

An introduction to Licence Lite

For people considering or intending to apply

This factsheet is only a snapshot. For further information please read our Licence Lite guidance.

What is it?

Licence Lite is an option that helps new suppliers enter the electricity supply market. It lets a new supplier partner with an existing supplier to be responsible for some of the more costly and technically challenging parts of a supply licence.

For this to occur, the new supplier must have made a commercial arrangement with a third party licensed supplier (TPLS) before we can grant a Licence Lite direction. Under this arrangement, the TPLS carries out compliance for those parts of a supply licence that may be particularly challenging for a new supplier (which are often relatively small organisations).

A Licence Lite direction relieves the applicant of their obligation to be a direct party to a number of industry codes. Often the regulatory costs incurred by complying with these codes are disproportionately high for smaller suppliers. They often require substantial up-front investment and ongoing resourcing. You can find these codes in standard licence condition (SLC) 11.2. They are:

- the Master Registration Agreement (MRA)
- the Distribution Connection and Use of System Agreement (DCUSA)
- the Connection and Use of System Code (CUSC),
- the Balancing and Settlement Code (BSC).

However, becoming a Licence Lite supplier doesn't remove all of your duties: it comes with all the rights and obligations of licensed supply, except those in SLC 11.2.

Is it for me?

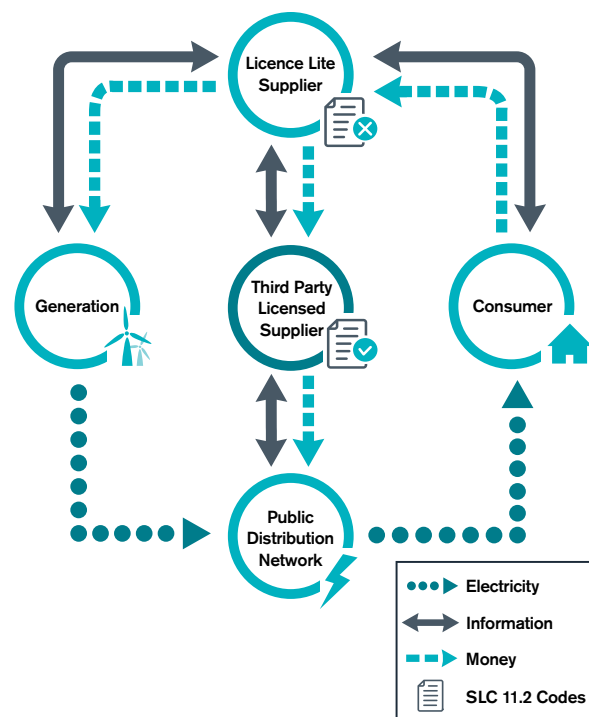
Any organisation seeking to supply electricity via the public network must be licensed. Licensing ensures that suppliers operate within the electricity market in ways which support

wholesale market trading, balance the system, enable retail competition and protect customers. Licence Lite may be an appropriate option if you wish to reduce some of the financial and technical barriers of joining that market.

There are a range of options for parties wishing to supply energy to consumers. Uniquely, Licence Lite:

- enables market entry where your organisation does not have the capacity to interact with the technicalities of the energy system
- supports a reliable and potentially more favourable market for distributed electricity generation (compared to selling in the wholesale market)
- allows a direct relationship with your customers.

A wide range of bodies may apply for a Licence Lite direction. Customers may be domestic and / or non-domestic, and suppliers may contract with generators or own the generation themselves.



What's involved?

Your responsibilities as a prospective Licence Lite supplier:

Your roles and responsibilities when applying for a Licence Lite direction include:

- Identifying a suitable Third Party Licenced Supplier (TPLS) and entering into robust arrangements for ensuring SLC 11.2 compliance.
- Submitting an electricity supply licence application, request for a Licence Lite direction and supporting documentation.
- Complying with all other obligations relevant to a licensed supplier (excluding the SLC 11.2 Codes).
- Ensuring you have access to information held by the TPLS in order to comply with your obligations.
- Ensuring security of supply for all of your customers (in the event your generation does not match consumer demand).
- Alerting us to any break-down of the arrangements.

Your responsibilities as a prospective third party licensed supplier (TPLS)

Your roles and responsibilities when entering into a Licence Lite agreement as a TPLS include:

- Entering into an agreement which requires that you wholly accept the delivery responsibilities, obligations and liabilities associated with the SLC 11.2 codes.
- Confirming to the Licence Lite supplier your ability to meet the regulatory and code compliance requirements on their behalf.
- Delivering code compliance on behalf of the Licence Lite supplier by the arrangements in place.
- Alerting the Licence Lite supplier to any issues relating to SLC 11.2 Code compliance.

How to apply

When applying for an SLC 11.3 direction you will need to provide a cross-referenced checklist and documentation to support this request. This includes three types of information, specifically:

- Administrative details (about you and your business model)
- A supplier services agreement (a contract setting out arrangements between you and your TPLS, and clarifying obligations between parties)
- Details of industry interaction arrangements (assurances regarding industry compatibility and security of supply).

The list above is only an overview. For more detail see our final guidance. We also recommend you seek independent legal and technical advice to reach your supplier services agreement and understand your obligations.

Application process

Both prospective and existing electricity supply licensees are eligible to apply for a Licence Lite direction. Depending on your status, the application to allow you to operate as a Licence Lite supplier will have either one or two parts. If you are not already licensed, the two parts of your application will be processed simultaneously.

Part 1 Apply for an electricity supply licence

Part 2 Request a Licence Lite direction and provide supporting documentation

We aim to reach a decision on whether to grant a Licence Lite direction within 60 working days of confirming that an application is complete. If we discover during our assessment that we require further information, your application will be put on hold and the timeline will restart from day zero when you have provided the information.

More information

See our: [Licence Lite guidance](#)

See our websites: [Licence Lite Industry Codes and Licensing](#)

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