report to the Panel on the benefits and risks of the DCC providing the Testing Services in parallel with Interface Testing (rather than following completion of Interface Testing).
- T3.6 Where the Panel agrees with the DCC’s recommendation pursuant to Section T3.5, then the DCC shall provide the relevant Testing Services from the time recommended as if the relevant provisions of Section H14 (Testing Services) had effect from that time.

**Interface Testing Approach Document**

- T3.7 The DCC shall develop a document (the “**Interface Testing Approach Document**”) which sets out:
- (a) the reasonable entry criteria to be satisfied with respect to the DCC Systems, the Communications Hubs selected pursuant to Section T1, and the RDP Systems prior to commencement of Interface Testing in each Region;
  - (b) the entry criteria to be met by the Large Supplier Parties (or, where directed pursuant to Section T3.20, the Network Parties) prior to their commencing the User Entry Process Tests (which criteria shall be consistent with the relevant requirements of Section H14 (Testing Services), subject only to amendments reasonably required for the purposes of Interface Testing);
  - (c) the manner in which Interface Testing is to be undertaken, including the respective obligations of the DCC, each other Party and each Registration Data Provider;
  - (d) a reasonable timetable for undertaking and completing Interface Testing;

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- (e) the frequency and content of progress reports concerning Interface Testing to be provided by the DCC to the Panel (which the Panel shall publish on the Website), which reports must include details of Testing Issues identified and resolved and of any problems and solutions encountered with respect to Devices;
- (f) (to the extent it is not reasonably practicable to use actual Devices) details of the alternative arrangements (which may include Test Stubs) to be used in their place (together with an explanation of how such arrangements will provide sufficient assurance that the Interface Testing Objective has been met), in which case there must also be a process describing whether and how to switch to the use of actual Devices as they become available;
- (g) where a Device Model is de-selected pursuant to the Device Selection Methodology, the process for switching to an alternate Device Model where practicable, or otherwise to Tests Stubs or an alternative arrangement;
- (h) the process by which the DCC will facilitate the Large Supplier Parties (or, where directed pursuant to Section T3.20, the Network Parties) undertaking and completing the User Entry Process Tests (which process shall be consistent with the relevant requirements of Section H14 (Testing Services), subject only to amendments reasonably required for the purposes of Interface Testing and so that such Parties liaise directly with the DCC rather than via the Code Administrator);
- (i) (where applicable pursuant to Section T3.6) the process by which the DCC will provide Testing Services as if Section H14 (Testing Services) had effect (which process shall be consistent with the requirements of Section H14 (Testing Services), subject to amendments necessary to give priority to completion of the User Entry Process Tests by the Supplier Parties);
- (j) a Good Industry Practice methodology for determining whether or not the Interface Testing Objective has been achieved in respect of each Region and by each of those Parties who are obliged by this Section T3 to undertake the User Entry Process Tests, including details of the exit criteria to be achieved and the level of assurance that will be delivered by achievement of those exit

criteria; and

- (k) how the DCC will report to the Panel where the DCC considers that the exit criteria referred to in (j) above have been achieved in respect of a Region or Party (providing evidence of such achievement), having consulted with the Registration Data Providers and the Parties who are obliged by this Section T3 to undertake the User Entry Process Tests.

**Approval of Interface Testing Approach Document**

- T3.8 The DCC shall submit the Interface Testing Approach Document to the Panel for the Panel's approval as fit for the purposes envisaged by this Section T3.
- T3.9 Before submitting the Interface Testing Approach Document to the Panel, the DCC shall consult with the other Parties, the Panel and the Registration Data Providers regarding the Interface Testing Approach Document. When submitting the Interface Testing Approach Document to the Panel, the DCC shall also submit copies of the consultation responses received from the other Parties or the Registration Data Providers. In addition, the DCC shall publish such consultation responses (to the extent not marked confidential) on the DCC Website.
- T3.10 Where the Panel decides not to approve the Interface Testing Approach Document submitted for approval, the Panel shall notify such decision to the DCC and the other Parties giving reasons for such decision. In such circumstances, the DCC shall:
  - (a) revise the document to address such reasons;
  - (b) re-consult with the other Parties and the Registration Data Providers; and
  - (c) re-submit the document to the Panel for approval and comply with Section T3.9 (following which this Section T3.10 or Section T3.11 shall apply).
- T3.11 Where the Panel decides to approve the Interface Testing Approach Document submitted for approval, the Panel shall notify such decision to the DCC, the other Parties and the Registration Data Providers giving reasons for such decision. In such circumstances, the DCC and each other Party and each Registration Data Provider shall have the ability (within the 14 days after notification by the Panel) to refer the matter to the Authority (or, where the Secretary of State so directs, to the Secretary of

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State or such other person as the Secretary of State directs) to determine whether the Interface Testing Approach Document should be approved as fit for the purposes envisaged by this Section T3, or should be revised by the DCC in accordance with Section T3.10 (which determination shall be final and binding for the purposes of this Code).

#### Commencement of Interface Testing

- T3.12 Subject to Section T3.13, once the Interface Testing Approach Document has been approved by the Panel, the DCC shall publish the approved document on the DCC Website and give at least 6 months' (or such shorter period as the Secretary of State may direct) notice to the other Parties of the date on which Interface Testing is to commence.
- T3.13 Where the Panel's approval of the Interface Testing Approach Document is appealed by one or more persons, the Panel may nevertheless direct that the matter appealed is not of a nature that should delay notice under Section T3.12, in which case the DCC shall publish the document and give notice under Section T3.12 (noting the appeal). Subject to the foregoing provisions of this Section T3.13, the DCC shall not publish the Interface Testing Approach Document and give notice under Section T3.12 where the Panel's decision has been appealed under Section T3.11 (pending the approval of the document thereunder).
- T3.14 Prior to the commencement of Interface Testing, the DCC shall assess whether or not each Large Supplier Party (and, where directed pursuant to Section T3.20, each Network Party) meets the entry criteria referred to in Section T3.7(b), and report to the Panel and that Party on the same. Each Large Supplier Party (and, where directed pursuant to Section T3.20, each Network Party) shall:
- (a) take all reasonable steps to ensure that it meets the entry criteria referred to in Section T3.7(b) by the date required in accordance with the Interface Testing Approach Document; and
  - (b) notify the Panel and the DCC as soon as reasonably practicable if the Party considers that it will not meet those criteria by that date.
- T3.15 Each Party referred to in Section T3.14 shall only be entitled to commence the User

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Entry Process Tests once it meets the entry criteria referred to in Section T3.7(b). Any disagreement between the DCC and such a Party as to whether that Party has met such entry criteria shall be determined by the Panel, provided that such disagreement must be notified to the Panel within 14 days of the DCC notifying its assessment to that Party. The Panel's decision on such matter may (within 14 days after the Panel's decision) be appealed to the Authority (or, where the Secretary of State so directs, to the Secretary of State or such other person as the Secretary of State directs), whose decision shall be final and binding for the purposes of this Code.

#### **Interface Testing**

- T3.16 The DCC shall comply with its obligations under the approved Interface Testing Approach Document. The DCC shall use its reasonable endeavours to ensure that Interface Testing is completed as soon as it is reasonably practicable to do so.
- T3.17 Each Network Party shall ensure that its Registration Data Provider complies with its obligations under the approved Interface Testing Approach Document.
- T3.18 Each Party that undertakes the User Entry Process Tests (or uses any other Testing Services made available pursuant to Section T3.6) prior to completion of Interface Testing shall do so in accordance with Section H14 (Testing Services) and the approved Interface Testing Approach Document.
- T3.19 Each Large Supplier Party shall use its reasonable endeavours to commence the User Entry Process Tests as soon as reasonably practicable (in respect of the User Roles of 'Import Supplier' and/or 'Gas Supplier', depending on which Energy Supply Licence or Energy Supply Licences it holds). Each Large Supplier Party shall, on request, notify the Panel and the DCC of the Party's progress towards completing such User Entry Process Tests.
- T3.20 Where directed to do so by the Secretary of State, each Network Party shall use its reasonable endeavours to commence the User Entry Process Tests as soon as reasonably practicable (in respect of the User Roles of 'Electricity Distributor' or 'Gas Transporter', as applicable). Following any such direction, each Network Party shall, on request, notify the Panel and the DCC of the Party's progress towards completing such User Entry Process Tests.

T3.21 Where the DCC wishes to make amendments to the Interface Testing Approach Document, the DCC shall consult with the Parties regarding those amendments and submit those amendments to the Panel (in accordance with Section T3.9) for approval (following which Section T3.10 or T3.11 and Section T3.13 shall apply).

**Completion of Interface Testing**

T3.22 The DCC shall, once the DCC considers that the exit criteria (as envisaged by Section T3.7(j)) have been met in respect of any Region or any Party, in accordance with the Interface Testing Approach Document:

- (a) publish (including on the DCC Website) a report evidencing that such criteria have been met; and
- (b) apply to the Panel to determine whether or not such exit criteria have been met,

and the DCC may either (as it reasonably considers appropriate in accordance with the Interface Testing Objective) do so in respect of individual Regions or Parties or some or all of the Regions or Parties collectively.

T3.23 On application of the DCC pursuant to Section T3.22, the Panel shall determine whether or not the exit criteria have been met. The Panel shall notify its decision to the Parties and the Authority. The Panel shall give reasons for its decision, and shall publish its decision on the Website.

T3.24 Subject to Section T3.25, Interface Testing shall be completed once the Panel has determined that the exit criteria referred to Section T3.7(j) have been met in respect of:

- (a) each and every Region;
- (b) at least two Large Supplier Parties who are not an Affiliate of one another in respect of the 'Import Supplier' User Role, and at least two Large Supplier Parties who are not an Affiliate of one another in respect of the 'Gas Supplier' User Role; and
- (c) (only where applicable pursuant to Section T3.20) at least one Network Party

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in respect of the 'Electricity Distributor' User Role, and at least one Network Party in respect of the 'Gas Transporter' User Role.

T3.25 Each Party shall have the ability (within the 14 days after notification by the Panel) to refer each of the Panel's decision pursuant to Section T3.23 to the Authority (or, where the Secretary of State so directs, to the Secretary of State or such other person as the Secretary of State directs) to determine whether or not the exit criteria have been met in respect of the Region or Party in question (which determination shall be final and binding for the purposes of this Code).

T3.26 Where, following the application of the DCC pursuant to Section T3.22, the Panel or the Authority determines that one or more of the exit criteria have not been met, the DCC shall undertake further testing in order to demonstrate that the exit criteria have been met and shall resubmit its report under Section T3.22.

#### **Testing Issues**

T3.27 Each Party participating in Interface Testing shall be deemed to be a Testing Participant for the purposes of Section H14 and may raise a Testing Issue in respect of Interface Testing.

**T4 SMKI AND REPOSITORY TESTING**

**Overview**

T4.1 SMKI and Repository Testing tests the capability of the DCC and the component parts of the DCC Systems together with the Communications Hubs selected pursuant to Section T1 to interoperate with the Systems of Parties to the extent necessary for the SMKI Services and the SMKI Repository Service.

**SRT Objective**

T4.2 The objective of SMKI and Repository Testing (the “**SRT Objective**”) is to demonstrate that the DCC and the DCC Systems together with the Communications Hubs selected pursuant to Section T1 interoperate with each other and with Systems of Parties to the extent necessary in order that:

- (a) the DCC is capable of complying with its obligations under Section L (Smart Metering Key Infrastructure) at (during the period of Interface Testing) the levels of activity reasonably anticipated during the period of Interface Testing, and (thereafter) the levels of activity set out in Section L (Smart Metering Key Infrastructure); and
- (b) Parties who wish to do so, and who are ready to do so in accordance with the entry criteria for the SMKI and Repository Entry Process Tests, are able to undertake and complete the SMKI and Repository Entry Process Tests (pursuant to Section H14 (Testing Services)).

T4.3 For the purposes of Section T4.2, Section L (Smart Metering Key Infrastructure) shall be construed by reference to the decision documents published by the Secretary of State concerning the intended enduring provisions of that Section (regardless of whether those provisions have yet been incorporated into this Code, or whether those provisions are stated not yet to apply under Section X (Transition)).

**SRT Approach Document**

T4.4 The DCC shall develop a document (the “**SRT Approach Document**”) which sets out:

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- (a) the reasonable entry criteria to be satisfied with respect to the DCC, the DCC Systems and the Communications Hubs selected pursuant to Section T1 prior to commencement of SMKI and Repository Testing;
- (b) the entry criteria to be met by each Party prior to its participating in SMKI and Repository Testing (which criteria shall be consistent with the relevant requirements of Section H14 (Testing Services), subject only to amendments reasonably required for the purposes of SMKI and Repository Testing);
- (c) the manner in which SMKI and Repository Testing is to be undertaken, including the respective obligations of the DCC and each other Party;
- (d) a reasonable timetable for undertaking and completing SMKI and Repository Testing;
- (e) the frequency and content of progress reports concerning SMKI and Repository Testing to be provided by the DCC to the Panel (which the Panel shall publish on the SEC Website) which reports will include details of Testing Issues identified and their resolution;
- (f) the process by which the DCC will facilitate Parties undertaking and completing the SMKI and Repository Entry Process Tests (which process shall be consistent with the relevant requirements of Section H14 (Testing Services), subject only to amendments reasonably required for the purposes of SMKI and Repository Testing and so that such Parties liaise directly with the DCC rather than via the Code Administrator);
- (g) a Good Industry Practice methodology for determining whether or not the SRT Objective has been achieved, including details of the exit criteria to be achieved and the level of assurance that will be delivered by achievement of those exit criteria; and
- (h) how the DCC will report to the Panel where the DCC considers that the exit criteria referred to in (g) above have been achieved (providing evidence of such achievement), having consulted with the Parties who have participated in SMKI and Repository Testing.

**Approval of SRT Approach Document**

- T4.5 The DCC shall submit the SRT Approach Document to the Panel for the Panel's approval as fit for the purposes envisaged by this Section T4.
- T4.6 Before submitting the SRT Approach Document to the Panel, the DCC shall consult with the other Parties regarding the SRT Approach Document. When submitting the SRT Approach Document to the Panel, the DCC shall also submit copies of the consultation responses received from the other Parties. In addition, the DCC shall publish such consultation responses (to the extent not marked confidential) on the DCC Website.
- T4.7 Where the Panel decides not to approve the SRT Approach Document submitted for approval, the Panel shall notify such decision to the DCC and the other Parties giving reasons for such decision. In such circumstances, the DCC shall:
- (a) revise the document to address such reasons;
  - (b) re-consult with the other Parties; and
  - (c) re-submit the document to the Panel for approval and comply with Section T4.6 (following which this Section T4.7 or Section T4.8 shall apply).
- T4.8 Where the Panel decides to approve the SRT Approach Document submitted for approval, the Panel shall notify such decision to the DCC and the other Parties giving reasons for such decision. In such circumstances, the DCC and each other Party shall have the ability (within the 14 days after notification by the Panel) to refer the matter to the Authority (or, where the Secretary of State so directs, to the Secretary of State or such other person as the Secretary of State directs) to determine whether the SRT Approach Document should be approved as fit for the purposes envisaged by this Section T4, or should be revised by the DCC in accordance with Section T4.7 (which determination shall be final and binding for the purposes of this Code).

**Commencement of SMKI and Repository Testing**

- T4.9 Subject to Section T4.10, once the SRT Approach Document has been approved by the Panel, the DCC shall publish the approved document on the DCC Website and give at least one month's (or such shorter period as the Secretary of State may direct)

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notice to the other Parties of the date on which SMKI and Repository Testing is to commence.

T4.10 Where the Panel's approval of the SRT Approach Document is appealed by one or more persons, the Panel may nevertheless direct that the matter appealed is not of a nature that should delay notice under Section T4.9, in which case the DCC shall publish the document and give notice under Section T4.9 (noting the appeal). Subject to the foregoing provisions of this Section T4.10, the DCC shall not publish the SRT Approach Document and give notice under Section T4.9 where the Panel's decision has been appealed under Section T4.8 (pending the approval of the document thereunder).

*[If, following consultation on this matter, it is concluded that there should be mandatory participation in SMKI testing, then equivalent provisions to those in the section on Interface Testing relating to mandatory participation will be included in this T4.]*

#### **SMKI and Repository Testing**

T4.11 The DCC shall comply with its obligations under the approved SRT Approach Document. The DCC shall use its reasonable endeavours to ensure that SMKI and Repository Testing is completed as soon as it is reasonably practicable to do so.

T4.12 Each Party that undertakes the SMKI and Repository Entry Process Tests pursuant to the SRT Approach Document shall do so in accordance with Section H14 (Testing Services) and the approved SRT Approach Document.

T4.13 Where the DCC wishes to make amendments to the SRT Approach Document, the DCC shall consult with the Parties regarding those amendments and submit those amendments to the Panel (in accordance with Section T4.6) for approval (following which Section T4.7 or T4.8 and Section T4.10 shall apply).

#### **Completion of SMKI and Repository Testing**

T4.14 The DCC shall apply to the Panel once the DCC considers that the exit criteria (as envisaged by Section T4.4(i)) have been met [in respect of at least two Large Supplier Parties who are not an Affiliate of one another]. *[We are considering the approach to*

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*exit criteria as described in the consultation document.]*

- T4.15 On application of the DCC pursuant to Section T4.14, the Panel shall determine whether or not the exit criteria have been met in respect of the Parties referred to in that Section. The Panel shall notify its decision to the Parties and the Authority. The Panel shall give reasons for its decision, and shall publish its decision on the Website.
- T4.16 Subject to Section T4.17, SMKI and Repository Testing shall be completed once the Panel has determined that the exit criteria referred to Section T4.4(i) have been met in respect of the Parties referred to in Section T4.14.
- T4.17 Each Party shall have the ability (within the 14 days after notification by the Panel) to refer the Panel's decision pursuant to Section T4.15 to the Authority (or, where the Secretary of State so directs, to the Secretary of State or such other person as the Secretary of State directs) to determine whether or not the exit criteria have been met in respect of the Parties referred to in Section T4.14 (which determination shall be final and binding for the purposes of this Code).
- T4.18 Where, on the application of the DCC pursuant to Section T4.14, the Panel determines that one or more of the exit criteria have not been met, the DCC shall undertake further testing in order to demonstrate that the exit criteria have been met.

#### **Testing Issues**

- T4.19 Each Party participating in SMKI and Repository Testing shall be deemed to be a Testing Participant for the purposes of Section H14 and may raise a Testing Issue in respect of SMKI and Repository Testing.

**T5 DEVELOPMENT OF TEST SCENARIOS DOCUMENTS**

**Overview**

T5.1 The Common Test Scenarios Document and the SMKI and Repository Test Scenarios Document are to be developed by the DCC pursuant to this Section T5, and incorporated into this Code pursuant to Section X5 (Incorporation of Certain Documents into this Code).

**Purpose of the Test Scenarios Documents**

T5.2 The purpose of each of the Common Test Scenarios Document and the SMKI and Repository Test Scenarios Document is set out in Section H14 (Testing Services).

T5.3 The Common Test Scenarios Document must include test scenarios for testing use of the Self-Service Interface and the DCC User Gateway. In respect of the DCC User Gateway, such tests must include (for each User Role) a requirement for the successful testing of Service Requests for each Service set out in the DCC User Gateway Services Schedule in respect of that User Role.

**Timing**

T5.4 The SMKI and Repository Test Scenarios Document is intended to be published on or around the date on which the SIT Approach Document is published (or by such later date as the Secretary of State may direct).

T5.5 The Common Test Scenarios Document is intended to be published on or around the date on which the Interface Testing Approach Document is published (or by such later date as the Secretary of State may direct).

**Process to Develop Documents**

T5.6 The procedure by which the DCC is to develop each of the Common Test Scenarios Document and the SMKI and Repository Test Scenarios Document is as follows:

- (a) the DCC shall produce draft documents by such date as is reasonably necessary to meet the applicable date under Section T5.4 or T5.5;
- (b) in producing each draft document, the DCC must consult appropriately with

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the Parties;

- (c) where disagreements with the Parties arise concerning the proposed content of either document, the DCC shall seek to reach an agreed solution with them, but without prejudice to the purposes of the document;
- (d) having complied with (b) and (c) above, the DCC shall submit each draft document to the Secretary of State as soon as is reasonably practicable (and by no later than one month before the applicable date under Section T5.4 or T5.5);
- (e) when submitting a draft document under (d) above, the DCC shall indicate to the Secretary of State:
  - (i) why the DCC considers the draft to be fit for purpose; and
  - (ii) any areas of disagreement that arose during the consultation process and that have not been resolved;
- (f) the DCC must comply with the requirements with respect to process and timeframe of any direction that is given by the Secretary of State to resubmit either document.

## SECTION X: TRANSITION

### X1 GENERAL PROVISIONS REGARDING TRANSITION

#### **Overriding Nature of this Section**

X1.1 The provisions of this Section X shall apply notwithstanding, and shall override, any other provision of this Code.

#### **Transition Objective**

X1.2 The objective to be achieved pursuant to this Section X (the “**Transition Objective**”) is the efficient, economical, co-ordinated, timely, and secure process of transition to the Completion of Implementation.

X1.3 The “**Completion of Implementation**” shall occur on the date designated for the purpose of this Section X1.3 by the Secretary of State (or such person as the Secretary of State may designate for the purposes of this Section X1.3), once the Secretary of State (or the person so designated) is of the opinion that:

- (a) the documents referred to in Section X5 and that the Secretary of State (or the person so designated) considers material to the implementation of this Code have been incorporated into this Code in accordance with that Section;
- (b) the provisions of this Code that the Secretary of State (or the person so designated) considers material to the implementation of this Code apply in full without any variation pursuant to this Section X (or, where any such variations do apply, the requirements of Sections X1.3(c) will still be met despite such variations ending in accordance with Section X1.5(a)); and
- (c) each Party that holds an Energy Licence is (or would be had such Party acted in accordance with Good Industry Practice) reasonably able (on the assumption that such Party acts in accordance with Good Industry Practice) to perform its obligations, and to exercise its rights, under this Code to the extent that the Secretary of State (or the person so designated) considers such obligations or rights material to the implementation of this Code.

X1.4 Before designating a date for the purpose of Section X1.3, the Secretary of State (or the person designated for the purposes of this Section X1.3) must consult the Authority, the Panel and the Parties in respect of the proposed date. Such consultation must allow such period of time as the Secretary of State (or the person so designated) considers appropriate in the circumstances within which representations or objections may be made.

**Ending of the Application of this Section X**

X1.5 With effect from the earlier of:

- (a) Completion of Implementation; or
- (b) 31 October 2018,

this Section X (and any variations to this Code provided for in, or made by directions pursuant to, this Section X) shall cease to apply (save as set out in Section X5.5), and this Code shall automatically be modified so as to delete this Section X.

**General Obligations**

X1.6 Each Party shall take all reasonable steps to do all such things as are within its power and necessary or expedient in order to facilitate achievement of the Transition Objective.

X1.7 Each Party shall provide such reasonable co-operation and assistance to the other Parties and to the Panel as may be necessary to facilitate compliance with the provisions of this Section X, and with any variations to this Code provided for in (or made by directions pursuant to) this Section X.

X1.8 Without prejudice to its legal rights, no Party shall take any step, or exercise any right, which is intended to (or might reasonably be expected to) hinder or frustrate the achievement of the Transition Objective.

**Information**

X1.9 Each Party shall provide to the Secretary of State, in such manner and at such times as the Secretary of State may reasonably require, such Data as the Secretary of State may

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reasonably require in order to enable the Secretary of State to assess progress towards (and to facilitate) achievement of the Transition Objective. No Party shall be obliged to provide information under this Section X1.9 where such Party is obliged to provide such information under its Energy Licence, or where such information is expressly excluded from the information that such Party is obliged to provide under its Energy Licence.

X1.10 If a Party is aware of any matter or circumstance which it considers will materially delay or frustrate the achievement of the Transition Objective, that Party shall promptly inform the Secretary of State of such matter or circumstance.

#### **Day-One Elective Communication Services**

X1.11 Where the Secretary of State designates one or more draft Bilateral Agreements for the purposes of this Section X1.11 (each of which drafts must specify the potential Elective Communication Services to be provided thereunder, and the DCC's potential counterparty thereunder), then:

- (a) the DCC shall, within 10 Working Days thereafter, make a formal offer to each of the counterparties in question for the Elective Communication Services in question as if Section H7.12 (Formal Offer) applied;
- (b) such offer shall be on the basis of the draft Bilateral Agreement designated by the Secretary of State (subject only to the addition of the applicable Elective Charges, any termination fee and any credit support requirements);
- (c) the counterparty shall be under no obligation to accept such offer; and
- (d) any agreement entered into pursuant to this Section X1.11 shall be a Bilateral Agreement.

#### **Disputes**

X1.12 In the event of any dispute between the Parties (or between the Panel and any Party) as to whether a particular Party is obliged to undertake a particular activity pursuant to Section X1.6 to X1.11 (inclusive), a Party (or the Panel) may refer the matter to the Secretary of State (or, where designated by the Secretary of State for such purposes, the Panel or the Authority) for determination (which determination may include a

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requirement to comply with such terms and conditions as the person making it considers appropriate in all the circumstances of the case). Any determination by the Secretary of State or by the Authority pursuant to this Section X1.12 shall be final and binding for the purposes of this Section X1. Any determination by the Panel pursuant to this Section X1.12 shall be subject to appeal to the Secretary of State (or, where designated by the Secretary of State for such purposes, to the Authority), the determination of such appeal being final and binding for the purposes of this Section X1.

#### **Modification of this Section X**

X1.13 The variations to this Code provided for in, or made by directions pursuant to, this Section X shall not constitute modifications that should be subject to Section D (Modification Process). For the avoidance of doubt, this Section X shall be capable of being modified under Section D (Modification Process).

#### **SECCo**

X1.14 The provisions of this Section X1 (and the definitions used in this Section) shall apply to SECCo as if SECCo was a Party.

**X2 EFFECTIVE PROVISIONS AT DESIGNATION**

**Provisions to have Effect from Designation**

X2.1 The following Sections, Schedules and SEC Subsidiary Documents shall be effective from the date of this Code's designation (subject to the other provisions of this Section X):

- (a) Section A (Definitions and Interpretation);
- (b) Section B (Accession);
- (c) Section C (Governance);
- (d) Section D (Modification Process);
- (e) Section E (Registration Data);
- (f) Section K (Charging Methodology);
- (g) Section M (General);
- (h) Section X (Transition);
- (i) Schedule 1 (Framework Agreement);
- (j) Schedule 2 (Specimen Accession Agreement);
- (k) Schedule 4 (Establishment of SECCo);
- (l) Schedule 5 (Accession Information); and
- (m) Schedule 6 (Specimen Form Letter of Credit).

**Effectiveness of Section J**

X2.2 Section J (Charges) shall be effective (subject to the other provisions of this Section X) from the earlier of:

- (a) the date three months after the date of this Code's designation; or
- (b) the date notified by the DCC to the other Original Parties on not less than 10

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Working Days prior notice (on the basis that the DCC may only specify one such date from which date all of Section J shall be effective),

provided that the DCC shall be entitled to recover Charges in respect of the period from the designation of this Code.

### Variations in respect of Section D

X2.3 Notwithstanding that Section D (Modifications) is stated in Section X2.1 to be effective, it shall, until the date designated by the Secretary of State for the purposes of this Section X2.3, apply as varied by this Section X2.3. The variations to apply pursuant to this Section X2.3 are that Section D (Modifications) is to apply subject to the following:

- (a) only Modification Proposals that are either an Urgent Proposal or a Fast-Track Modification may be raised;
- (b) any Modification Proposal that is raised by a Proposer on the basis that it is urgent, but which is subsequently determined by the Authority (as provided for in Section D4) not to be an Urgent Proposal, shall be cancelled and shall not be progressed;
- (c) the Secretary of State shall be entitled to direct the Panel to cancel or suspend any Modification Proposal, in which case the Panel shall cancel or suspend the Modification Proposal in question and it shall not then be further progressed or implemented (or, in the case of suspension, shall not then be further progressed or implemented until the Secretary of State so directs); and
- (d) the Change Board need not be established on the designation of this Code, but the Panel shall establish the Change Board as soon as reasonably practicable after the designation of this Code, and until the Change Board is established the Panel shall perform the function of the Change Board in respect of Modification Proposals (in which case, the Panel shall vote on whether to approve or reject a Modification Proposal in accordance with the Panel Objectives and on the basis of a simple majority).

**Variations in respect of Section E**

X2.4 Notwithstanding that Section E (Registration Data) is stated in Section X2.1 to be effective, it shall, until the date designated by the Secretary of State for the purposes of this Section X2.4, apply as varied by this Section X2.4. The variations to apply pursuant to this Section X2.4 are that Section E (Registration Data) is to apply as if:

- (a) the information to be provided under Sections E2.1 and E2.2 is (subject to Section X2.4(b)):
  - (i) each of the MPANs or MPRNs (as applicable);
  - (ii) the Supplier ID and Network Operator ID (as referred to in those Sections) relating to each such MPAN or MPRN;
  - (iii) the Profile Class ID (as referred to in Section E2.1) relating to each such MPAN;
  - (iv) the Market Sector Code (as referred to in Section E2.2) relating to each such MPRN;
- (b) the information to be provided under Section E2.2 in respect of the period until the end of the 15th of December 2013 (or such later date as the Secretary of State may direct) is capable of being provided either by reference to MPRNs or by reference to ‘Supply Point Registration Numbers’ (as defined in the UNC);
- (c) the text at Section E2.3 (Obligation on Electricity Suppliers to Provide Data) and at Sections E2.4 and E2.5 (Obligation on the DCC to Provide Data) was deleted;
- (d) the text at Section E2.6 (Frequency of Data Exchanges) was replaced with “The Data to be provided in accordance with this Section E2 shall be provided or updated on the last Working Day of each month (or as soon as reasonably practicable thereafter), so as to show the position as at the end of the 15th day of that month”;
- (e) the text at Section E2.7 (Frequency of Data Exchanges) was replaced with

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“The Data to be provided in accordance with this Section E2 shall be provided in such format, and shall be aggregated in such manner, as the DCC may reasonably require in order to enable the DCC to comply with its obligations under the DCC Licence or this Code”;

- (f) the text at Sections E2.8 to E2.11 (inclusive) and E2.13 was deleted; and
- (g) an additional section was included at the end of Section E2 as follows: “The DCC shall produce a draft Registration Data Incident Management Policy that meets the requirements of Section E2.12 (Registration Data Incident Management Policy). In producing such draft policy, the DCC must consult the Parties and the Registration Data Providers. Where disagreements between the DCC and the Parties or Registration Data Providers arise, the DCC shall seek to reach an agreed solution with them, but without prejudice to the requirements of Section E2.12. The DCC shall submit the draft policy to the Secretary of State as soon as is reasonably practicable, indicating: (a) why the DCC considers the draft to be fit for purpose; (b) the outcome of the consultation; and (c) any unresolved areas of disagreement that arose with the Parties or Registration Data Providers. The DCC shall comply with any direction by the Secretary of State to re-consider, re-consult and/or re-submit the draft policy.”

#### **Variations in respect of Section J**

X2.5 Notwithstanding that Section J (Charges) is stated in Section X2.2 to be effective, it shall, until the date designated by the Secretary of State for the purposes of this Section X2.5, apply as varied by this Section X2.5. The variation to apply pursuant to this Section X2.5 is that, notwithstanding that Section J3 (Credit Cover) is stated to apply to Users, each Party shall be obliged to comply with Section J3 as if each reference therein to “a User” or to “Users” was a reference to “a Party” and “Parties” respectively.

#### **Variations in respect of Section K**

X2.6 Notwithstanding that Section K (Charging Methodology) is stated in Section X2.1 to be effective, it shall, until the date designated by the Secretary of State for the

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purposes of this Section X2.6, apply as varied by this Section X2.6. The variations to apply pursuant to this Section X2.6 are that:

- (a) in respect of the Fixed Charges payable for each of the months up to and including November 2013 (or such later month as the Secretary of State may direct), the DCC shall calculate the Fixed Charges as if there were no Export Suppliers and as if all Export Suppliers were Import Suppliers (and the DCC shall not therefore require data in respect of such months pursuant to Section E2.1 that distinguishes between Import MPANs and Export MPANs); and
- (b) insofar as the Registration Data provided to the DCC under Section E2.2 is by reference to 'Supply Points' (as defined in the UNC), rather than MPRNs, the DCC may calculate the number of Mandated Smart Metering Systems (as defined in Section K11.1) by reference to the number of such Supply Points.

#### **Variations in respect of Section M**

X2.7 Notwithstanding that Section M (General) is stated in Section X2.1 to be effective, it shall, until the date designated by the Secretary of State for the purposes of this Section X2.7, apply as varied by this Section X2.7. The variation to apply pursuant to this Section X2.7 is that Section M8.1(a) shall not apply.

#### **General**

X2.8 Where a Section is stated in this Section X2 to apply subject to more than one variation, then the Secretary of State may:

- (a) designate different dates from which each such variation is to cease to apply; and/or
- (b) designate a date from which one or more such variations are to cease to apply (without prejudice to the continued application of the other such variations).

X2.9 Before designating any dates for the purpose of this Section X2, the Secretary of State must consult the Authority, the Panel and the Parties in respect of the proposed date. Such consultation must allow such period of time as the Secretary of State considers appropriate in the circumstances within which to make representations or objections with respect to the proposed date. The requirement for consultation may be satisfied

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by consultation before, as well as after, the designation of this Code.

**X3 PROVISIONS TO BECOME EFFECTIVE FOLLOWING DESIGNATION**

**Designation of Effective Dates**

X3.1 Each Section, Schedule and SEC Subsidiary Document (or any part thereof) not referred to in Section X2.1 or X2.2 shall only be effective from the date designated in respect of that provision by the Secretary of State for the purpose of this Section X3.

**Provisions to be Effective Subject to Variations**

X3.2 In designating the date from which a provision of this Code is to be effective for the purpose of this Section X3, the Secretary of State may direct that such provision is to apply subject to such variation as is necessary or expedient in order to facilitate achievement of the Transition Objective (which variation may or may not be specified to apply until a specified date).

X3.3 Where the Secretary of State directs that a provision of this Code is to apply subject to such a variation, the Secretary of State may subsequently designate a date from which the provision is to apply without variation.

X3.4 Where the Secretary of State directs that a provision of this Code is to apply subject to more than one such variation, then the Secretary of State may:

- (a) designate different dates from which each such variation is to cease to apply; and/or
- (b) designate a date from which one or more such variations are to cease to apply (without prejudice to the continued application of the other such variations).

**General**

X3.5 Before designating any dates and/or making any directions for the purpose of this Section X3, the Secretary of State must consult the Authority, the Panel and the Parties in respect of the proposed date and/or the draft direction (as applicable). Such consultation must allow such period of time as the Secretary of State considers appropriate in the circumstances within which to make representations or objections with respect to the proposed date and/or the draft direction (as applicable).

**X4 GOVERNANCE SET-UP ARRANGEMENTS**

**General**

X4.1 The provisions of Section C (Governance) shall have effect subject to the provisions of this Section X4.

**Elected Members**

X4.2 The Elected Members to be appointed on the designation of this Code shall be the individuals nominated by the Secretary of State for the purposes of this Section X4.2 (chosen on the basis of the election process administered by the Secretary of State on behalf of prospective Parties prior to the designation of this Code).

X4.3 Of the persons appointed as Elected Members in accordance with Section X4.2:

- (a) certain of them shall retire 12 months after the designation of this Code; and
- (b) certain of them shall retire 24 months after the designation of this Code,

as specified in the document by which they are nominated by the Secretary of State for the purposes of Section X4.2.

**Panel Chair**

X4.4 There shall be no separate Panel Chair on the designation of this Code. The Panel Members shall select (and may deselect and reselect) from among the Elected Members a person to act as Panel Chair until a person is appointed as Panel Chair pursuant to Section X4.6.

X4.5 The Elected Member acting, from time to time, as Panel Chair in accordance with Section X4.4 shall retain his or her vote as a Panel Member, but shall have no casting vote as Panel Chair.

X4.6 The Panel shall appoint a separate Panel Chair by a date no later than five months after the designation of this Code. The Panel Chair shall be appointed in accordance with a process developed by the Panel for such purpose; provided that such process must be designed to ensure that:

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- (a) the candidate selected is sufficiently independent of any particular Party or class of Parties;
- (b) the appointment is conditional on the Authority approving the candidate;
- (c) the Panel Chair is appointed for a three-year term (following which he or she can apply to be re-appointed);
- (d) the Panel Chair is remunerated at a reasonable rate;
- (e) the Panel Chair's appointment is subject to Section C3.8 (Panel Member Confirmation) and terms equivalent to those set out in Section C4.6 (Removal of Elected Members); and
- (f) the Panel Chair can be required to continue in office for a reasonable period following the end of his or her term of office in the event of any delay in appointing his or her successor.

X4.7 Until such time as a separate Panel Chair has been appointed pursuant to Section X4.6, the Panel Chair shall only be entitled to appoint an additional Panel Member under Section C3.6 (Panel Chair Appointee) with the unanimous approval of the Panel.

#### **DCC Member and Consumer Members**

X4.8 The DCC Member and the Consumer Members to be appointed on the designation of this Code shall be the individuals nominated as such by the Secretary of State for the purposes of this Section X4.8.

#### **Code Administrator and Secretariat**

X4.9 The Panel shall, on the designation of this Code, be deemed to have appointed as Code Administrator and Secretariat such person or persons as the Secretary of State nominates for the purposes of this Section X4.9 (chosen on the basis of the procurement process administered by the Secretary of State on behalf of the prospective Panel prior to the designation of this Code).

X4.10 As soon as reasonably practicable following the designation of this Code, the Panel shall direct SECCo to enter into contracts with such person or persons under which

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they are to perform the roles of Code Administrator and Secretariat. Such contracts shall be on terms and conditions approved by the Secretary of State for the purposes of this Section X4.10.

X4.11 Without prejudice to the ongoing duties of the Panel, the appointments of, and contracts with, the Code Administrator and Secretariat made in accordance with this Section X4 are deemed to have been properly made.

#### **Recoverable Costs**

X4.12 The requirement for Recoverable Costs to be provided for in, or otherwise consistent with, an Approved Budget (as set out in Section C8.2 (SEC Costs and Expenses)) shall not apply until such time as the first Approved Budget is established. The Panel shall establish the first Approved Budget (to cover the period from the designation of this Code) as soon as reasonably practicable following the designation of this Code.

**X5 INCORPORATION OF CERTAIN DOCUMENTS INTO THIS CODE**

**Smart Metering Equipment Technical Specification**

- X5.1 The document designated by the Secretary of State as the Smart Metering Technical Specification under the DCC Licence shall, from the date designated by the Secretary of State for the purpose of this Section X5.1, be incorporated into this Code as the Schedule specified in such designation.

**Communications Hub Technical Specification**

- X5.2 The document designated by the Secretary of State as the Communications Hub Technical Specification under the DCC Licence shall, from the date designated by the Secretary of State for the purpose of this Section X5.2, be incorporated into this Code as the Schedule specified in such designation.

**Other Technical Specifications**

- X5.3 Each of the technical specifications and procedural or associated documents designated by the Secretary of State under paragraph 27(d) of Condition 22 of the DCC Licence shall, from the relevant date designated by the Secretary of State for the purpose of such document and this Section X5.3, be incorporated into this Code as the Schedule or SEC Subsidiary Document specified in such designation.

**Supplementary Provisions**

- X5.4 Paragraph 29 of Condition 22 of the DCC Licence includes a power for the Secretary of State to specify supplementary, incidental, consequential, governance or other provisions which are to have effect in this Code from the date designated for such purpose by the Secretary of State. This Code shall automatically be amended so as to include such provisions with effect from such date.

**General**

- X5.5 The incorporation of documents into this Code pursuant to this Section X5 (and any provisions made pursuant to Section X5.4) shall not constitute a modification that should be subject to Section D (Modification Process). The incorporation of documents into this Code pursuant to this Section X5 (and any provisions made

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pursuant to Section X5.4) shall not constitute a variation of this Code that is time limited in accordance with Section X1.5 (and such documents and provisions shall remain part of this Code notwithstanding the deletion of this Section X on Completion of Implementation).

- X5.6 The documents incorporated into this Code pursuant to this Section X5 (and any provision made pursuant to Section X5.4) shall, from the date of their incorporation, be subject to modification in accordance with the provisions of this Code.
- X5.7 Before designating any dates for the purpose of this Section X5, the Secretary of State must consult the Authority, the Panel and the Parties in respect of the proposed date. Such consultation must allow such period of time as the Secretary of State considers appropriate in the circumstances within which to make representations or objections with respect to the proposed date to be designated. The requirement for consultation may be satisfied by consultation before, as well as after, the designation of this Code.
- X5.8 Before designating any date from which a document is to be incorporated into this Code pursuant to this Section X5, the content of such document must have been subject to such consultation as the Secretary of State considers appropriate in the circumstances (whether or not under this Code, whether or not undertaken by the Secretary of State and whether before or after the designation of this Code).

**X6 TRANSITIONAL VARIATIONS**

**Status of this Section X6**

X6.1 This Section X6 is without prejudice to Section D (Modification Process), as (where applicable) varied pursuant to Section X2.

**Secretary of State's Power to Vary for Purposes of Transition**

X6.2 In pursuance of facilitating the achievement of the Transition Objective, the Secretary of State may direct that such provisions of this Code as the Secretary of State may specify are to apply subject to such variations as the Secretary of State may specify.

X6.3 Such a direction shall only be validly made if it specifies a date or dates from which the specified provision or provisions shall apply without variation. The Secretary of State may subsequently designate an earlier date from which the relevant provision is to apply without variation.

X6.4 The purposes for which such directions may be made includes purposes relating to the design, trialling, testing, set-up, integration, commencement and proving of the DCC Systems and the User Systems and the processes and procedures relating to the SEC Arrangements.

X6.5 The variations referred to in Section X6.2 may suspend the application of specified provisions of this Code and/or specify additional provisions to apply in this Code, and may include variations which:

- (a) add additional limitations on Liability provided for in this Code;
- (b) provide for indemnities against Liabilities to which a Party might be exposed; and/or
- (c) provide for the referral to, and final determination by, the Secretary of State (or, where designated by the Secretary of State for such purposes, the Panel or the Authority) of certain Disputes.

**General**

X6.6 Before designating any dates and/or making any directions for the purpose of this

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Section X6, the Secretary of State must consult the Authority, the Panel and the Parties in respect of the proposed date and/or the draft direction (as applicable). Such consultation must allow such period of time as the Secretary of State considers appropriate in the circumstances within which representations or objections may be made.

**SEC SCHEDULE 1 – FRAMEWORK AGREEMENT**

**Dated:** 2013

**The Original Parties**

**and**

**Smart Energy Code Company Limited**

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**Smart Energy Code  
Framework Agreement**

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**THIS FRAMEWORK AGREEMENT** is made on 2013

**BETWEEN:**

- (1) the persons whose details are set out in the Schedule (the “**Original Parties**”); and
- (2) **Smart Energy Code Company Limited** a company incorporated in England and Wales with company number 08430267 (“**SECCo**”).

**WHEREAS**

- A) Certain of the Original Parties are the holders of Energy Licences that oblige them to be a party to, and to comply with, the Smart Energy Code.
- B) The Original Parties that do not hold an Energy Licence, or do not hold an Energy Licence that obliges them to be party to the Smart Energy Code, have chosen to become a party to the Smart Energy Code in order to receive Services from the DCC.
- C) SECCo is a company established to facilitate the operation of the Smart Energy Code.
- D) The Original Parties and SECCo have agreed to give effect to, and to be bound by, the Smart Energy Code in accordance with this Framework Agreement.

**NOW IT IS HEREBY AGREED** as follows:

**1 Interpretation**

- 1.1 In this Framework Agreement, including the recitals hereto, “**Smart Energy Code**” means the code of that name designated by the Secretary of State pursuant to the smart meter communication licences granted pursuant to the Electricity Act 1989 and the Gas Act 1986, as such code is modified from time to time in accordance with its provisions.
- 1.2 Subject to clause 1.1 above, the words and expressions used in this Framework Agreement shall be construed and interpreted in accordance with the definitions and provisions regarding interpretation set out in Section A (Definitions and Interpretation) of the Smart Energy Code, as if those definitions and provisions

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regarding interpretation were set out in this Framework Agreement and as if the references therein to “this Code” were to “this Framework Agreement”.

### **2 Compliance with the Smart Energy Code**

- 2.1 With effect from the date hereof, SECCo and each of the Original Parties hereby undertakes, for the benefit of each other Party from time to time, to comply with the Smart Energy Code in accordance with, and subject to, its terms and conditions.

### **3 Identity of the Parties**

- 3.1 SECCo and each of the Original Parties acknowledges that it has agreed a mechanism (set out in Section B (Accession) of the Smart Energy Code) by which New Parties may become bound by the Smart Energy Code, each of whom will then become a Party for the purposes of clause 2 above (and otherwise).
- 3.2 Each of the Original Parties acknowledges that it has agreed a mechanism (set out in Section M8 (Suspension, Expulsion and Withdrawal) of the Smart Energy Code) by which it may cease to be bound by the Smart Energy Code, from which time it will (subject to Section M8 of the Smart Energy Code) cease to be obliged to comply with the Smart Energy Code.
- 3.3 SECCo and each of the Original Parties acknowledges that it has agreed a mechanism (set out in Section M8 (Suspension, Expulsion and Withdrawal) of the Smart Energy Code) by which other Parties may cease to be bound by the Smart Energy Code, from which time such other Parties will (subject to Section M8 of the Smart Energy Code) cease to be a Party for the purposes of clause 2 above (and otherwise).

### **4 Party Details**

- 4.1 The Party Details for each of the Original Parties shall (as at the date hereof, and subject to future amendment in accordance with Section M6 (Party Details) of the Smart Energy Code) be those details set out as such in the Schedule.

### **5 Third Party Rights**

- 5.1 Without prejudice to any provisions of the Smart Energy Code permitting enforcement of the Smart Energy Code by third parties, the Original Parties do not

intend that any of the terms or conditions of this Framework Agreement will be enforceable by a third party (whether by virtue of the Contracts (Rights of Third Parties) Act 1999 or otherwise).

**6 Counterparts**

6.1 This Framework Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one and the same instrument. The counterpart executed by each of the Original Parties shall attach a schedule containing details of the relevant Original Party, all of which schedules together shall comprise the “**Schedule**”.

**7 Governing Law and Jurisdiction**

7.1 This Framework Agreement and any dispute or claim arising out of or in connection with it (including non-contractual claims) shall be governed by, and construed in accordance with, the laws specified in Section M11 (Miscellaneous) of the Smart Energy Code from time to time for the purpose of disputes or claims arising out of or in connection with the Smart Energy Code.

7.2 In relation to any dispute or claim arising out of or in connection with this Framework Agreement (including in respect of non-contractual claims), each of the Original Parties and SECCo irrevocably agrees to submit to the exclusive jurisdiction of the relevant person, panel, court or other tribunal specified in Section M7 (Dispute Resolution) of the Smart Energy Code from time to time for the purpose of disputes or claims of that nature.

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**THIS FRAMEWORK AGREEMENT** has been executed and delivered as a **DEED** on the date first stated above.

Executed and delivered as a deed by

.....  
*Print full name of Original Party*      *Print name of attorney*

acting by an attorney appointed  
under a power of attorney

*Signature* .....

In the presence of:

.....  
*Print name of witness*

*Signature* .....

*Address* .....

**OR**

Executed and delivered as a deed by

.....  
*Print full name of Original Party*      *Print name of person signing*

acting by two directors or a director  
and the company secretary

*Signature* .....

.....  
*Print name of person signing*

*Signature* .....

**Schedule to the Framework Agreement – Original Parties**

- 1 The Party's full name.
- 2 Whether the Party is a company or a natural person or a partnership etc.
- 3 The Party's jurisdiction of incorporation (if applicable).
- 4 The Party's registered number (if applicable).
- 5 The Party's registered address (or, if not applicable, its principal address).
- 6 Where the Party is incorporated or resident outside Great Britain, an address in Great Britain for the receipt of legal notices on the Party's behalf.
- 7 The Party's VAT registration number (if applicable).
- 8 The Party's address for invoices under the Code.
- 9 The Party's address or addresses for all other notices under the Code.
- 10 The Party Category into which the Party considers it will initially fall.
- 11 The Energy Licences held by the Party (including any for which it has applied).
- 12 Details of any Parties that are Affiliates of the Party (where the Party is a company).
- 13 Where the Party holds one or more Energy Licences, details of any unique identifiers by which the Party is identified under the MRA and/or the UNC (as applicable).

**SEC SCHEDULE 2 – ACCESSION AGREEMENT**

**Dated:** 2[XXX]

**[New Party]**

**and**

**Smart Energy Code Company Limited**

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**Smart Energy Code  
Accession Agreement**

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**THIS ACCESSION AGREEMENT** is made on 2[XXX]

**BETWEEN:**

- (1) [TBC] a company incorporated in [*Jurisdiction*] (registered number [TBC]) whose registered office is at [TBC] (the “**New Party**”); and
- (2) **Smart Energy Code Company Limited** a company incorporated in England and Wales with company number 08430267 (“**SECCo**”).

**WHEREAS**

- A) The New Party is either obliged by its Energy Licence to become a party to the Smart Energy Code, or wishes to become a party to the Smart Energy Code in order to receive Services from the DCC.
- B) SECCo is authorised by the Parties to the Smart Energy Code to accept the accession to the Smart Energy Code of the New Party.

**NOW IT IS HEREBY AGREED** as follows:

**1 Interpretation**

- 1.1 In this Accession Agreement, including the recitals hereto, “**Smart Energy Code**” means the code of that name designated by the Secretary of State pursuant to the smart meter communication licences granted pursuant to the Electricity Act 1989 and the Gas Act 1986, as such code is modified from time to time in accordance with its provisions.
- 1.2 Subject to clause 1.1 above, the words and expressions used in this Accession Agreement shall be construed and interpreted in accordance with the definitions and provisions regarding interpretation set out in Section A (Definitions and Interpretation) of the Smart Energy Code, as if those definitions and provisions regarding interpretation were set out in this Accession Agreement and as if the references therein to “this Code” were to “this Accession Agreement”.

**2 Compliance with the Smart Energy Code**

- 2.1 With effect from the date hereof, the New Party hereby undertakes, for the benefit of SECCo and each other Party from time to time, to comply with the Smart Energy Code in accordance with, and subject to, its terms and conditions.

**3 Identity of the Parties**

- 3.1 The New Party acknowledges that the Original Parties became bound by the Smart Energy Code pursuant to the Framework Agreement, and that each such Original Party is a Party for the purposes of clause 2 above (and otherwise).
- 3.2 The New Party acknowledges that it has agreed a mechanism (set out in Section B (Accession) of the Smart Energy Code) by which New Parties other than itself may have (or may in the future) become bound by the Smart Energy Code, each of whom is (or will then become) a Party for the purposes of clause 2 above (and otherwise).
- 3.3 The New Party acknowledges that it has agreed a mechanism (set out in Section M8 (Suspension, Expulsion and Withdrawal) of the Smart Energy Code) by which it may cease to be bound by the Smart Energy Code, from which time it will (subject to Section M8 of the Smart Energy Code) cease to be obliged to comply with the Smart Energy Code.
- 3.4 The New Party acknowledges that it has agreed a mechanism (set out in Section M8 (Suspension, Expulsion and Withdrawal) of the Smart Energy Code) by which other Parties may cease to be bound by the Smart Energy Code, from which time such other Parties will (subject to Section M8 of the Smart Energy Code) cease to be a Party for the purposes of clause 2 above (and otherwise).

**4 Party Details**

- 4.1 The New Party's Party Details shall (as at the date hereof, and subject to future amendment in accordance with Section M6 (Party Details) of the Smart Energy Code) be those details set out as such in the Schedule.

**5 Third Party Rights**

- 5.1 Without prejudice to any provisions of the Smart Energy Code permitting

enforcement of the Smart Energy Code by third parties, neither the New Party nor SECCo intends that any of the terms or conditions of this Accession Agreement will be enforceable by a third party (whether by virtue of the Contracts (Rights of Third Parties) Act 1999 or otherwise).

### **6 Execution**

- 6.1 This Accession Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one and the same instrument.
- 6.2 Where the Code Administrator has provided unexecuted counterparts of this Accession Agreement to the New Party, the New Party should sign (but not date) both counterparts of this Accession Agreement, and return them to the Code Administrator. In doing so, the New Party will be deemed to have authorised SECCo (by its signature of the counterparts) to complete the agreement and to date the counterparts with the date of such completion.

### **7 Governing Law and Jurisdiction**

- 7.1 This Accession Agreement and any dispute or claim arising out of or in connection with it (including non-contractual claims) shall be governed by, and construed in accordance with, the laws specified in Section M11 (Miscellaneous) of the Smart Energy Code from time to time for the purpose of disputes or claims arising out of or in connection with the Smart Energy Code.
- 7.2 In relation to any dispute or claim arising out of or in connection with this Accession Agreement (including in respect of non-contractual claims), each of the New Party and SECCo irrevocably agrees to submit to the exclusive jurisdiction of the relevant person, panel, court or other tribunal specified in Section M7 (Dispute Resolution) of the Smart Energy Code from time to time for the purpose of disputes or claims of that nature.

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**THIS ACCESSION AGREEMENT** has been executed and delivered as a **DEED** on the date first stated above.

Executed and delivered as a deed by

.....  
*Print name of person signing*  
.....  
*Print full name of New Party*

acting by two directors or a director *Signature* .....  
and the company secretary

.....  
*Print name of person signing*

*Signature* .....

Executed and delivered as a deed by

.....  
**Smart Energy Code Company** *Print name of person signing*  
**Limited**

acting by two directors or a director *Signature* .....  
and the company secretary

.....  
*Print name of person signing*

*Signature* .....

**Schedule to the Accession Agreement – Party Details**

- 1 Where the Applicant is incorporated or resident outside Great Britain, an address in Great Britain for the receipt of legal notices on the Applicant's behalf.
- 2 The Applicant's VAT registration number (if applicable).
- 3 The Applicant's address for invoices under the Code.
- 4 The Applicant's address or addresses for all other notices under the Code.
- 5 The Party Category into which the Applicant considers it will initially fall.
- 6 The Energy Licences held by the Applicant (including any for which it has applied).
- 7 Details of any Parties that are Affiliates of the Applicant (where the Applicant is a company).
- 8 Where the Applicant holds one or more Energy Licences (or is a Meter Operator or Meter Asset Manager), details of any unique identifiers by which the Applicant is identified under the MRA and/or the UNC (as applicable).

**SEC SCHEDULE 3 – SPECIMEN BILATERAL AGREEMENT**

**Dated:** 2[XXX]

---

[User]

**and**

[DCC]

---

**Smart Energy Code  
Bilateral Agreement**

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**THIS BILATERAL AGREEMENT** is made on 2[XXX]

**BETWEEN:**

- (1) [TBC] a company incorporated in [Jurisdiction] (registered number [TBC]) whose registered office is at [TBC] (the “User”); and
- (2) [TBC] a company incorporated in [Jurisdiction] (registered number [TBC]) whose registered office is at [TBC] (the “DCC”).

**WHEREAS**

- A) The User wishes to procure the Elective Communication Service pursuant to the Smart Energy Code.
- B) The DCC has agreed to provide the Elective Communication Service pursuant to this Bilateral Agreement and the Smart Energy Code, in consideration of the Elective Charges.

**NOW IT IS HEREBY AGREED** as follows:

**1 Interpretation**

1.1 In this Bilateral Agreement, unless the context otherwise requires:

“**Elective Charges**” means the charges described as such in Schedule 1.

“**Elective Communication Service**” means the service described as such in Schedule 2.

“**Smart Energy Code**” means the code of that name designated by the Secretary of State pursuant to the smart meter communication licences granted to the DCC pursuant to the Electricity Act 1989 and the Gas Act 1986, as such code is modified from time to time in accordance with its provisions.

1.2 In this Bilateral Agreement, unless the context otherwise requires, references to “**Clauses**” and “**Schedules**” are to the clauses of, and schedules to, this Bilateral Agreement.

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- 1.3 Subject to Clauses 1.1 and 1.2, the words and expressions used in this Bilateral Agreement shall be construed and interpreted in accordance with the definitions and provisions regarding interpretation set out in Section A (Definitions and Interpretation) of the Smart Energy Code, as if those definitions and provisions regarding interpretation were set out in this Bilateral Agreement and as if the references therein to “this Code” were to “this Bilateral Agreement”.
- 1.4 The Parties acknowledge that the Smart Energy Code is subject to modification from time to time in accordance with its provisions, and that the Smart Energy Code as so modified from time to time shall apply for the purposes of this Bilateral Agreement. References to Sections of the Smart Energy Code shall be to those sections as modified and/or renumbered from time to time.
- 1.5 The provisions of this Bilateral Agreement are without prejudice to the rights and obligations of the Parties under the Smart Energy Code. The Parties acknowledge that certain provisions of the Smart Energy Code apply, but such acknowledgments are without prejudice to the potentially broader application of the Smart Energy Code. In the event of any conflict between the provisions of this Bilateral Agreement and the provisions of the Smart Energy Code, the Smart Energy Code shall prevail.

### **2 Commencement of this Bilateral Agreement**

- 2.1 This Bilateral Agreement shall commence on [TBC]<sup>1</sup>.

### **3 Provision of the Elective Communication Services**

- 3.1 The DCC shall provide the Elective Communication Services to the User subject to and in accordance with this Bilateral Agreement and the Smart Energy Code.
- 3.2 The provision of the Elective Communication Services is subject to the User having completed the User Entry Process. The provision of the Elective Communication Services in respect of any Smart Metering System is subject to that Smart Metering System having been Enrolled.

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<sup>1</sup> [Note: consider whether agreement should be conditional on provision of adequate credit support. If so, also add a termination right linked to failure of credit support.]

**4 Elective Charges**

- 4.1 The User shall pay the Elective Charges in accordance with Section J (Charges) of the Smart Energy Code.
- 4.2 [The Elective Charges include a standing charge (as further described in Schedule 1) that is payable by the User regardless of whether or not the Elective Communication Services are requested or provided.]<sup>2</sup>

**5 Security and Data Privacy**

- 5.1 The Parties acknowledge that the provisions of Section G (Security) of the Smart Energy Code apply.
- 5.2 The Parties acknowledge that the provisions of Section I (Data Privacy) of the Smart Energy Code apply.

**6 Termination or Expiry of this Bilateral Agreement**

- 6.1 Subject to earlier termination in accordance with this Clause 6, this Bilateral Agreement shall expire on [TBC].
- 6.2 This Bilateral Agreement shall automatically terminate on the User being expelled from, or voluntarily ceasing to be party to, the Smart Energy Code in accordance with Section M8 (Suspension, Expulsion and Withdrawal) of the Smart Energy Code.
- 6.3 The User shall, at its discretion, be entitled to terminate this Bilateral Agreement on 20 Working Days' prior notice in writing to the DCC.
- 6.4 In the event of termination of this Bilateral Agreement in accordance with Clause 6.3, the User shall not be obliged to pay compensation on termination to the extent such compensation is intended to recover investments made for the purposes of providing the Elective Communication Service where (and to the extent that) the DCC subsequently offers a Service listed in the DCC User Gateway Services Schedule that relies upon such investments. Any dispute under this Clause 6.4 may be referred to the Panel for initial determination, but shall ultimately be subject to arbitration.

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<sup>2</sup> [Note: delete or retain as applicable.]

6.5 Where this Bilateral Agreement terminates in accordance with Clause 6.2 or 6.3, the User shall (subject to Clause 6.4) pay any compensation on termination described in Schedule 1.

## **7 Suspension**

7.1 The User acknowledges that the DCC may suspend provision of the Elective Communication Services where the Panel directs that the DCC should do so pursuant to Section M8 (Suspension, Expulsion and Withdrawal) of the Smart Energy Code. Such suspension shall be without prejudice to any take or pay obligation described in Schedule 1.

## **8 Supplier Nominated Agents**

8.1 [The Parties agree for the purposes of Section H2.11 (Supplier Nominated Agents) that the Supplier Nominated Agents deemed to have been appointed in accordance with Section H2 (Supplier Nominated Agents) shall be entitled to exercise the following rights of the User in respect of the Elective Communication Service on behalf of the User: [TBC].]<sup>3</sup>

## **9 Communications**

9.1 The Parties acknowledge and agree that the provisions of Sections H3 (DCC User Gateway) and M10 (Notices) apply.

## **10 Amendments**

10.1 Without prejudice to Clause 1.4, this Bilateral Agreement may only be amended by agreement in writing by the Parties or in order to give effect to any determination of disputes by the Authority pursuant to the DCC Licence.

10.2 Without prejudice to Clause 1.5, the Parties shall amend this Bilateral Agreement where it has become inconsistent with the Smart Energy Code in order to correct such inconsistency (including where the Specimen Bilateral Agreement is modified, in which case the Parties shall amend this Bilateral Agreement in the same manner and to the same extent).

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<sup>3</sup> [Note: retain only in the case of supply licensees.]

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10.3 The User hereby authorises the DCC to make the amendments to this Bilateral Agreement required pursuant to Clause 10.2 on the User's behalf. Where the User disputes the requirement for, or form of, any such amendments made by the DCC on the User's behalf, then the User may refer the matter to the Panel for its determination. Nothing in this Clause 10.3 shall fetter the User's right to refer disputes to the Authority pursuant to the DCC Licence.

### **11 Miscellaneous**

11.1 The Parties acknowledge that the provisions of Sections M2 (Limitations of Liability), M3 (Services FM and Force Majeure), M4 (Confidentiality), and M5 (Intellectual Property Rights) of the Smart Energy Code apply.

11.2 The Parties acknowledge and agree that this Bilateral Agreement may be novated to DCC's successor in accordance with Section M9 (DCC Transfer) of the Smart Energy Code.

11.3 This Bilateral Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one and the same instrument.

11.4 The provisions of Section M11 (Miscellaneous) of the Smart Energy Code shall apply as if set out in this Bilateral Agreement and as if the references therein to "this Code" were to "this Bilateral Agreement".

### **12 Governing Law and Jurisdiction**

12.1 This Bilateral Agreement and any dispute or claim arising out of or in connection with it (including non-contractual claims) shall be governed by, and construed in accordance with, the relevant laws specified in Section M11 (Miscellaneous) of the Smart Energy Code from time to time for the purpose of disputes or claims of that nature.

12.2 In relation to any dispute or claim arising out of or in connection with this Bilateral Agreement (including in respect of non-contractual claims), each of the Parties irrevocably agrees to submit to the exclusive jurisdiction of the relevant person, panel, court or other tribunal specified in Section M7 (Dispute Resolution) of the Smart

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Energy Code from time to time for the purpose of disputes or claims of that nature.

**THIS BILATERAL AGREEMENT** has been entered into on the date first stated above.

**SIGNED** by

duly authorised for and on behalf of .....

..... *Print name of person signing*

*Print full name of User*

*Signature* .....

**SIGNED** by

duly authorised for and on behalf of the .....

DCC

*Print name of person signing*

*Signature* .....

**Schedule 1 – Elective Charges**

*[Note: to include charges determined in accordance with the Charging Methodology, and to include standing charges and early termination compensation payments where required in accordance with Section H7.]*

**Schedule 2 – Elective Communication Services**

*[Note: to identify services in a manner consistent with the DCC User Gateway Services Schedule and Section H7.14.]*

SEC SCHEDULE 4 – SECCO

**1 Background**

- 1.1 Smart Energy Code Company Limited (registered in England and Wales with company number 08430267) (“SECCo”) has been established on behalf of the Parties in order to fulfil the Objective (as defined below), and in doing so will act as the contracting body for the Panel.
- 1.2 It is intended that the shareholders of SECCo shall be limited to Eligible Parties in accordance with this Schedule.
- 1.3 The Shareholders have agreed that their respective rights as Shareholders shall be regulated by the provisions of this Schedule. The rights of the Eligible Parties as Shareholders are set out exclusively in this Schedule. No other provision of this Code shall apply to the regulation of the rights and obligations of Shareholders in their capacity as Shareholders.
- 1.4 SECCo has agreed with the Shareholders to comply with the provisions of this Schedule insofar as it relates to SECCo.

**2 Additional Definitions and Interpretation**

- 2.1 In this Schedule, except where the context otherwise requires, the following words and expressions shall have the following meanings:

**Articles** means the articles of association of SECCo, as amended from time to time.

**Board** means the board of directors of SECCo at the relevant time.

**Director** means a director of SECCo from time to time.

**Eligible Party** means a Party that is not the DCC (which, for the avoidance of doubt, does not include SECCo), and which either:

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- (a) holds an Energy Licence that obliges it to be a party to this Code; or
- (b) does not hold an Energy Licence that obliges it to be a party to this Code, but has opted (by notice in writing to the SECCo Secretary) to be a Shareholder.

**Objective** means acting as a corporate vehicle to assist the Panel in exercising its powers, duties and functions (including entering into contracts where necessary or desirable in order to implement any Panel Decision).

**Panel Decision** means a resolution of the Panel (or a resolution made by any Sub-Committee to which the Panel has delegated decision-making authority in accordance with Section C7 (Sub-Committees)), and cognate terms shall be construed accordingly.

**Retiring Shareholder** means either:

- (a) a Shareholder that ceases to be a Party; or
- (b) a Shareholder that does not hold an Energy Licence that obliges it to be a party to this Code and which gives notice that it no longer wishes to be a Shareholder (such notice to be given in writing to the SECCo Secretary).

**SECCo Chair** means the chairman of the Board from time to time.

**SECCo Secretary** means the company secretary of SECCo from time to time.

**Share** means an ordinary share of £1 each in the share capital of SECCo.

**Shareholder** means a person from time to time registered as a holder

of a Share.

**Subscribing Shareholders** means each Eligible Party that agreed (prior to the designation of this Code) to become a Shareholder with effect from the designation of this Code.

2.2 Words and expressions defined elsewhere in this Code shall have the same meaning in this Schedule unless the context otherwise requires.

### **3 Acknowledgement of Preliminary Matters Already Undertaken**

3.1 It is acknowledged that resolutions of the Board and of the Shareholders were made prior to the designation of this Code, at which the business set out in annex 1 to this Schedule was undertaken. As set out in that annex, such business is to have effect from the designation of this Code.

3.2 The consequence of the resolutions referred to above is that, with effect from the designation of this Code, each of the Subscribing Shareholders is a Shareholder and each of the Panel Members is a Director.

### **4 SECCo's Objective**

4.1 The Shareholders and SECCo acknowledge and agree that SECCo shall not undertake any activities other than those that are reasonably necessary for carrying out the Objective.

4.2 Each Shareholder acknowledges and agrees that SECCo will have complete independence from its Shareholders in its operations and undertakes not to take any action which obstructs or interferes with, or seeks to obstruct or interfere with, the carrying out of the Objective (provided that this Paragraph 4.2 shall not restrict the exercise of Shareholder rights in order to comply with the requirements of this Schedule).

### **5 SECCo's Business**

5.1 Each Shareholder agrees with each other Shareholder to exercise its rights under this Schedule and as a Shareholder in SECCo so as to ensure that:

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- (a) SECCo performs and complies with all its obligations under this Code (including without limitation this Schedule) and complies with the restrictions (if any) imposed on it by the Articles; and
- (b) SECCo's activities are conducted in accordance with sound and good business practice with a view to achieving the Objective.

### **6 New Shareholders**

6.1 Any Eligible Party, from time to time, which is not a Shareholder may apply to the SECCo Secretary to become a Shareholder. An Eligible Party holding an Energy Licence that obliges it to be a party to this Code shall be deemed to have so applied on its accession to this Code pursuant to Section B (Accession). Upon any such application, the Directors shall either:

- (a) procure the transfer to such Eligible Party of one Share then held by a nominee in accordance with Paragraph 7.2 or 7.3; or
- (b) allot to such Eligible Party one Share.

6.2 For the purposes of Paragraph 6.1(b), the Shareholders agree that, where no Shares are otherwise available for issue, they will exercise the voting rights attaching to their Shares to procure that all necessary steps are taken to create and/or authorise the issue of further Shares.

### **7 Dealings with Shares**

7.1 Otherwise than in accordance with the following provisions of this Paragraph 7, no Shareholder shall:

- (a) pledge, mortgage (whether by way of fixed or floating charge) or otherwise encumber its legal or beneficial interest in its Shares; or
- (b) sell, transfer or otherwise dispose of any of such Shares (or any legal or beneficial interest therein); or
- (c) enter into any agreement in respect of the votes attached to Shares; or
- (d) agree, whether or not subject to any condition precedent or subsequent, to do any of the foregoing.

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- 7.2 Upon written notice by the Board requiring it to do so, a Retiring Shareholder shall pay up all amounts which remain unpaid on any Share held by it. The Retiring Shareholder will transfer its Shares at par to a nominee who will hold the Shares for and on behalf of all the other Shareholders. The nominee will be selected by the Directors. All costs and expenses of such transfer shall be for the account of the Retiring Shareholder.
- 7.3 If a Retiring Shareholder fails or refuses to transfer any Shares in accordance with its obligations under Paragraph 7.2, the Retiring Shareholder irrevocably appoints by way of security for the failure to perform obligations under this Paragraph 7.3 any Director to execute and deliver a transfer of the Shares from the Retiring Shareholder to a nominee on behalf of the Retiring Shareholder. SECCo may accept the consideration for the transfer (subject to the Retiring Shareholder paying-up all amounts which remain unpaid on any Share) and hold it on trust for the Retiring Shareholder, which acceptance shall be a good discharge to the nominee, and may set off such amounts against the costs and expenses of the transfer. The Directors shall cause the nominee to be registered as the holder of such Share and, following the registration of the transfer, the validity of the proceedings shall not be questioned by SECCo or any Shareholder.
- 7.4 The nominee referred to in Paragraphs 7.2 and 7.3 shall hold Shares transferred to it until such time as it is directed by the Directors to transfer them (or some of them) in accordance with Paragraph 6.1(a) and for such period (and only for such period) as the nominee holds any Shares, all rights attaching to the Share shall be suspended, including:
- (a) the right to receive income and/or capital;
  - (b) the right to attend and vote or appoint proxies to attend and vote at general meetings of SECCo (whether on a show of hands or on a poll and in the case of proxies only on a poll); and
  - (c) the right to appoint and remove a Director.
- 7.5 The Shareholders shall procure that, save in the case of any nominee for the purposes of Paragraphs 7.2 and 7.3:

(a) no person who is not an Eligible Party may at any time become a Shareholder; and

(b) no Eligible Party shall hold more than one Share at any time,

and the Directors shall be entitled to refuse to allot and/or to register any transfer of a Share that would result in a breach of this Paragraph 7.5.

## **8 Composition and Proceedings of the Board**

8.1 SECCo and the Shareholders acknowledge that this Code contains detailed provisions regarding the composition of the Panel, and that it is the intention of SECCo and the Shareholders that the composition of the Board is identical to the composition of the Panel. The Shareholders shall, accordingly, procure that:

(a) each of the Panel Members from time to time shall be appointed as a Director; and

(b) the Panel Chair from time to time shall be appointed as the SECCo Chair.

8.2 SECCo and the Shareholders acknowledge that this Code contains detailed provisions regarding the procedural rules of the Panel, and that it is the intention of SECCo and the Shareholders that the procedural rules of the Board are identical to the procedural rules of the Panel. The remaining provisions of this Paragraph 8 shall therefore have effect subject to the procedural rules of the Board set out in Section C (Governance); save only to the extent that such procedural rules applicable to the Panel are incompatible with Laws and Directives stipulating procedural rules for company boards of directors.

8.3 Each Director shall be deemed to have appointed his or her Alternate as his or her alternate Director, and shall be deemed to have removed such person from such position on that person ceasing to be his or her Alternate. Any such alternate Director shall be entitled to receive notice of all Board meetings and attend and vote as such at any meeting at which the appointing Director is not present and generally in the absence of his or her appointor to do all the things which his or her appointor is authorised or empowered to do. A Director who is also an alternate is entitled, in the absence of his or her appointor:

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- (a) to a separate vote on behalf of his or her appointor in addition to his or her own vote; and
  - (b) to be counted as part of the quorum of the Board on his or her own account and also in respect of the Director for whom he or she is the alternate.
- 8.4 If a Director ceases to be a Panel Member, the Shareholders shall exercise their powers to ensure that such person ceases to be a Director. The DCC shall indemnify SECCo against all Liabilities which SECCo may suffer or incur by reason of any claim by that person in connection with his removal from office as a Director.
- 8.5 The SECCo Chair shall chair any Board meeting. If the SECCo Chair is unable to be present at a Board meeting, the SECCo Chair's alternate appointed in accordance with Paragraph 8.3 may act as chair of that Board meeting.
- 8.6 The person appointed from time to time as the Secretariat shall be appointed as the SECCo Secretary.
- 8.7 All resolutions of the Board shall be made by simple majority of those Directors present at the meeting. Each Director shall have one vote, provided that the SECCo Chair shall have no vote (except in the case of equality of votes, in which case the SECCo Chair shall have the casting vote). Notwithstanding the foregoing, in the case of the person appointed as SECCo Chair by virtue of being Panel Chair in accordance with Section X (Transition), that person shall have a vote as a Director and shall not have any casting vote.
- 8.8 The Board shall meet at intervals of not less than once in any period of two months unless otherwise agreed by the Directors. Insofar as reasonably practicable, meetings of the Board shall follow on immediately from meetings of the Panel. A meeting of the Board may be convened at any reasonable time at the request of any Director by written notice to the SECCo Secretary.
- 8.9 Meetings of the Board may be held by means of any telecommunications equipment provided that each of the Directors attending the meeting acknowledges that he or she can communicate with each other. In any such case, the meeting shall be deemed to take place in the location of the SECCo Chair during such meeting.

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- 8.10 Each of the Directors shall be given notice by the SECCo Secretary of each meeting of the Board setting out details of the time, date and place of meeting at least 10 Working Days prior to the date of such meeting (provided that such period of notice may be shortened for particular meetings by unanimous written consent of all Directors entitled to attend and vote at the meeting).
- 8.11 The quorum for each meeting of the Board is one half of all Directors appointed at the relevant time, at least one of whom must be the SECCo Chair (or his or her alternate as such).
- 8.12 A written resolution signed by a majority of the Directors shall be as valid and effective as a resolution passed by a meeting of the Board properly convened and constituted in accordance with the terms of this Schedule and the Articles.
- 8.13 As soon as reasonably practicable and in any event no later than five Working Days after each Board meeting, the SECCo Secretary shall circulate minutes of that meeting to each of the Directors.
- 8.14 The Board may delegate any of its powers to committees of the Board consisting of such persons as the Board may resolve. Any such committee shall exercise only powers expressly delegated to it and shall comply with any regulations imposed on it by the Board.

### **9 Expenditure and Working Capital**

- 9.1 The Shareholders intend that SECCo should be run on a “break even” basis and shall procure that any surplus working capital shall, rather than being distributed to Shareholders, be retained by SECCo and applied to subsequent expenditure.
- 9.2 None of the Shareholders shall be obliged to provide any finance to SECCo or to provide any guarantee, indemnity or other security which third parties may require to secure the obligations of SECCo.
- 9.3 The Shareholders shall exercise the rights attaching to their Shares with a view to ensuring that SECCo does not incur costs unless authorised to do so in accordance with Section C8 (Panel Costs and Budgets), except insofar as is necessary in order to comply with legally binding obligations to which SECCo is subject.

**10 Accounts**

- 10.1 As soon as reasonably practicable following the end of each Regulatory Year, SECCo shall procure that an account shall be taken of all the assets and liabilities of SECCo and of all the dealings and transactions of SECCo during such Regulatory Year.
- 10.2 The Board shall prepare a report and accounts in accordance with the Companies Act 2006 to be audited within three months after the end of each Regulatory Year.

**11 Conflict with the Articles**

- 11.1 In the event of any ambiguity created by or discrepancy between the provisions of this Schedule and the Articles, it is the intention that the provisions of this Schedule shall prevail and accordingly the Shareholders shall exercise all voting and other rights and powers available to them so as to give effect to the provisions of this Schedule and shall further, if necessary, procure any required amendment to the Articles.
- 11.2 Any Shareholder failing to comply with the provisions of Paragraph 11.1 shall be deemed to have appointed SECCo as its lawful attorney for the purpose of signing any written resolution (or receiving notices of and attending and voting at all meetings) of the members of the SECCo to give effect to the provisions of Paragraph 11.1 and to effect any required amendment to the Articles (including to conform the Articles to this Schedule), and this power of attorney (which is given by way of security to secure the performance of obligations owed by the Shareholder to the SECCo under Paragraph 11.1) shall be irrevocable.

**12 Further Assurance**

Each Shareholder shall co-operate with the other Shareholders and execute and deliver to the other Shareholders such other instruments and documents and take such other actions as may be reasonably requested from time to time in order to carry out, evidence and confirm their rights under, and the intended purpose of, this Schedule.

**13 Duration and Termination**

13.1 This Schedule shall continue in full force and effect, save in respect of any antecedent breach, until the earlier of:

- (a) the termination of this Code; and
- (b) the date on which an effective resolution is passed, or a binding order is made, for the winding up of SECCo,

provided, however, that this Schedule shall cease to have effect as regards any Eligible Party who, having been entitled under the terms of this Schedule to hold Shares, ceases to hold any Shares.

**ANNEX 1**

Prior to designation of this Code, SECCo (acting by its directors from time to time) and/or the shareholders of SECCo (as applicable) approved the following matters:

- 1 the change of name of SECCo to Smart Energy Code Company Limited;
- 2 the transfer of the subscription share in the capital of SECCo to a nominee as if Paragraph 7.2 applied;
- 3 the change of the registered office of SECCo to the registered address of the Secretariat;
- 4 the change of the accounting reference date of SECCo to 31 March;
- 5 the adoption of new Articles of Association of SECCo as per Annex 2;
- 6 the subscription for Shares in SECCo by the Subscribing Shareholders;
- 7 the appointment as Directors of SECCo of the Panel Members nominated pursuant to Section X (Transition);
- 8 the appointment as the company secretary of SECCo of the Secretariat nominated pursuant to Section X (Transition);
- 9 conflicts of interest (if any) of the incoming Directors of SECCo;
- 10 the resignation of the incumbent Director of SECCo appointed at incorporation; and
- 11 the filings at Companies House and updates to the statutory books of SECCo in relation to the matters referred to at 1 – 10 above.

ANNEX 2

Form of New Articles

ARTICLES OF ASSOCIATION

THE COMPANIES ACT 2006

ARTICLES OF ASSOCIATION

of

Smart Energy Code Company Limited (the “Company”)

(Registered No. 08430267)

(adopted by Special Resolution passed on [ ])

**1 Defined terms**

1.1 In these articles:

“**CA 2006**” means the Companies Act 2006;

“**Code**” means the Smart Energy Code designated by the Secretary of State pursuant to the smart meter communication licences granted pursuant to the Electricity Act 1989 and the Gas Act 1986, as such code is modified from time to time in accordance with its provisions;

“**Companies Acts**” means the Companies Acts (as defined in section 2 of the CA 2006), in so far as they apply to the company;

“**connected persons**” in relation to a director means persons connected with that director for the purposes of section 252 CA 2006;

“**eligible director**” means, in relation to a matter or decision, a director who is or would be entitled to count in the quorum and vote on the matter or decision at a meeting of directors (but excluding any director whose vote is not to be counted in respect of the particular matter or decision);

“**Group Company**” means a body corporate which is at the relevant time:

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- (a) a subsidiary of the Company; or
  - (b) the Company's holding company or a subsidiary of that holding company,
- and for these purposes “**holding company**” and “**subsidiary**” have the meanings given to those expressions in section 1159 CA 2006;

“**Model Articles**” means the regulations contained in Schedule 3 to The Companies (Model Articles) Regulations 2008; and

“**Panel**” has the meaning given to that expression in the Code.

- 1.2 Unless the context otherwise requires, other words or expressions contained in these articles bear the same meaning as in the Model Articles and CA 2006, in each case as in force on the date when these articles become binding on the Company.
- 1.3 For the purposes of these articles a corporation shall be deemed to be present in person if its representative duly authorised in accordance with the Companies Acts is present in person.
- 1.4 Headings in these articles are used for convenience only and shall not affect the construction or interpretation of these articles.
- 1.5 A reference in these articles to an “article” is a reference to the relevant article of these articles unless expressly provided otherwise.
- 1.6 Unless expressly provided otherwise, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of:
  - (a) any subordinate legislation from time to time made under it; and
  - (b) any amendment or re-enactment,and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts.
- 1.7 Any phrase in these articles or the Model Articles introduced by the terms “including”, “include”, “in particular” or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

**2 Adoption and variation of Model Articles**

- 2.1 Subject as provided in these articles, the Model Articles shall apply to the Company.
- 2.2 Model Articles 7, 8(2), 11, 12, 13(3), 16, 17(2), 18(4), 19, 20, 21, 23, 41, 52 – 62 (inclusive), and 70 – 77 (inclusive) shall not apply to the Company.

**3 Conflicts of interest**

- 3.1 In this article and articles 4 and 5:

“**authorise**” means to authorise in accordance with section 175(5)(a) CA 2006 and “**authorisation**”, “**authorised**” and cognate expressions shall be construed accordingly;

a “**conflict of interest**” includes a conflict of interest and duty and a conflict of duties;

“**conflicted director**” means a director in relation to whom there is a conflicting matter;

“**conflicting matter**” means a matter which would or might (if not authorised or if not permitted under article 4) constitute or give rise to a breach of the duty of a director under section 175(1) CA 2006 to avoid a conflict situation;

“**conflict situation**” means a situation in which a director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the company (including a conflict of interest);

“**interested director**” means a director who has, in any way, a material direct or indirect interest in a matter or decision;

a conflicting matter, conflict situation or interest is “**material**” unless it cannot reasonably be regarded as likely to give rise to a conflict of interest; and

“**other directors**” means, in relation to a particular conflicting matter, directors who are not interested directors in relation to that conflicting matter.

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3.2 Exercise of the power of the directors to authorise a conflicting matter shall be subject to the provisions of this article.

3.3 The provisions of this article apply:

(a) subject to article 4; and

(b) without prejudice (and subject) to the provisions of section 175(6) CA 2006.

Nothing in these articles shall invalidate an authorisation.

3.4 A conflicted director seeking authorisation of any conflicting matter shall disclose to the other directors the nature and extent of the conflicting matter as soon as is reasonably practicable. The conflicted director shall provide the other directors with such details of the conflicting matter as are necessary for the other directors to decide how to address the conflicting matter, together with such additional information as may be requested by the other directors.

3.5 Any director (including the conflicted director) may propose that a conflicted director's conflicting matter be authorised. Any such proposal, and any authorisation given by the directors, shall be effected in the same way as any other matter that may be proposed to and resolved on by the directors under the provisions of these articles, except that:

(a) the conflicted director and any other interested director shall not count towards the quorum nor vote on any resolution giving that authorisation; and

(b) the conflicted director and any other interested director may, if the other directors so decide, be excluded from any meeting of the directors while the conflicting matter and the giving of that authorisation are under consideration.

3.6 Where the directors authorise a conflicted director's conflicting matter:

(a) the directors may (whether at the time of giving the authorisation or subsequently):

(i) require that the conflicted director is excluded from the receipt of

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information, the participation in discussions and/or the making of decisions (whether at meetings of the directors or otherwise) in relation to which any actual or potential conflict of interest may arise from the conflicting matter; and

- (ii) impose on the conflicted director such other terms or conditions for the purpose of dealing with any actual or potential conflict of interest which may arise from the conflicting matter as they may determine;
- (b) the conflicted director shall conduct himself in accordance with any terms or conditions imposed by the directors (whether at the time of giving that authorisation or subsequently);
- (c) the directors may provide that, where the conflicted director obtains (otherwise than through his position as a director) information that is confidential to a third party, the conflicted director will not be obliged to disclose the information to the company, or to use or apply the information in relation to the company's affairs, where to do so would amount to a breach of that confidence;
- (d) the terms of the authorisation shall be recorded in writing (but the authorisation shall be effective whether or not the terms are so recorded); and
- (e) the directors may revoke or vary the authorisation at any time but no such action will affect anything done by the conflicted director prior to that action in accordance with the terms of the authorisation.

## **4 Permitted conflict situations**

4.1 If a director or a connected person of a director:

- (a) is or becomes a member, director, manager or employee of the company or any other Group Company; or
- (b) acquires and holds shares in the capital of any other body corporate, wherever incorporated, provided that the shares held by the director and his

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connected persons do not exceed 3% of the nominal value of the issued share capital of that body corporate;

any conflict situation which arises only by reason of such a conflicting matter is permitted by this article and the relevant conflicting matter does not require disclosure and authorisation in accordance with article 3.

4.2 A director shall not, by reason of his office or of the resulting fiduciary relationship, be liable to account to the company for any benefit which he (or a person connected with him) derives from:

- (a) a conflicting matter authorised by the directors;
- (b) a conflicting matter to which article 4.1 applies; or
- (c) a decision of the directors in relation to which, in accordance with article 5.2, the director was an eligible director, notwithstanding his relevant conflicting interest,

and no transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit.

## 5 **Directors' interests and decision making**

5.1 Model Articles - 8 – 10 (inclusive), 13, 17 and 18 shall take effect subject to the terms of the Code.

5.2 A director who has a direct or indirect interest or duty that conflicts with the interests of the company in relation to a proposed decision of the directors is not an eligible director in relation to that decision unless article 5.3 applies to him.

5.3 A director who has a direct or indirect interest that conflicts with the interests of the company in relation to a proposed decision of the directors (a “**relevant conflicting interest**”) shall be an eligible director in relation to that decision, provided that:

- (a) in a case where the relevant conflicting interest is in an actual or proposed transaction or arrangement with the company, the nature and extent of the relevant conflicting interest either:

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- (i) has been duly declared to the other directors in accordance with section 177 or section 182 CA 2006, as the case may require; or
- (ii) is not required by the terms of either of those sections to be declared; and
  - (A) where the relevant conflicting interest is constituted by, or arises from, a conflicting matter of the director and:
    - 1) that conflicting matter (or any breach of the relevant director's duty under section 175(1) CA 2006 by reason of that conflicting matter) is or has been authorised, permitted, approved or ratified, either in accordance with article 3 or article 4 or by the members (and that authorisation, permission, approval or ratification has not been revoked, withdrawn or reversed); and
    - 2) the relevant director has not been required to be excluded from participation in discussions and/or the making of decisions in relation to which the director has the relevant conflicting interest; or
  - (B) where the relevant conflicting interest is constituted by, or arises from, a conflicting matter of the director and that conflicting matter (or any breach of the relevant director's duty under section 175(1) CA 2006 by reason of that conflicting matter) is not or has not been authorised, permitted, approved or ratified, either in accordance with article 3 or article 4 or by the members:
    - 1) the conflict situation arising by reason of that conflicting matter is not material; or
    - 2) the other directors are aware of the relevant conflicting interest and have determined that the director shall be an eligible director in relation to that

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decision; and

- (b) in any other case:
  - (i) the director has disclosed the nature and extent of the relevant conflicting interest, or has not done so where:
    - (A) it cannot reasonably be regarded as likely to give rise to a conflict of interest; or
    - (B) the other directors are already aware of it; and
  - (ii) where the relevant conflicting interest is constituted by, or arises from, a conflicting matter of the director and:
    - (A) that conflicting matter (or any breach of the relevant director's duty under section 175(1) CA 2006 by reason of that conflicting matter) is or has been authorised, permitted, approved or ratified, either in accordance with article 3 or article 4 or by the members (and that authorisation, permission, approval or ratification has not been revoked, withdrawn or reversed); and
    - (B) the relevant director has not been required to be excluded from participation in discussions and/or the making of decisions in relation to which the director has the relevant conflicting interest; or
  - (iii) where the relevant conflicting interest is constituted by, or arises from, a conflicting matter of the director and that conflicting matter (or any breach of the relevant director's duty under section 175(1) CA 2006 by reason of that conflicting matter) is not or has not been authorised, permitted, approved or ratified, either in accordance with article 3 or article 4 or by the members:
    - (A) the conflict situation arising by reason of that conflicting matter is not material; or

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(B) the other directors are aware of the relevant conflicting interest and have determined that the director shall be an eligible director in relation to that decision; but

the provisions of this article do not apply in relation to a decision under article 3.5.

For the purposes of this article, the other directors are to be treated as aware of anything of which they ought reasonably to be aware.

5.4 If a question arises at a meeting of the directors about whether or not a director (other than the chair of the meeting):

- (a) has a material conflict situation for the purposes of articles 3 or 4;
- (b) can vote (where that director does not agree to abstain from voting) on the issue in relation to which the conflict situation arises; or
- (c) can be counted in the quorum (where that director does not agree not to be counted in the quorum) for the purpose of voting on the issue in relation to which the conflict arises,

the question must (unless article 5.5 applies) be referred to the chair of the meeting. The ruling of the chair of the meeting in accordance with this article 5.4 about any director other than himself is final and conclusive, unless the nature or extent of the director's conflict situation (so far as it is known to him) has not been fairly disclosed to the other directors.

5.5 If in relation to a question of the kind referred to in article 5.4 the chair of the meeting is an interested director, the question must be referred to the other directors in accordance with article 5.5 as if it were a question about the chair of the meeting.

5.6 If a question of the kind referred to in article 5.4 arises about the chair of the meeting (or if article 5.5 applies), the question shall be decided by a resolution of the other directors. The chair of the meeting (or conflicted director) cannot vote on the question but can be counted in the quorum. The other directors' resolution about the chair of the meeting (or conflicted director) is conclusive, unless the nature and extent of the chair's (or conflicted director's) conflict situation (so far as

it is known to him) has not been fairly disclosed to the other directors.

5.7 For the purposes of:

(a) any meeting (or part of a meeting) held in accordance with article 3 to authorise a director's conflict; or

(b) any determination in accordance with article 5.4 or 5.6,

if there is only one director present who is not an interested director for the purpose of that authorisation or determination, the quorum for that meeting (or part of a meeting) is one eligible director.

5.8 For the purposes of:

(a) any written directors' resolution to authorise a director's conflict in accordance with article 3; or

(b) any written determination in accordance with article 5.4 or 5.6,

if there is only one director in office who is not an interested director for the purpose of that authorisation or determination, the quorum for the purpose of signing that resolution or determination is one eligible director.

5.9 Nothing in this article 5 shall be taken as absolving any director from any of the obligations set out in article 3. A determination by the directors in accordance with article 5.3(a)(ii)(B)(2) or 5.3(b)(iii)(B) that a conflicted director may be an eligible director in relation to a decision of the directors does not amount to authorisation of the relevant conflict situation.

5.10 The company may, by ordinary resolution, ratify any transaction, arrangement or other matter which has not been properly authorised by reason of a contravention of these articles.

## **6 Decision-making by directors: general**

6.1 Subject to the terms the Code, the general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or by written resolution in accordance with Model Article 18.

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6.2 The quorum for each meeting of the Board is one half of all Directors appointed at the relevant time, at least one of whom must be the SECCo Chair (or his or her alternate as such). If:

- (a) the Company only has one director; and
- (b) no other provision of these articles requires it to have more than one director,

the general rule does not apply, the quorum for meetings of the directors shall be one and the director may take decisions without regard to any of the provisions of these articles relating to directors' decision-making, other than the provisions of articles 6.3 and 6.7.

6.3 The directors must ensure that the Company keeps a record, in writing, for at least 10 years from the date of the decision recorded, of every unanimous or majority decision taken by the directors.

6.4 Model Article 9(3) shall be modified so that any meeting where all the directors participating are not in the same place shall be treated as taking place in the place where the chair of the meeting is.

6.5 Model Article 10(2) shall be read:

- (a) subject to articles 5 and 6.2; and
- (b) as if the final word was deleted and the words "two eligible directors" were added in its place.

6.6 The chair of directors' meetings shall have no vote, save in the event of an equality of votes, where he shall have a casting vote, and Model Article 13(2) shall be modified accordingly.

6.7 Model Article 14(2) shall be read as if the words "to be counted" to "voting purposes" inclusive were omitted and the words "an eligible director for the purposes of that meeting (or part of a meeting)" were added in their place.

6.8 For the purposes of Model Articles 17 and 18, a written resolution of the directors

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may be in electronic form. Model Article 18 shall be read as if the words “all the directors” were omitted and the words “a simple majority of the directors” were added in their place.

- 6.9 A decision may not be taken in accordance with Model Article 18 if the eligible directors making that decision would not have formed a quorum at a directors’ meeting resolving on the same matter.
- 6.10 Save for the chair person, the directors shall not be entitled to any remuneration from the Company. This is without prejudice to the recovery of reasonable expenses properly incurred in connection with the Company.

### **7 General meetings and written resolutions**

- 7.1 Voting rights attaching to a share may be exercised, either at a general meeting or on any written resolution, notwithstanding that amounts are outstanding, due and payable to the Company in respect of that share.

### **8 Allotment of shares**

- 8.1 Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, all shares shall be issued to the persons, on the terms and conditions and with the rights, priorities, privileges or restrictions in each case as provided in the resolution creating or issuing the relevant shares. In the absence of any such provision, the directors may issue the shares, subject to section 551 CA 2006, to such persons at such times and generally on such terms and conditions and with such rights, priorities, privileges or restrictions as they may think fit. Accordingly, and in accordance with section 570 CA 2006, sections 561(1) and 562 CA 2006 shall not apply to the Company.
- 8.2 No share shall be issued to any infant, bankrupt, insolvent body corporate or person who, by reason of that person’s mental health, is subject to a court order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have.

### **9 Transmission of shares**

- 9.1 Nothing in these articles or the Model Articles releases the estate of a deceased

member from any liability in respect of a share solely or jointly held by that member.

**10 Return of capital**

10.1 The Shareholders intend that the Company should be run on a “break even” basis and shall procure that any surplus working capital shall, rather than being distributed to Shareholders, be retained by the Company and applied to subsequent expenditure.

10.2 Subject to articles 10.1 and 10.3, on a return of capital on liquidation, capital reduction or otherwise, the surplus assets of the Company remaining after the payment of its liabilities shall be applied:

- (a) in paying to each holder of shares an amount in respect of each share held equal to the amount paid up thereon (including any premium); and
- (b) thereafter, in distributing the balance of such assets amongst the holders of the shares in proportion to the amounts paid up or credited as paid up on the shares and held by them.

10.3 Any Shareholder may elect (by notice to the Company secretary) to pay up all amounts which remain unpaid on any Share immediately prior to any return of capital of the kind referred to in article 10.2.

**11 Delivery of documents and information**

11.1 Any notice, document or other information shall be deemed to be served on and delivered to the intended recipient:

- (a) if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 48 hours after it was posted (or five business days after posting either to an address outside the United Kingdom or from outside the United Kingdom to an address within the United Kingdom, if (in each case) sent by reputable international overnight courier addressed to the intended recipient, provided that delivery in at least five business days was guaranteed at the time of sending and the sending party receives a confirmation of delivery from the courier service provider);

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- (b) if properly addressed and delivered by hand, when it was given or left at the appropriate address; and
- (c) if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website.

For the purposes of this article, no account shall be taken of any part of a day that is not a working day.

- 11.2 In proving that any notice, document or other information was properly addressed, it shall be sufficient to show that the notice, document or other information was delivered to an address permitted for the purpose by CA 2006.
- 11.3 For the purposes of section 1147(3) CA 2006, where a document or information is sent or supplied by the Company to any member by electronic means, and the Company is able to show that it was properly addressed, it is deemed to have been received by the intended recipient one hour after it was sent (but subject to section 1147(5)).
- 11.4 Where a document or information is sent or supplied to the Company by one person (the “**agent**”) on behalf of another person (the “**sender**”), the Company may require reasonable evidence of the authority of the agent to act on behalf of the sender.

## **12** **The Code**

- 12.1 In addition to the provisions of these Articles, the members shall be obliged (except to the extent, if any, prohibited by law) to give effect to the Code in force at the relevant time.
- 12.2 Each Shareholder shall procure, to the extent reasonably possible, that the Directors shall act in all reasonable respects in relation to the Company so as to give effect to the Code, provided always that each Director will not be required to act in any manner prejudicial to his fiduciary duties as a Director of the Company.

**SEC SCHEDULE 5 – ACCESSION INFORMATION**

- 1 The Applicant's full name.
- 2 Whether the Applicant is a company or a natural person or a partnership etc.
- 3 The Applicant's jurisdiction of incorporation (if applicable).
- 4 The Applicant's registered number (if applicable).
- 5 The Applicant's registered address (or, if not applicable, its principal address).
- 6 Where the Applicant is incorporated or resident outside Great Britain, an address in Great Britain for the receipt of legal notices on the Applicant's behalf.
- 7 The Applicant's VAT registration number (if applicable).
- 8 The Applicant's address for invoices under the Code.
- 9 The Applicant's address or addresses for all other notices under the Code.
- 10 The Party Category into which the Applicant considers it will initially fall.
- 11 The Energy Licences held by the Applicant (including any for which it has applied).
- 12 Details of any Parties that are Affiliates of the Applicant (where the Applicant is a company).
- 13 Where the Applicant holds one or more Energy Licences (or is a Meter Operator or Meter Asset Manager), details of any unique identifiers by which the Applicant is identified under the MRA and/or the UNC (as applicable). This information shall be treated as confidential and not disclosed on the Website.
- 14 The name of the person or persons who will enter into the Accession Agreement on behalf of the Applicant.

SEC SCHEDULE 6 - FORM OF LETTER OF CREDIT

**Form of Document:** Irrevocable Standby Letter of Credit

**Documentary Credit Number:** [    ]

**Date of Issue:** [    ]

**Issuing Bank:** [    ]

At the request of the Applicant, the Issuing Bank issues this irrevocable standby letter of credit (“**Standby Letter of Credit**”) in the Beneficiary’s favour on the following terms and conditions.

In this Standby Letter of Credit:

“**Applicant**” means [insert User’s name]

“**Beneficiary**” means [DCC] [insert company number and address], and its successors as the DCC under the Smart Energy Code

“**Beneficiary Statement**” means a demand on the Beneficiary’s letterhead, stating the name and title of the person signing on behalf of the Beneficiary, in the form set out at in the schedule to this Standby Letter of Credit.

“**Effective Date**” means [    ] (London, UK)

“**Expiry Date**” means [    ] (London, UK)

“**Maximum Amount**” means [    ]

“**Smart Energy Code**” means the code of that name designated by the Secretary of State pursuant to the smart meter communication licences granted pursuant to the Electricity Act 1989 and the Gas Act 1986, as such code is modified from time to time.

1. From the Effective Date, this Standby Letter of Credit is available for payment at sight against presentation to the Issuing Bank of a Beneficiary Statement.

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2. The Issuing Bank will not be obliged to make a payment under this Standby Letter of Credit if as a result the aggregate of all payments made by it under this Standby Letter of Credit would exceed the Maximum Amount.
3. The Beneficiary Statement must be presented to the Issuing Bank on or before the Expiry Date.
4. All payments under this Letter of Credit shall be made in Pounds Sterling in immediately available, freely transferable funds and for value on the due date to the account set out in the Beneficiary Statement.
5. The Issuing Bank hereby waives any right to set off or counterclaim whatsoever against any amounts payable under this Standby Letter of Credit in respect of any claims the Issuing Bank may have against the Beneficiary and such amounts shall be paid free and clear of all deductions or withholdings whatsoever. If the Issuing Bank is required by law to make a tax deduction from any amounts payable under this Standby Letter of Credit, the amount due from the Issuing Bank shall be increased to an amount which (after such tax deduction) leaves an amount equal to the payment which would have been due if no tax deduction had been required.
6. This Standby Letter of Credit is personal to the Beneficiary, and the Beneficiary's rights hereunder (including the right to receive proceeds) are not assignable; provided that such rights shall enure for the benefit of the DCC's successors under the Smart Energy Code.
7. Except to the extent it is inconsistent with the express terms of this Standby Letter of Credit, this Standby Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (2007 Revision), International Chamber of Commerce Publication No. 600 other than Article 38 thereof which is hereby waived and Article 36 is varied as below. Other than a person to whom this Standby Letter of Credit has been transferred in accordance with clause 6, this Standby Letter of Credit shall not confer any benefit on or be enforceable by any third party. If this Standby Letter of Credit expires during any interruption of business as described in Article 36 of said Publication 600,

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the Issuing Bank specifically agrees to honour any demand made under this Standby Letter of Credit within thirty (30) days after the resumption of business.

8. This Standby Letter of Credit and any non-contractual obligations or disputes arising out of or in connection with it shall be governed by and construed in accordance with the laws of England and the parties submit to the exclusive jurisdiction of the Courts of England for all disputes arising under, out of, or in relation to this Letter of Credit.

Signed for and on behalf of

**Issuing Bank**

**Schedule - Form of Beneficiary Statement**

We, the DCC under the Smart Energy Code (the “Beneficiary”), hereby state that we are entitled, in accordance with the Smart Energy Code, to demand .....[insert amount being claimed] under Standby Letter of Credit number..... issued by .....[insert name of Issuing Bank]. Payment in respect of this demand shall be effected immediately to [insert relevant account details]. We confirm that the signatory(ies) to this demand are empowered to sign and make this demand on behalf of the Beneficiary.