

27 July 2012

**Ofgem's response to DECC's consultation on monitoring and evaluation of the smart meter roll-out**

We welcome the opportunity to respond to DECC's consultation on monitoring and evaluation of the smart meter roll-out.

Ofgem regulates the gas and electricity markets in Great Britain. We therefore have an important role in ensuring the interests of consumers remain protected, both during the transition to smart metering and in the enduring framework. We will also play a key role in monitoring and, where appropriate, enforcing compliance with new regulatory obligations relating to smart meters. DECC is responsible for developing the policy for the smart meter roll-out and the associated regulatory framework, and monitoring the delivery of benefits associated with smart meters. In light of these different roles, DECC and Ofgem have different information requirements. DECC's consultation therefore included proposals specifically relating to the provision of information to Ofgem.

Ofgem supports the principles set out in DECC's consultation for the monitoring and evaluation framework. We consider that these principles are consistent with ensuring that reporting requirements are proportionate and that any data collected is appropriately used. We also support the high-level proposals in DECC's consultation and consider that these appropriately reflect DECC and Ofgem's different roles and responsibilities in relation to the smart meter roll-out.

In particular, the proposals would require suppliers to prepare roll-out plans and to provide them to Ofgem. These roll-out plans would need to include binding interim milestones, and suppliers would be required to report against these. As a complement to DECC's consultation process, on 14 June 2012 Ofgem issued an open letter that provided more information on how this element of the monitoring framework might work in practice<sup>1</sup>. We have had informal stakeholder feedback on the detail of these proposals, and appreciate the constructive engagement thus far. We look forward to this continuing as the framework for provision of information to Ofgem is finalised.

Effective monitoring and evaluation is important to ensure that suppliers are appropriately accountable for their role in delivering the smart meter roll-out. This accountability will help to ensure that the benefits of smart meters are realised by consumers and more widely. Monitoring and evaluation is therefore important in relation to the smart meter roll-out in

<sup>1</sup> <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=43&refer=Markets/sm/metering/sm>

both the domestic and smaller non-domestic sectors. We would encourage the swift development of a more detailed approach to evaluation in the smaller non-domestic sector.

We look forward to continuing to work with you over the coming months. In particular, we want to help ensure that our monitoring activities complement yours wherever possible, in order to avoid unnecessarily burdensome reporting requirements on suppliers or other parties.