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Planning

The Smart Meter Communication Licences ('the licence')

Ofgem

F01: Prior information notice

Prior information only

Notice identifier: 2023/S 000-028912

Procurement identifier (OCID): ocids-h6vhtk-0406f8

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Section I: Contracting authority

I.1) Name and addresses

Ofgem

10 South Colonnade, Canary Wharf

London

E14 4PU

Email

procurement2@ofgem.gov.uk

Telephone

+44 2079017000

Country

United Kingdom

NUTS code

UK - United Kingdom

Internet address(es)

Main address

<http://www.ofgem.gov.uk>

Buyer's address

https://www.mytenders.co.uk/search/Search_AuthProfile.aspx?ID=AA10021

I.3) Communication

Additional information can be obtained from the above-mentioned address

I.4) Type of the contracting authority

Ministry or any other national or federal authority

I.5) Main activity

General public services

Section II: Object

II.1) Scope of the procurement

II.1.1) Title

The Smart Meter Communication Licences ('the licence')

II.1.2) Main CPV code

- 98390000 - Other services

II.1.3) Type of contract

Services

II.1.4) Short description

-The purpose of this PIN is to inform prospective applicants of Ofgem's intention to

undertake a competition to appoint a single Licensee to act as holder of the licence. This new Licensee ('the Successor Licensee') will be granted a new licence and will succeed the current Licensee at the end of the current licence term.

-The core business of the Successor Licensee can be split into two principal areas:

1.to provide a centralised, secure data and communications service for the purpose of sending and receiving messages between smart metering systems installed in premises and energy suppliers, network operators and authorised third parties in GB, and

2.to provide compliant smart metering communications hubs in domestic premises and certain non-domestic premises in GB.

-The Successor Licensee will operate and manage the services currently being provided by the current Licensee, Smart DCC Ltd (DCC), including procuring and managing communications and data services subcontractors, and providing the expected level of service to its users as defined in the licence and in relevant regulated industry codes, including the Smart Energy Code (SEC).

-The total DCC revenue is currently approximately GBP600m to 700m per year, the core business should be conducted on a not-for-profit basis. For more information, DCC's 2023/24 Charging Statement can be found here:

<https://www.smartdcc.co.uk/media/aqihnkzt/charging-statement-ry2324-issue-20.pdf>

-The length of the licence term is still to be decided. We expect it to be for an initial period of 12 years, with an option to extend the contract up to a further 6 years to a total of 18 years maximum. This will however be subject to further consultation.

-The current Licensee is DCC.

-DCC operates under the conditions of its licence and is regulated by Ofgem.

-More information about DCC can be found here: <https://www.smartdcc.co.uk/>

-The Successor Licensee to be appointed will succeed the current Licensee and become the holder of the new licence.

-DCC's term as Licensee is due to expire on 22 September 2025. Ofgem has communicated its expectation that this term will be extended by 12 to 36 months. If Ofgem determines that the current licence term is to be extended by a period of more than 12 months, it must issue a formal notice to DCC by no later than 21 September 2024.

-Ofgem expect there to be a period of handover between DCC and the Successor Licensee of up to 12 months.

-The term of the new licence to be held by the Successor Licensee will therefore likely commence sometime between September 2025 and September 2027, whereafter the handover period will commence.

-The current version of the licence can be found here:

<https://www.ofgem.gov.uk/publications/smart-meter-communication-licence>

-Ofgem is in the process of reviewing the regulatory arrangements for DCC and recently published its conclusions following the first scoping phase of the review. As part of the further future design work in relation to the new regulatory framework, Ofgem will in due course be consulting on the content of the new licence. More information can be found here:

<https://www.ofgem.gov.uk/publications/dcc-review-phase-1-decision>

-Ofgem has already communicated in this document that the new regulatory model will be underpinned by the following key features:

1. the company Board should be majority stakeholder or independent controlled and include consumer representation.
2. the core business should be conducted on a not-for-profit basis.
3. costs of activities deemed to be sufficiently stable should be subject to an upfront approval by Ofgem via an ex-ante price control or a budget-setting process.
4. the operational model will remain primarily outsourced with key contracts procured competitively on the market.
5. the core business will remain funded by charges on users.g

II.1.6) Information about lots

This contract is divided into lots: No

II.2) Description

II.2.2) Additional CPV code(s)

- 38551000 - Energy meters
- 32571000 - Communications infrastructure
- 32581000 - Data-communications equipment

- 32400000 - Networks
- 32423000 - Network hubs
- 71314000 - Energy and related services
- 71314200 - Energy-management services

II.2.3) Place of performance

NUTS codes

- UK - United Kingdom

II.2.4) Description of the procurement

-The competition is not subject to the Public Procurement Regulations.

-The competition will be conducted pursuant to the Electricity and Gas (Competitive Tenders for Smart Meter Communication Licences) Regulations 2012. The Regulations can be found here: <https://www.legislation.gov.uk/uksi/2012/2414/contents/made>

-Prospective applicants are invited to contact Ofgem at Procurement2@ofgem.gov.uk if they would like to discuss this opportunity further.

-Ofgem will be available to discuss details of the opportunity on a one to one basis between Monday 02 October and Friday 17 November.

II.2.14) Additional information

-Ofgem's next steps to develop the new licence include stakeholder workshops followed by public consultations to determine the full scope of services the Successor Licensee must / can provide, the associated governance arrangements that will be put in place, and the cost control arrangements that the Successor Licensee will be subject to. These consultations will take place in early 2024.

II.3) Estimated date of publication of contract notice

1 September 2025

Section IV. Procedure

IV.1) Description

IV.1.8) Information about the Government Procurement Agreement (GPA)

The procurement is covered by the Government Procurement Agreement: Yes

Section VI. Complementary information

VI.3) Additional information

NOTE: To register your interest in this notice and obtain any additional information please visit the myTenders Web Site at

https://www.mytenders.co.uk/Search/Search_Switch.aspx?ID=230401.

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