



Department for  
Business, Energy  
& Industrial Strategy

# SMART METERING IMPLEMENTATION PROGRAMME

Consultation on proposals to improve non-domestic consumers' smart metering awareness and data access

Closing date: 21 February 2019



**OGL**

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# General information

## Why we are consulting

This consultation seeks stakeholders' views on two non-domestic smart metering policy proposals:

- proposed changes to licence conditions intended to raise microbusinesses' awareness around the smart metering programme, and
- possible changes to licence conditions on access to non-domestic consumers' energy consumption data.

The consultation will run for four weeks, following which the Government will publish its response, and - subject to final decisions and Parliamentary process - make changes to the gas and electricity licence conditions in Summer 2019.

## Consultation details

**Issued:** 24 January 2019

**Respond by:** 21 February 2019, 5.00pm

### Enquiries to:

Smart Metering Implementation Programme – Benefits Realisation Team  
Department for Business, Energy & Industrial Strategy,  
2nd Floor Spur  
1 Victoria Street,  
London, SW1H 0ET

Email: [smartmetering@beis.gov.uk](mailto:smartmetering@beis.gov.uk)

**Consultation reference:** Smart Metering Implementation Programme: Consultation on proposals to improve non-domestic consumers' smart metering awareness and data access

### Territorial extent:

This consultation applies to the gas and electricity markets in Great Britain. Responsibility for energy markets in Northern Ireland lies with the Northern Ireland Executive's Department for the Economy.

## How to respond

**Email to:** [smartmetering@beis.gov.uk](mailto:smartmetering@beis.gov.uk)

**Write to:**

Smart Metering Implementation Programme – Benefits Realisation Team  
Department for Business, Energy & Industrial Strategy,  
2nd Floor Spur  
1 Victoria Street,  
London, SW1H 0ET

When responding, please state whether you are responding as an individual or representing the views of an organisation.

Your response will be most useful if it is framed in direct response to the questions posed, though further comments and evidence are also welcome.

## Confidentiality and data protection

Information you provide in response to this consultation, including personal information, may be disclosed in accordance with UK legislation (the Freedom of Information Act 2000, the Data Protection Act 2018 and the Environmental Information Regulations 2004).

If you want the information that you provide to be treated as confidential please tell us, but be aware that we cannot guarantee confidentiality in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not be regarded by us as a confidentiality request.

We will process your personal data in accordance with all applicable UK and EU data protection laws. See our [privacy policy](#).

We will summarise all responses and publish this summary on [GOV.UK](#). The summary will include a list of names or organisations that responded, but not people's personal names, addresses or other contact details.

## Quality assurance

This consultation has been carried out in accordance with the government's [consultation principles](#).

If you have any complaints about the way this consultation has been conducted, please email: [beis.bru@beis.gov.uk](mailto:beis.bru@beis.gov.uk).

# 1. Executive Summary

The development of a world-leading smart energy system delivering secure, cheap and clean energy is an important part of the Government's Industrial Strategy<sup>1</sup>. As our Clean Growth Strategy highlights, smart technologies and services will play a vital role in decarbonising the energy sector<sup>2</sup>.

The Government is committed to ensuring that smart meters will be offered to every home and small business by the end of 2020. Smart meters are the next generation of gas and electricity meters and will deliver a much-needed digital transformation of our energy system. They offer a range of intelligent functions and provide consumers with more accurate information, bringing an end to estimated billing. They give consumers near real-time information on their energy consumption to help them control and manage their energy use, save money and reduce emissions.

The non-domestic smart meter rollout covers around three million meters in two million premises<sup>3</sup>, the majority of which are small and medium enterprises (SMEs<sup>4</sup>) and microbusinesses<sup>5</sup>. Research shows that although SMEs and microbusinesses are interested in saving money, they are likely to see energy as a background (albeit essential) part of running their business. Energy is not something they devote much time to when looking to make significant cost savings, unless their energy consumption is sufficiently high that it forms a significant part of their outgoings<sup>6</sup>. The Department for Business, Energy and Industrial Strategy's (BEIS) cost benefit analysis of the smart metering rollout indicates that by 2030, non-domestic consumers could achieve approximately £1.4billion in energy savings<sup>7</sup>. Our aim is therefore to promote the benefits of smart meters amongst businesses and develop the framework that will enable better engagement, equipping businesses with the information that will enable them to unlock these energy savings.

This consultation proposes two policy changes focused on the smaller end of the non-domestic market: microbusinesses<sup>8</sup> and smaller businesses who are not covered by some of the protections available to households, yet not big enough to benefit from some of the brokerage services and deals that more energy-intensive businesses use.

First, we are seeking views on how to tackle low awareness of smart metering amongst microbusinesses, in order to encourage take-up of smart meters and resulting energy savings. BEIS's view is that given limited engagement to date, the time is right to strengthen regulation on this issue, by introducing specific duties on the organisation responsible for the national campaign about smart metering (Smart Energy GB) to engage with microbusinesses.

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<sup>1</sup> <https://www.gov.uk/government/topical-events/the-uks-industrial-strategy>

<sup>2</sup> <https://www.gov.uk/government/publications/clean-growth-strategy>

<sup>3</sup> Some premises have multiple meters.

<sup>4</sup> Government statistics define a small business as one with 0-49 employees, and a medium-sized business as one with 50-249 employees.

<sup>5</sup> Based on BEIS analysis of meter types and business population statistics.

<sup>6</sup> Citizens Advice 'Smart Choices' research report, 2017: <https://www.citizensadvice.org.uk/about-us/policy/policy-research-topics/energy-policy-research-and-consultation-responses/energy-policy-research/smart-choices-investigating-micro-businesses-interest-in-and-understanding-of-smart-meters1/>

<sup>7</sup> See paragraph 3 below.

<sup>8</sup> In accordance with the gas and electricity supply licences (Condition 7A in both), a microbusiness is a non-domestic consumer that meets one of the following criteria: they employ fewer than 10 employees (or their full time equivalent) and have an annual turnover or balance sheet no greater than €2 million, or they consume not more than 100,000 kWh of electricity per year, or not more than 293,000 kWh of gas per year. The supply licences define a microbusiness because a number of conditions apply differently to this group as distinct from the rest of the non-domestic consumer base. The licences do not define other businesses by size.

Second, the consultation considers approaches for the way non-domestic consumer data is made available to consumers, and how this could encourage better engagement with energy use. At present, licence conditions require that energy suppliers must make consumption data available (on request) in a timely manner to their non-domestic consumers, but they can charge for offering this data, and suppliers can provide the data in whatever format they choose. The consultation asks whether the ability to charge for this data should be removed, and seeks views on how the data could best be provided and presented to consumers. This section of the consultation is a call for evidence, seeking views on options, rather than approval of draft licence changes.

The consultation also seeks views on making changes to licence conditions which currently do not allow energy suppliers to access microbusinesses' consumption data to deal with consumer enquiries or potential theft without the customer's consent. If this condition is implemented, energy suppliers will still be obligated to meet the data protection regime that came into force in May 2018.

The Government aims to publish its response to this consultation and amend the standard conditions of gas and electricity supply licences by summer 2019, subject to the availability of Parliamentary time.

## 2. Introduction

### The non-domestic smart metering rollout

1. The Government is committed to ensuring that smart meters will be offered to every home and small business by the end of 2020. Energy suppliers are responsible, under standard conditions of electricity and gas supply licences ('supply licence conditions'), for taking all reasonable steps to roll out smart meters to all domestic and small business premises<sup>9</sup> by 2020. The Government's role is to provide the right framework against which they can plan, and ensure benefits are delivered to consumers.
2. The non-domestic rollout covers around three million meters in two million premises. The majority of these customers are microbusinesses and small and medium sized enterprise (SMEs<sup>10</sup>). The consumers at these premises are very varied: both private and public sector organisations, small shops, cafes, some chain stores, small industrial units and schools as well as many other business types.
3. The Cost Benefit Analysis for smart metering published in November 2016 estimated the costs and benefits associated with the GB rollout to both homes and small businesses. It identified approximately £1.4billion in potential energy savings for non-domestic consumers<sup>11</sup>.
4. As at the end of September 2018 (the most recent statistics published<sup>12</sup> around 1 million meters have been installed in non-domestic premises. These are a mix of smart meters and advanced meters, both of which fulfil the smart metering mandate. This means that there are a further c.2 million meters to be installed before the end of 2020, and BEIS expects (based on information from energy suppliers) that the installation rates will start to rise in 2019, now that second generation smart meters (known as 'SMETS2 meters') are available. This consultation is part of BEIS's policy development and outreach activities to help ensure that consumers accept smart meters, and maximise energy savings once their meters are installed.

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<sup>9</sup> Licence conditions require energy suppliers to take all reasonable steps to install smart metering (or in some circumstances, advanced metering) to gas premises where average annual consumption is below 732 MWh per year and all electricity premises in Profile Classes 1-4 (the majority of non-domestic electricity consumers are in profile classes 3 and 4).

<sup>10</sup> Government statistics define a small business as one with 0-49 employees, and a medium-sized business as one with 50-249 employees. Meter data is not categorised by business size, but BEIS analysis is that due to the small capacity/annual energy usage of meters included in the smart metering mandate, it can be assumed that the majority (as is also true for the nationwide business population) are microbusinesses and small businesses.

<sup>11</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/567168/OFFSEN\\_2016\\_smart\\_meters\\_cost-benefit-update\\_Part\\_II\\_FINAL\\_VERSION.PDF](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/567168/OFFSEN_2016_smart_meters_cost-benefit-update_Part_II_FINAL_VERSION.PDF)

<sup>12</sup> <https://www.gov.uk/government/collections/smart-meters-statistics>



## Policy context

### Recent announcements on non-domestic policy

5. In March 2018 Government published its final conclusions<sup>13</sup> on a package of measures designed to give non-domestic consumers access to the full benefits of smart meters whilst recognising the diverse nature of these energy users and the need for proportional regulation.
6. These measures (requiring that all SMETS2 meters installed in non-domestic premises are enrolled in the DCC) ensure that small businesses can retain their smart metering service when they switch energy suppliers and promote consumer engagement through the consumption data that are offered via the smart meters, helping to create a market that works better for consumers. The conclusions document also announced that energy suppliers will have the ability to offer SME and larger business consumers (but not microbusinesses)<sup>14</sup> with premises in scope of the smart metering mandate a choice between an advanced meter and a smart meter, respecting the fact that some larger organisations already have well established energy management and metering strategies.

### Data Access and Privacy Framework

7. The Data Access and Privacy Framework (hereafter ‘the Framework’) was established in 2012 and designed to safeguard consumers’ interests, whilst enabling proportionate access to data. The Framework determines the levels of access to energy consumption data that consumers, energy suppliers, energy networks and third parties may have, how often and for what purposes. It covers access to energy consumption data from both domestic and microbusiness premises.
8. The Framework establishes sector-specific provisions relating to the processing of energy consumption data, which are designed to complement, but not replace, wider data protection legislation<sup>15</sup>. It is recognised that consumption data and other smart metering data may also be considered to be personal data<sup>16</sup>, and in these circumstances processing must be conducted in accordance with data protection legislation. The provisions of the Framework are enacted through a range of regulatory requirements<sup>17</sup> and it was extended by Ofgem in 2015 to apply relevant provisions to all remote access meters.<sup>18</sup>

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<sup>13</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/695006/Government\\_Response\\_to\\_the\\_non-domestic\\_consultation\\_package\\_final.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/695006/Government_Response_to_the_non-domestic_consultation_package_final.pdf)

<sup>14</sup> Energy suppliers can choose between two microbusiness definitions in the energy supply licence conditions; one which uses the same definition as that used by the Redress Scheme (which is made up of a number of eligible criteria, including the energy threshold criteria, as set out in article 2(1) of The Gas and Electricity Regulated Providers (Redress Scheme) Order 2008 (S.I. 2008/2268)); and the other which solely uses the energy threshold definition. Whilst the energy supply licence conditions have been amended so that this policy applies to either definition, indications are that energy suppliers may prefer to use the energy threshold definition..

<sup>15</sup> The General Data Protection Regulation (GDPR) and the Data Protection Act 2018, both of which came into force on 25 May 2018

<sup>16</sup> Such as Meter Point Administration Number (MPAN) and Meter Point Reference Number (MPRN) identifiers, as well as data that can be linked to these identifiers and which relates to identifiable individuals.

<sup>17</sup> As set out in Energy Supply and Energy Distribution Standard Licence Conditions: <https://www.ofgem.gov.uk/licences-industry-codes-and-standards/licences/licence-conditions>; and the Smart Energy Code (Sec): <https://smartenergycodecompany.co.uk/the-smart-energy-code-2/>

<sup>18</sup> Further details are available here: <https://www.ofgem.gov.uk/publications-and-updates/decision-extending-smart-meter-framework-data-access-and-privacy-remote-access-meters>

9. In 2012, the Government committed to a full review of the Framework at an appropriate point. In 2015 Government confirmed that the review would conclude by the end of 2018<sup>19</sup> and the final review report was published on 22 November 2018<sup>20</sup>.

## New policy proposals

10. BEIS is committed to providing the right framework that will enable businesses and other non-domestic organisations to achieve the benefits of smart metering, with a particular focus on maximising smart meter benefits for smaller businesses and organisations who tend to be less engaged with their energy use. This position is informed by both the Competition and Markets Authority's report into the energy market<sup>21</sup>, and by Ofgem's annual reports on the state of the retail market<sup>22</sup>. BEIS's smart metering programme research<sup>23</sup> also indicates that engagement with energy consumption data varies considerably amongst different small and microbusinesses, due to factors including organisational size, energy intensity and staff skills.
11. Part A of this document concerns microbusiness awareness of smart metering. Research carried out in spring 2018 for Smart Energy GB (the central communications body for smart metering) suggests that awareness amongst microbusinesses remains low, with around 70% of non-home based microbusinesses being unaware of smart meters for business. We are of the view that without intervention, this low awareness is unlikely to improve before the end of the rollout, which would be detrimental to take-up and thus the realisation of benefits. We are therefore proposing to amend the remit of Smart Energy GB to give it specific duties to cover microbusinesses, improving their awareness and encouraging them to seek out or accept a smart meter installation. This would replace Smart Energy GB's current more constrained duty on microbusinesses, which only allows for the extension of domestic campaigns to non-domestic consumers where it is cost effective.
12. Part B concerns access to non-domestic consumers' data. Firstly, there is a discussion on whether and how suppliers should provide free access to consumption data to their non-domestic consumers. The section asks for views on how to make information on consumption data 'readily understandable' for consumers, to encourage them to make energy savings, and how the offer of data should be made during the installation process. It also discusses which segments of the non-domestic sector this should apply to: whether this should be restricted to microbusinesses only or apply to a larger group which would include some larger businesses and public sector organisations. Secondly, we are proposing that suppliers be allowed to access data at a level more granular than monthly where the supplier suspects theft or for accurate billing.

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<sup>19</sup> The consultation on the timing of the review of the Framework, together with the Government response is available here:

<https://www.gov.uk/government/consultations/consultation-on-the-timing-of-the-review-of-the-data-access-and-privacy-framework>

<sup>20</sup> <https://www.gov.uk/government/publications/smart-metering-implementation-programme-review-of-the-data-access-and-privacy-framework>

<sup>21</sup> <https://www.gov.uk/cma-cases/energy-market-investigation>

<sup>22</sup> While Ofgem's second annual report (2018) showed some improvement in small and microbusinesses engagement in the market (the proportion of customers who had switched supplier or tariff, or compared deals) increased from 66% in 2016 to 68% in 2017, they remain generally less engaged in the market than larger industrial and commercial customers. For example, although more are negotiating contracts, a significant minority of microbusinesses (24% in gas and 27% in electricity) are on poor-value default and deemed contracts. In Q1 2018, microbusinesses on deemed contracts paid around twice as much for each unit of gas consumed and 70% more for each unit of electricity consumed, compared to microbusinesses on negotiated contracts. See <https://www.ofgem.gov.uk/publications-and-updates/state-energy-market-2018>

<sup>23</sup> <https://www.gov.uk/government/publications/smart-metering-in-non-domestic-premises-early-research-findings>

13. Annex 1 is a list of all the consultation questions. Annex 2 sets out the full draft legal text which will amend licence conditions in line with the minded to proposals outlined in this document.
14. Every effort has been made to ensure that the explanatory text in the main body of this consultation document reflects the legal drafting in Annex 2. We have also sought to ensure that the explanatory text provides a clear and simplified overview of our proposals, however the draft legal text should be considered to be definitive in the event that there is an inconsistency between these and the explanatory text.
15. The Government response to this consultation will be published once responses received have been analysed. Should our conclusions be that we should proceed with the proposed amendments to supply licence conditions, as outlined in Part A and Part B2, we will lay the final draft legal text before Parliament with a view to implementing the concluded policy proposals thereafter. Part B1 is a call for evidence. Government will consider the responses and then if the decision is to proceed to regulation during 2019, consult again on developed proposals and draft licence changes.

# Part A: Raising microbusinesses' awareness of smart metering

## Description of the issue

16. Awareness of the availability of smart meters amongst eligible businesses continues to lag behind that of domestic consumers, despite the well-established national domestic campaigns. Domestic awareness is now at 98%<sup>24</sup>, but Smart Energy GB data suggests that only around 30% of non-home-based microbusinesses<sup>25</sup> surveyed had the same level of knowledge.
17. Our analysis and discussion with stakeholders suggest that the following are perceived as factors in this low level of awareness:
  - a. Timing: while a significant number of advanced meters have been installed under the smart mandate, most energy suppliers are primarily focused on getting the domestic SMETS2 rollout well established, rather than explicitly targeting business customers for smart meters. Suppliers also note that some of the SMETS2 variant meter types<sup>26</sup> that are more common in non-domestic premises are not yet available, and they do not want to build demand which they cannot yet meet.
  - b. The messaging is too complex: the varied nature of the non-domestic sector, and microbusinesses in particular, is well known. Energy suppliers use different approaches to segment their non-domestic customers, with some not separating them by business size or type, merely by meter type (e.g. profile class), which makes sector-specific messaging more difficult. In terms of communication, the way different businesses and organisations operate makes it harder to know which channels work best, and who businesses trust to deliver messages about energy.
  - c. Smart Energy GB's remit: the energy suppliers' licence (which sets the terms for the central communications body) defines the aims and terms of domestic awareness raising in detail<sup>27</sup>. But it only extends this remit to microbusinesses in restricted circumstances, namely where it is cost-effective to do so<sup>28</sup>. Smart Energy GB carried out some work with microbusinesses in 2016 and 2017, but the large energy suppliers, who set its annual performance management framework, decided against any activity in 2018 or 2019.
18. Now that the SMETS2 domestic rollout has started, BEIS expects 2019 to see an increased level of installation activity in the non-domestic sector. For this to be

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<sup>24</sup> Smart Energy GB Smart Energy Outlook, March 2018: <https://www.smartenergygb.org/en/resources/press-centre/press-releases-folder/smart-energy-outlook-march18>. Non-domestic awareness figures are drawn from the same research project.

<sup>25</sup> Nationwide around half of microbusinesses operate from home. These businesses will be on domestic supply contracts, so will have their meters replaced as part of the domestic rollout, hence their awareness levels (which are higher than non-home-based businesses) are not relevant to this particular consultation proposal, which is concerned with the 3 million smart-mandated non-domestic meters on non-domestic contracts (most home-based businesses will have domestic supply contracts unless their business energy use is significant).

<sup>26</sup> Variant meters, for example polyphase meters, which can be found in businesses such as workshops, and are more common in non-domestic premises than homes.

<sup>27</sup> Electricity supply licence condition 45.10 and gas 39.10.

<sup>28</sup> Electricity supply licence condition 45.9(b) and gas 39.9(b).

successful, with businesses accepting meters and making the most of the benefits associated with them once installed, we consider that a higher level of engagement with the sector is needed.

## Options

### Do nothing

19. If no action is taken, then we expect that energy suppliers will continue to communicate with their own business customers in line with their obligations to roll out smart meters and their own marketing plans. Some suppliers already have marketing materials aimed at showing non-domestic customers the benefits of smart metering, although in some cases this is combined with messages on advanced meters. Discussions between suppliers and BEIS suggest that SMETS-specific materials are still in the early stages of development, in line with the suppliers' intentions to roll out most non-domestic meters from later in 2019. In autumn 2019, the relevant energy suppliers<sup>29</sup> will set the metrics and targets that will guide Smart Energy GB's 2020 programme, at which point they may choose to extend the domestic campaigns to microbusinesses, starting in 2020. Given how late this will be in the rollout, and given energy suppliers' previous conclusions, it is possible that the decision would again be against running a dedicated microbusiness campaign.
20. The awareness figures (see paragraph 16) suggest that the wider smart metering campaign messaging is not having any significant impact on non-domestic audiences. As BEIS expects the non-domestic rollout to gather pace during 2019, this means that without targeted campaigns, many customers would be receiving requests for installation appointments and having meters installed while their knowledge of the benefits and the mechanics of the installation process is still very low. BEIS considers this to represent a risk to achievement of the potential energy saving benefits, and therefore we think there is a case for intervention.

### Regulate for greater microbusiness engagement

21. The alternative option is for BEIS, as part of its role to provide the right framework against which energy suppliers can plan, to direct more action to target microbusinesses sooner, i.e. in the second half of 2019 and 2020. Having examined different options for who is best to take on this responsibility (e.g. additional engagement requirements on suppliers over and above their existing rollout duty) it is BEIS' current view that Smart Energy GB is the most appropriate body to coordinate this work. Smart Energy GB is already established and known to consumers, and therefore could mobilise new workstreams quickly. It has the ability to bring in specialist contractors or delivery partners as necessary.
22. Smart Energy GB already has a remit under the licence to extend its domestic campaigns to microbusinesses in specified circumstances. Most recently<sup>30</sup>, in 2017 they carried out some work focusing on industries and media from the hairdressing, hospitality, construction, retail and environmental sectors. However they concluded that

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<sup>29</sup> All large energy suppliers, see electricity supply licence condition 45.27 and gas 39.27.

<sup>30</sup> Smart Energy GB also ran a microbusiness campaign in 2016, which met its targets for delivering information and raising awareness - [https://www.smartenergygb.org/en/-/media/SmartEnergy/essential-documents/essential-documents/english/Annual-Report-2016.ashx\\_p21\\_and\\_48](https://www.smartenergygb.org/en/-/media/SmartEnergy/essential-documents/essential-documents/english/Annual-Report-2016.ashx_p21_and_48).

while this helped businesses understand the very basic timescales for the rollout, their understanding of (and thus their willingness to accept) smart meters remained very low<sup>31</sup>. Smart Energy GB concluded that extending its domestic campaign messaging had some effect on home-based businesses, but little impact for all other businesses<sup>32</sup>.

23. Therefore, this consultation proposes to make it Smart Energy GB's (and via the obligation to fund this work, energy suppliers') responsibility to run a dedicated campaign for microbusinesses. To do this, we propose to make Smart Energy GB's detailed aims<sup>33</sup> apply to both domestic and microbusiness consumers equally, so Smart Energy GB's remit would no longer be restricted to microbusinesses only where it is cost-effective to do so. The only exception would be the requirement to assist vulnerable consumers, as BEIS does not consider this generally applies to business consumers.
24. Therefore Smart Energy GB would have<sup>34</sup> objectives to (in summary):
- build microbusinesses' confidence in the installation of smart meters;
  - build microbusinesses' awareness and understanding of the use of smart meters (and the information obtained through them); and
  - increase the willingness of microbusinesses to use smart meters to change their behaviour so as to enable them to reduce their consumption of energy.
25. To reflect these extended obligations, the licence would also require Smart Energy GB to produce an updated version of their Consumer Engagement Plan<sup>35</sup> (in practice likely to be a standalone addendum) outlining how they propose to meet these amended objectives. We would welcome views on this overall proposal, and the proposed timing.

### Consultation Question

A.1 What do you think should be done about the low levels of microbusiness awareness of smart metering?

1. Nothing – no need for additional action over and above current plans.
2. Introduce new obligations for Smart Energy GB to target microbusinesses (BEIS' preferred option).
3. Another solution – please give details.

### Scope

26. The intent of the policy is to reach less well engaged non-domestic consumers. We recognise that some microbusinesses will be highly engaged energy consumers, for example if they are in energy intensive industries, and will not need further information campaigns. The non-domestic sector does not conform to neat categorisation, but reports like Citizens Advice's 'Smart Choices' suggest that many microbusinesses are

<sup>31</sup> 14% willing to accept a meter, against a target of 35%, and 38% understanding, against a target of 59%

<sup>32</sup> Smart Energy GB Annual Report 2017, p40, <https://www.smartenergygb.org/en/-/media/SmartEnergy/essential-documents/essential-documents/english/Smart-Energy-GB-Annual-Report-and-accounts-for-year-ended-31st-December-2017.ashx>

<sup>33</sup> Objectives set out in electricity supply licence condition 45.10 and gas supply licence condition 39.10.

<sup>34</sup> Subject to the availability of Parliamentary time, and the outcome of this consultation, we aim to lay regulations in late late spring 2019.

<sup>35</sup> Electricity supply licence condition 45.13 and gas supply licence condition 39.13 set the aims and content of the consumer engagement plan. Smart Energy GB's plan was first published in 2013 and is updated annually. See <https://www.smartenergygb.org/en/about-us/essential-documents>



less well engaged with their energy use and the energy market than larger businesses<sup>36</sup>. Therefore we view microbusinesses as a reasonable proxy for this target audience, and hope that in practice a campaign aimed at microbusinesses would have a wider reach – for example providing helpful information for some larger businesses, or public sector organisations like schools.

27. The alternative would be a wider remit, to cover all non-domestic customers covered by the smart meter mandate. This would include larger businesses, and also cover those public sector organisations which have smart-mandated meters on their premises. It is BEIS's view that this would add undue complexity to the campaign due to the wider range of groups to be covered. We also consider that larger businesses tend to be better engaged, and therefore there is less need for a dedicated new communications campaign specifically targeting these businesses.
28. We would welcome views on whether this is an appropriate approach.

### Consultation Question

A.2 Do you agree that targeting microbusinesses (as opposed to a wider range of non-domestic consumers) is the appropriate approach?

### Links to BEIS research and work programmes

29. The way the amended licence conditions are delivered are of course for energy suppliers and Smart Energy GB's Board to determine. However, BEIS is keen for all parties to make the most of existing research and experience.
30. BEIS has recently started a programme of work with three priority sectors<sup>37</sup>: retail, hospitality and schools, working with partners<sup>38</sup> to promote the installation and use of smart meters. Alongside this, in November 2017 BEIS launched a competition to promote the creation of new innovative energy management tools, the Non-domestic Smart Energy Management Innovation Competition<sup>39</sup>. This should provide both valuable insight into the way non-domestic consumers manage their energy, and innovative new tools to help them do so.
31. As the competition and the outreach work will be running alongside any new communications campaign, BEIS is keen to work together with Smart Energy GB, to make the most of our collective resources, help extend any new campaign's reach, and make sure that we are providing consistent messaging. We would hope that a new campaign could draw on the findings of the research, and that by the time a communications campaign starts, there will be new products in the market to help non-domestic consumers make the most of their smart meters. We are proposing that this

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<sup>36</sup> Also backed up by Ofgem's annual market reports and the CMA findings:

<https://assets.publishing.service.gov.uk/media/5773de34e5274a0da3000113/final-report-energy-market-investigation.pdf> p65.

<sup>37</sup> Based on analysis and research over the last few years, the sectors were chosen based on: (1) Widest reach/greatest number of premises, (2) Energy consumption: total energy consumption for segment and average energy consumption by premise and (3) Ease of engagement/barriers: whether a segment is already engaged in energy management/using smart meter data, where we have identified networks for accessing a segment or where there may be significant barriers to engagement within the sector.

<sup>38</sup> Including (but not limited to) trade associations, central and local Government departments, academy trusts and Local Enterprise Partnerships.

<sup>39</sup> <https://www.gov.uk/government/publications/non-domestic-smart-energy-management-innovation-competition>

collaborative approach is reflected in the licence conditions<sup>40</sup>. We would welcome views on this.

### Consultation Question

A.3 Do you agree with the proposal to introduce licence conditions on collaborative working between Smart Energy GB and BEIS?

## Make up of Smart Energy GB's Board

32. Building on learning from the domestic sector, it is important that Smart Energy GB and energy suppliers work together to optimise the nature, location and timing of new campaigns. This will require closer engagement from non-domestic suppliers than has been the case so far. As the licence conditions on Smart Energy GB's Board<sup>41</sup> already include provision for two non-domestic supplier representatives, we are not proposing to change this, at least in terms of numbers. But we would be interested in views from consultees on whether the licence should require one of these representatives to come from a purely non-domestic supplier (i.e. one who is not also active in the domestic market).

### Consultation Question

A.4 Do you think that one of the non-domestic representatives on Smart Energy GB's Board should be a non-domestic-only supplier?

## Funding mechanisms

### Overall costs

33. In terms of overall costs, it is not possible to provide exact figures at this stage. This would not be based on robust evidence of what is needed and would constitute value for money, and could constrain future decisions by energy suppliers on the most appropriate metrics and resulting activity. We expect the capital costs to be much lower than those for the domestic campaigns, due to the much smaller potential target audience.
34. As an illustration, in 2017 Smart Energy GB developed a draft plan designed to 'activate'<sup>42</sup> 400,000 business consumers. The overall estimated annual cost was in the range of £5m-£7m, with the main individual elements costed as below:

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<sup>40</sup> Proposed amendments to electricity licence condition 45.16, and gas licence condition 39.16.

<sup>41</sup> Gas supply licence 39.6(d) and electricity supply licence 45.6(d)

<sup>42</sup> An 'activated' person is defined as being aware that a smart meter is available to them, and planning to either seek out or accept a smart meter in the next six months.



Activity	Indicative cost (£m)
PR / Social media	0.1-0.25
Partnerships	0.1-0.15
Station and London Underground posters (3 months)	0.75
Terrestrial TV advertising (2 months)	0.9
Non-terrestrial / digital TV advertising (2 months)	1.5

35. The actual cost of a future campaign would depend on target outcomes and performance metrics to be agreed by those energy suppliers who will fund capital expenditure, before any Smart Energy GB work began. The higher the number of consumers to be targeted/‘activated’, the broader the range of activities likely to be needed, and the higher the cost. BEIS’s analysis suggests that even on the basis of an illustrative cost of £7 million, the benefits of accelerated uptake (i.e. more businesses accepting meters sooner) would well outweigh the additional costs. In addition we would expect that a centralised campaign would be cheaper than if individual suppliers had to carry out their own campaigns, because of economies of scale.

### Apportioning costs

36. Smart Energy GB’s domestic activities are funded by domestic energy suppliers, based on their market share<sup>43</sup>. This ensures that the costs are borne by the suppliers who benefit from Smart Energy GB’s activities – not only its communications campaigns, but also its other functions such as PR activities and media handling.

37. More specifically:

- Smart Energy GB capital costs (primarily communications campaign costs) are shared between large domestic energy suppliers<sup>44</sup> weighted according to market share.
- Smart Energy GB operating costs (staff, premises, rent etc) are shared between all domestic suppliers, weighted according to market share.

<sup>43</sup> Smart Energy GB obtains this data from the DCC. DCC holds data for every gas and electricity meter in the country (within the smart mandate) and details of which company supplies each meter point. They extract this data as a snapshot annually for Smart Energy GB.

<sup>44</sup> A large (or ‘relevant’) energy supplier is one who supplies gas or electricity (or both) to more than 250,000 domestic customers. Note that for non-domestic customers there is no definition of a ‘large supplier’, though some of the large domestic suppliers also have large numbers of non-domestic customers.

38. Taking into account the current principles for Smart Energy GB funding and discussions with stakeholders, BEIS proposes the following:
- Although the campaign work would be aimed only at microbusinesses, it is not possible to separate out microbusiness meter numbers, as meters are not classified by business size. As such, cost shares would be based on the whole (smart mandated) non-domestic meter market<sup>45</sup>.
  - It is appropriate that the costs are met by those suppliers with non-domestic market share (i.e. the costs should not be added into the existing budget and collected from the suppliers who currently fund Smart Energy GB costs). This would ensure that the costs are borne by those suppliers who would gain from better awareness amongst their smart-eligible microbusiness customers.
  - Market share will be determined by the number of meters supplied by each supplier, not the number of meters in their individual portfolio which are yet to be converted to smart. This is consistent with the domestic funding arrangement, and avoids a complex calculation based on data which is not available to Smart Energy GB.

### Funding a non-domestic work programme

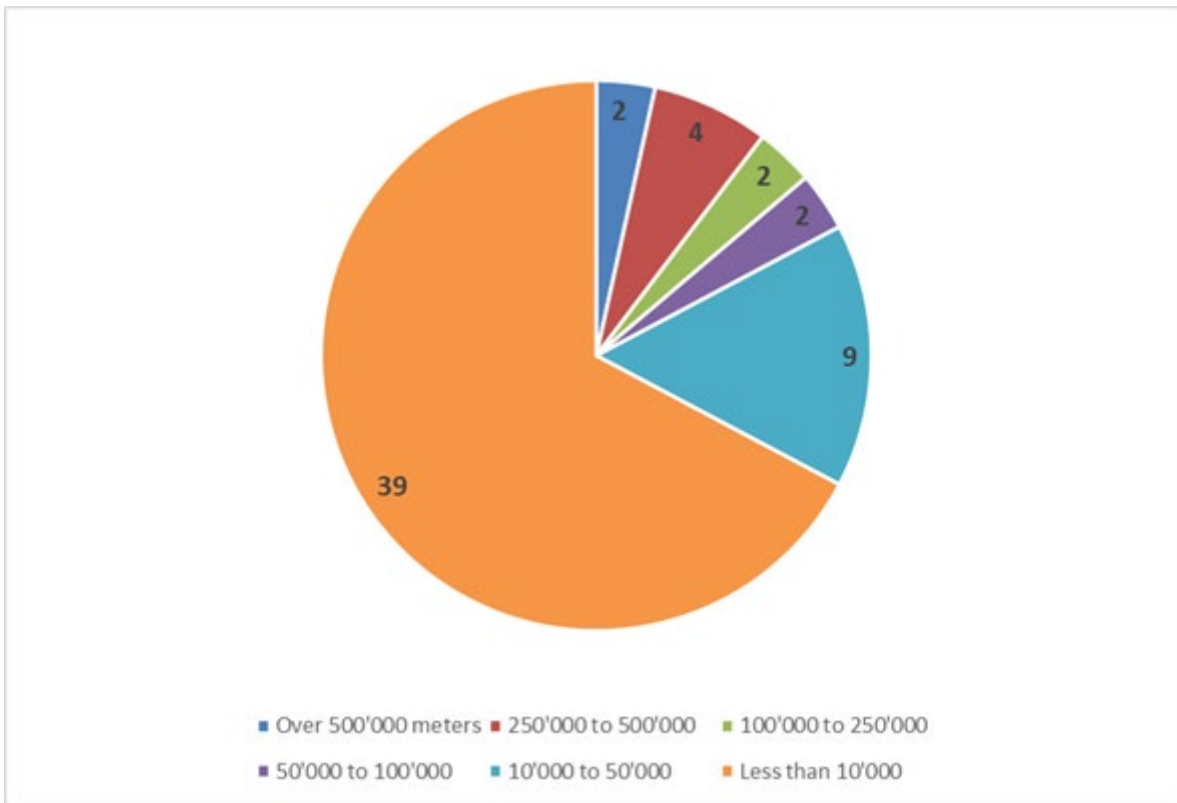
39. We are seeking your views on how Smart Energy GB should recover its costs: whether to recover capital and operating costs separately; and how to determine how costs are split between suppliers, based on their market share.
40. BEIS has considered how domestic costs are currently recovered; the way large domestic suppliers are defined; and the make up of the non-domestic market, as shown in the graphs below, which are based on 2017 BEIS data on meters included in the smart mandate. The first shows the total smart-mandated non-domestic market, with supplier portfolios (gas and electricity combined), and the number of suppliers in each category. The second shows the ten largest suppliers' portfolios, separated into gas and electricity meter numbers. Both are based on data on meter numbers for the rollout provided to BEIS (quarterly for the large suppliers, annually for all other suppliers) at the end of Q4 2017.
41. The implications for the funding calculation are discussed below, but in summary these graphs show that the market<sup>46</sup> has a small number of suppliers with significant portfolios, but there is a long tail of suppliers with a very small portfolio of smart-meter eligible meters.

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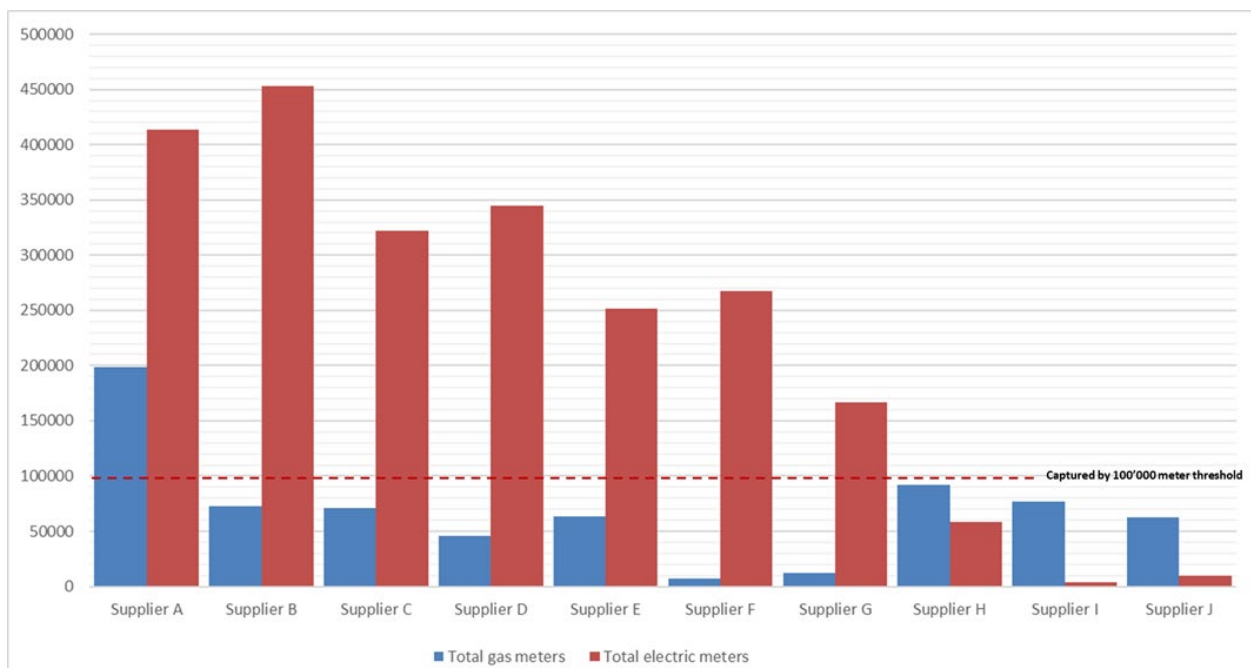
<sup>45</sup> See Figures 1 and 2 below.

<sup>46</sup> The market of smart-mandated meters only.

**Figure 1: Total non-domestic smart-mandated market shares, combined gas and electricity meters, end 2017<sup>47</sup>**



**Figure 2: Individual gas and electricity meter portfolios for the ten largest suppliers, end 2017**



<sup>47</sup> BEIS receives data from the whole market (including small suppliers) only annually, after the end of the calendar year, which is why these graphs use end-2017 figures.

42. Following this analysis we have developed three options:

- Option 1: replicate the domestic system and recover capital costs from ‘large’ non-domestic suppliers, and operating costs from all non-domestic suppliers. To do this the licence would need to define a ‘large non-domestic supplier’. BEIS proposes (based on analysis of the meter numbers above) that this should be defined as a supplier with more than 100,000<sup>48</sup> gas or electricity meters<sup>49</sup>. The seven suppliers who meet this definition (suppliers A-G in figure 2 above) represent 80% of the total smart-mandated non-domestic market, and all have a significant number of traditional meters left to replace. This is our preferred funding option because it is most consistent with the domestic approach (though with a lower threshold, given the smaller size of the non-domestic market), and ensures that all non-domestic suppliers have some involvement, but with a cost split which respects supplier size.
- Option 2: combine capital and operating costs and collect the combined total from ‘large’ non-domestic suppliers, defined as in Option 1. This recognises that the additional operating costs will be low, given that Smart Energy GB is an already established organisation, and avoids splitting this relatively small sum between a large number of suppliers<sup>50</sup>. Under this option the smaller non-domestic suppliers would not contribute at all, meaning they would save on contributions, but also have no vote on the budget. This is not our preferred option as it excludes the smaller suppliers from having any influence at all.
- Option 3: combine capital and operating costs and simply include all 58 suppliers with smart-mandated non-domestic market share in the funding allocation (meaning there is no need for a new definition). This is not our preferred option because of the inconsistency with the domestic approach and resulting higher burden on small suppliers.

43. We would welcome views on these options.

### Consultation Question

A.5.i Do you agree with BEIS’s proposals on how to allocate Smart Energy GB’s non-domestic costs, and the proposed allocation (Option 1, paragraph 42)? If not, which option would you prefer and why?

A5.ii As a supplementary question, do you agree with BEIS’s proposal on defining a ‘large’ non-domestic supplier as one with more than 100,000 gas or electricity meters? If not, what definition would you prefer and why?

<sup>48</sup> Note this number has been chosen by BEIS as appropriate based on market size. It is not based on other licence conditions or industry definitions, as none exist for non-domestic suppliers.

<sup>49</sup> Note that the domestic definition is based on customers rather than meters. Because some non-domestic customers may have more than one meter, customer numbers are harder to determine from the data available to Smart Energy GB (i.e. DCC meter point data), and unlike domestic suppliers, non-domestic suppliers are not required to declare customer numbers to Ofgem. To define by customer numbers would also require the licence to specify whether this meant customers within the mandate, or total customer base – the same complexity does not exist for domestic suppliers because all domestic meters are included in the smart mandate. Therefore for non-domestic we propose a different metric of meter numbers rather than customer numbers. We are not proposing to link this new definition to any additional licence obligations other than the amended conditions on the Central Delivery Body (Smart Energy GB).

<sup>50</sup> Around 40 non-domestic suppliers have a portfolio of less than 50,000 meters each.

## Legal Text

44. The policy would be implemented via changes to the gas and electricity supply licence conditions, as detailed in Annex 2.

## Part B: Access to smart meter energy consumption data

### Description of the issue

45. Easy access to consumption data is a basic requirement for unlocking the benefits of smart metering. Firstly, from a non-domestic consumer perspective: consumers need to know what energy they are using as a first step to making energy savings. And secondly, to unlock further opportunities around innovation and non-domestic smart energy market development: technology companies need data to build tools that will in turn help consumers save energy. To date, research indicates a low level of engagement with energy consumption data amongst microbusinesses, which poses a risk to the delivery of smart metering benefits. The first part of this section therefore covers a number of issues on which we are seeking stakeholder views related to the provision and use of data.
46. Separate from this, during the course of work on the Data Access and Privacy Framework, a discrepancy was noticed in the licence conditions relating to supplier access to microbusinesses' data. At present, under electricity licence condition 47.17 and gas licence condition 41.17), suppliers cannot access microbusinesses' consumption data at a level more granular than monthly unless notice is provided and the consumer has not opted out. This means that potentially, suppliers may not be able to fulfil their licence duties in relation to billing enquiries or suspected theft. We are proposing to amend the licence to grant suppliers access to daily consumption data in specific circumstances, even where a microbusiness consumer has opted out. These proposals will be developed with regard to the central principle of the Data Access and Privacy Framework, which is that other than where access to data is required for regulated purposes, consumers should have a choice about whether they share their energy consumption data.

### Structure of this section

47. This section is divided into two sub sections. B1 covers non-domestic consumer<sup>51</sup> access to energy consumption data. B2 covers energy supplier access to consumption data.

### B1: Consumer access to energy consumption data

48. In 2018 BEIS completed a review of the Data Access and Privacy Framework, fulfilling a commitment made in 2015 on the timing of the Framework review<sup>52</sup>. As part of this, in June 2018, BEIS held an external stakeholder engagement workshop. Feedback from the workshop was that more work could be done to promote energy efficiency and behavioural change within the smaller non-domestic sector.

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<sup>51</sup> We use the word 'non-domestic consumer' for consistency in this section as we are seeking views on which type of non-domestic consumers the proposed changes should cover.

<sup>52</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/486352/DAPF\\_Consultation\\_Response.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/486352/DAPF_Consultation_Response.pdf)

49. A survey undertaken by Citizens Advice<sup>53</sup> indicated that even where microbusinesses were aware of their ability to access and act upon information derived from the energy consumption data, almost half (47%) had not done so. This research further indicated that many microbusinesses lacked data awareness and the potential to translate data into meaningful action/behavioural change. It highlighted the value of developing appropriate products/services that help organisations understand their energy use and identify practical ways to save energy. Citizens Advice concluded that an ideal smart meter rollout for microbusinesses would include free metering and data access. Installations would signpost to energy efficiency advice and businesses would enjoy access to emergent and interactive technologies that make using their new data easy and productive to engage with.
50. This consultation therefore seeks views on how to improve smaller non-domestic consumers' interaction with their energy data.

### Offering free access to data

51. One aspect for consideration is suppliers offering free access to energy consumption data to their non-domestic consumers. On its own, free access to consumption data is not enough to change behaviour, but it is an important first step towards benefits maximisation. BEIS is keen to understand how consumers and suppliers would respond to (and build upon) a change in the data access requirements.
52. According to data submitted to BEIS, most larger suppliers are already offering free access to consumption data, as are some independent energy suppliers. Citizens Advice research indicates that 85% of microbusinesses can access their consumption data at no extra cost. However, a considerable number of smaller suppliers charge non-domestic consumers for access to their energy consumption data.
53. Due to the range of approaches energy suppliers use in offering data to non-domestic consumers, we are seeking views on a 'minded-to' position to mandate that access to energy consumption data be offered for free across the board (as it is for domestic customers). This should enable smaller non-domestic consumers to make better energy efficiency decisions and create a level playing field amongst all energy suppliers in respect of offering consumers data.

#### **Consultation Question**

B.1 Do you agree that providing non-domestic consumers with free access to their energy consumption data would improve non-domestic consumers' engagement with their energy use?

### Delivery of consumption data

54. The second set of issues to explore is around what data should be provided, and how it should be presented. BEIS is keen that as for domestic consumers, information should be in a 'readily understandable format'. For domestic consumers, this format is set by

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<sup>53</sup>[https://www.citizensadvice.org.uk/Global/CitizensAdvice/Energy/Smart%20microbusiness%20report%20\(1\).pdf](https://www.citizensadvice.org.uk/Global/CitizensAdvice/Energy/Smart%20microbusiness%20report%20(1).pdf)



the requirements relating to the In Home Display: a highly detailed and tested specification<sup>54</sup> which includes a range of information items, like current day cumulative energy consumption (KWh), or current day costs (in pounds and pence). We are not proposing to mandate In Home Displays for non-domestic consumers, nor any other tool, because we recognise the diversity of the smaller non-domestic consumer base and the fact that a 'one-size-fits-all' approach will not work.

55. Decision-makers within the smaller business sector tend to be time-poor and may not have energy specific skills or the resources to employ energy service managers to engage with and interpret data. With this in mind, unless data is understandable or useable, it is not likely to have much value to the consumer. The Citizens Advice Smart Choices report concluded that smart users need advice and tips that go beyond raw data; many microbusinesses stated that they wanted an app (or any consumer-facing interface) to do the 'heavy-lifting' for them<sup>55</sup>. BEIS's own research<sup>56</sup> backs this up, noting that energy feedback needs to be tailored and specific to the organisation in order to provide actionable insights.
56. However, there are complexities in defining 'readily understandable'. For the purposes of this discussion, we are mostly focused on the supplier-to-consumer offer, but this still leaves a variety of interpretations. A consumer using their data direct might want In Home Display-style consumption/spend figures, or an online portal showing energy spend and patterns (of the kind many suppliers already provide) together with actionable tips or advice based on this data. But if the consumer is passing data on to a third party to provide energy management services, they might want bulk data in a consistent and readable format, like a CSV file.
57. An associated issue is how the data offer is made, and how this can best maximise engagement. This includes consideration of what point during the consumer journey suppliers should notify consumers that they (the supplier) can make available access to their energy consumption data, and how (whether during the installation, or in supplier literature or on a bill). Evidence shows<sup>57</sup> that some microbusinesses are not even aware that data is available to them, and it is BEIS' view that suppliers highlighting this to consumers could be a step forward in raising non-domestic awareness and encouraging better engagement. The timeliness of the offer is important too: how quickly a supplier can establish its system and respond to requests for data, and whether that response is near-real-time data or an in-arrears statement.
58. To explore what types of products and services would be most suited to help behaviour change among microbusinesses, BEIS is funding the Non-Domestic Smart Energy Management Innovation Competition (NDSEMIC). This is supporting competition partners to develop new energy management products and services that present data in novel ways and maximise the benefits of smart meter data for microbusiness and small non-domestic consumers. Running alongside this, BEIS's NDSEMIC research and evaluation programme will improve understanding of what products and services and ways of presenting data may work best for smaller business consumers in different sectors and types of organisations<sup>58</sup>. The emerging results of the NDSEMIC competition

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<sup>54</sup> Part of the Smart Metering Equipment Technical Specification (SMETS) <https://www.gov.uk/government/consultations/smart-metering-equipment-technical-specifications-second-version>

<sup>55</sup> [https://www.citizensadvice.org.uk/Global/CitizensAdvice/Energy/Smart%20microbusiness%20report%20\(1\).pdf](https://www.citizensadvice.org.uk/Global/CitizensAdvice/Energy/Smart%20microbusiness%20report%20(1).pdf)

<sup>56</sup> <https://www.gov.uk/government/publications/smart-metering-in-non-domestic-premises-early-research-findings>

<sup>57</sup> [https://www.citizensadvice.org.uk/Global/CitizensAdvice/Energy/Smart%20microbusiness%20report%20\(1\).pdf](https://www.citizensadvice.org.uk/Global/CitizensAdvice/Energy/Smart%20microbusiness%20report%20(1).pdf)

<sup>58</sup> Interim findings of the report are anticipated in early 2019 and full findings available in the first half of 2020



and evaluation programme could help form an evidence base for future regulations on how data is offered.

## Scope of any new data access requirements

59. Lastly, BEIS is seeking views on which consumers a new requirement should apply to. While BEIS's primary concern is to help those consumers with the least engagement in the market currently (i.e. those who do not use energy managers or brokers), we are interested in views on how to define this group.
- One option would be to restrict any requirement to microbusinesses, which avoids capturing the larger end of the market, but this also excludes consumers such as schools, who may benefit from free access to their consumption data. BEIS assumes that any obligation would apply to microbusiness customers both with advanced and smart meters, on the basis that because all these consumers are microbusinesses, they are unlikely to be highly engaged in energy management, regardless of their meter type.
  - Another option would be to include all non-domestic consumers subject to the smart metering mandate, but only those with smart meters. The effect of this would be to exclude those with advanced meters, some of whom may already get data services by other routes and/or be better engaged in their energy management. It would also exclude those smaller businesses that have advanced (rather than smart) meters because they are part of a large business' portfolio or because they belong to a non-microbusiness. But again, this could have the effect of excluding organisations like schools who could benefit from free data access, as well as microbusinesses who had an advanced meter installed under the Advanced Meter Exception.
  - The third option would be to include all non-domestic consumers subject to the smart mandate, regardless of whether they have a smart or advanced meter, and regardless of business size/organisation type.
60. More specific proposals will be worked up on data provision using the responses to this consultation, and the emerging findings from BEIS's research programme. We will also be exploring these issues further in stakeholder engagement during 2019. In addition, BEIS is working with Ofgem as part of their review of the electricity settlement process, which will inform their decision on whether to introduce mandatory market-wide half hourly settlement. Like BEIS, Ofgem is also looking at smaller businesses' engagement with their energy use, but Ofgem are focused on encouraging load shifting and the potential for small businesses to benefit from new time-of-use tariffs. Ofgem are issuing a call for evidence on the consumer impacts of market-wide half hourly settlement in early 2019<sup>59</sup>. BEIS and Ofgem will work together on the findings from the responses to these two consultations, to understand the links and ensure that the resulting proposals are coordinated.

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<sup>59</sup> <https://www.ofgem.gov.uk/electricity/retail-market/market-review-and-reform/smarter-markets-programme/electricity-settlement>

### Consultation Questions

B.2 What views do you have on the supplier-to-consumer energy consumption data offer? Do you see the need to set a common standard for the provision of information to encourage non-domestic consumers to engage in energy management, and if so, what data should it include, and what format should it be delivered in?

B.3 If changes are made to data offer, which consumers should this apply to?

- a. Microbusinesses only, either with smart or advanced meters.
- b. All those covered by the smart metering mandate, with smart meters.
- c. All those covered by the smart metering mandate, with either smart or advanced meters.
- d. Another group (please specify).

## B2: Supplier access to consumer consumption data

61. As well as consumer access to energy consumption data, the Data Access and Privacy Framework ('the Framework') was designed to enable proportionate access to data by network operators, third parties and energy suppliers. It makes provisions for the level of access they may have, how often and for what purposes data may be used. Exceptions to the requirement to obtain a consumer's permission exist to deal with instances where access is required for regulated purposes<sup>60</sup>.
62. For domestic consumers, there are exceptions relating specifically to accurate billing (including suppliers dealing with smart metering billing enquires from their customers) and also instances where the supplier suspects or has identified theft. These are currently covered in conditions covering the domestic sector<sup>61</sup>, but not in conditions relating to the microbusiness sector, meaning there is a misalignment between the domestic and microbusiness regulations<sup>62</sup>.
63. As such, BEIS is seeking views on making amendments to licence conditions that would align the exceptions available to suppliers to access microbusiness energy consumption data at a level more granular than monthly with those for the domestic sector. Introducing further exceptions to prohibitions for energy suppliers in the microbusiness sector will enable suppliers to meet licence requirements under condition 12.1 (electricity) and 12A (gas) on matter relating to theft, and 21B (electricity and gas) on matters relating to billing and consumer enquiries relating to the supply of energy to the premises. These would apply where the microbusiness has opted-out (objected).
64. This proposal is being developed whilst having regard to the fact that energy suppliers are required to comply with obligations under the Data Protection Act 2018 and EU

<sup>60</sup> Note that in July 2018 Ofgem published a consultation on access to half hourly (HH) electricity consumption data for domestic and microbusiness consumers, which discussed changing the access suppliers have to these consumers' data for settlement purposes only. The document is available at <https://www.ofgem.gov.uk/publications-and-updates/consultation-access-half-hourly-electricity-data-settlement-purposes> and a response will be published in due course. Ofgem's preferred option was to mandate the processing of HH data for settlement purposes for microbusinesses, but other options were also discussed. The outcome does not affect the changes proposed in this consultation, as Ofgem's proposals relate purely to access to data for settlement purposes.

<sup>61</sup> Electricity licence condition 47.6 and gas licence condition 41.6.

<sup>62</sup> Different arrangements cover supplier access to larger businesses' data, so this issue only relates to microbusinesses.

General Data Protection Regulation (GDPR), where consumption data may be personal data<sup>63</sup>. BEIS recognises that the proposed change lessens the control microbusinesses would have over their daily energy consumption data in specific circumstances, and the importance of recognising that microbusiness consumption data can be personal data. But it is our view that this is proportionate because the change goes no further than the access provided for domestic consumers – i.e. by respecting the fact that suppliers do not need more granular access than daily. The change is also in line with BEIS' previous conclusions in the Framework and subsequent review.

### Proposed licence condition changes: detail

65. The current licence conditions only allow suppliers to access microbusiness data at levels more granular than monthly if:
- the energy supplier has given at least seven days' notice informing the consumer of their intention to obtain consumption data and the purpose for which it is needed, and the fact that the microbusiness may object (opt-out) at any time,
  - the consumer has objected but the supplier needs the data for the purpose of configuring remote access meters, or
  - it is necessary to fulfil licence condition 51.12 (electricity and 45.8 for gas) with regards to consumer access to data.
66. However, under licence condition 12.1 (electricity) and 12A.5 (gas) an energy supplier must take and must ensure that its agents take all reasonable steps to detect and prevent:
- the theft or abstraction of electricity at premises supplied by it;
  - damage to any electrical plant, electric line or Metering Equipment through which such premises are supplied with electricity; and
  - interference with any Metering Equipment through which such premises are supplied with electricity.
67. Also, according to condition 21B<sup>64</sup>:
- if an energy supplier considers that a meter reading provided by a consumer is not reasonably accurate, the supplier must take all reasonable steps to contact the consumer to obtain a new meter reading.
  - the supplier must take all reasonable steps to obtain a meter reading (including any meter reading transmitted electronically from a meter to the supplier or provided by the consumer and accepted by the energy supplier for each of its consumers at least once every year<sup>65</sup>).

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<sup>63</sup> Privacy concerns may be as acute for microbusinesses as for domestic consumers, especially if the premise itself may be a shared living/working space. Information that relates to a business and its activities can be personal data under the new data protection regime, if it can be related to or identifies an individual, and this is more often the case where the business is a sole trader or a smaller enterprise. For this reason, the Data Access and Privacy Framework focuses on microbusiness consumers.

<sup>64</sup> Condition 21B.4 is applicable from 31 December 2014

<sup>65</sup> This paragraph does not apply in relation to any Customer with a Prepayment Meter.

- energy suppliers must comply with a consumer's request in plain and intelligible language. where that consumer requests an explanation of how their bill or statement of account was derived.
68. As currently drafted, the licence conditions could affect suppliers' ability to meet the obligations outlined in paragraphs 69 and 70. Therefore the proposed changes would address this by exactly mirroring the domestic licence conditions with relation to these provisions, but for microbusinesses.

#### **Consultation Question**

B.4 Do you agree with the proposal to amend licence conditions to allow energy suppliers to access daily consumption data in circumstances where the supplier suspects theft, and for accurate billing purposes, including addressing consumer queries?

## **Legal Text**

69. The policy in Section B2 would be implemented via changes to the gas and electricity supply licence conditions, as detailed in Annex 2.

## 3. Timing and next steps

Stakeholders and other interested parties are invited to provide their views by 5pm on 21 February 2019.

The Government also invites stakeholders to meet directly with BEIS officials to discuss this consultation, particularly where stakeholders may wish to share commercial information in confidence to support their views. Please contact [smartmetering@beis.gov.uk](mailto:smartmetering@beis.gov.uk) to arrange a suitable time to meet.

The Government response will be published following analysis of consultation responses and conclusion of the policy. In parallel to the Government response, the final legal text modifying the licence conditions reflecting final policy conclusions on Part A and Part B2 is planned to be laid in Parliament, subject to the availability of Parliamentary time, by Summer 2019. For Part B1, Government will consider the responses and then if the decision is to proceed to regulation during 2019, consult again on developed proposals and draft licence changes.

# Annex 1: Consultation questions

## Consultation Questions

### Part A: Raising microbusinesses' awareness of smart meters

- A.1 What do you think should be done about the low levels of microbusiness awareness of smart metering?

Nothing – no need for additional action over and above current plans.

Introduce new obligations for Smart Energy GB to target microbusinesses (BEIS' preferred option).

Another solution – please give details.

- A.2 Do you agree that targeting microbusinesses (as opposed to a wider range of non-domestic consumers) is the appropriate approach?
- A.3 Do you agree with the proposal to introduce licence conditions on collaborative working between Smart Energy GB and BEIS?
- A.4 Do you think that one of the non-domestic representatives on Smart Energy GB's Board should be a non-domestic-only supplier?
- A.5.i Do you agree with BEIS's proposal on how to allocate Smart Energy GB's non-domestic costs, and the proposed allocation (Option 1, paragraph 42)? If not, which option would you prefer and why?
- A.5.ii As a supplementary question, do you agree with BEIS's proposal on defining a 'large' non-domestic supplier as one with more than 100,000 gas or electricity meters? If not, what definition would you prefer and why?

### Part B: Access to non-domestic energy consumption data

- B.1 Do you agree that providing non-domestic consumers with free access to their energy consumption data would improve non-domestic consumers' engagement with their energy use?
- B.2 What views do you have on the supplier-to-consumer energy consumption data offer? Do you see the need to set a common standard for the provision of information to encourage non-domestic consumers to engage in energy management, and if so, what data should it include, and what format should it be delivered in?
- B.3 If changes are made to the data offer, which consumers should this apply to?

Microbusinesses only, either with smart or advanced meters.

All those covered by the smart metering mandate, with smart meters.

All those covered by the smart metering mandate, with either smart or advanced meters.

Another group (please specify).

- B.4 Do you agree with our proposal to amend licence conditions to allow energy suppliers to access daily consumption data in circumstances where the supplier suspects theft, and for accurate billing purposes, including addressing consumer queries?

## Annex 2: Legal text

See separate documents.



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This consultation is available from: [www.gov.uk/government/consultations/smart-metering-implementation-programme-realising-non-domestic-benefits](https://www.gov.uk/government/consultations/smart-metering-implementation-programme-realising-non-domestic-benefits)

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