

Executive Summary

1. At British Gas we see the rollout of smart meters as hugely positive in helping customers to reduce their energy consumption. It is also an opportunity for our industry to transform its relationship with customers and repair the damage to its reputation highlighted in the media this year.
2. We will be installing one third of the smart meters that are deployed in the UK and are major advocates of the DECC smart metering programme. British Gas has already deployed nearly 400,000 smart meters and was the first supplier to develop and publish a meter specification using open standards and protocols. We have been the most active energy supplier in terms of customer advocacy, investing in customer insight and research, leading media campaigns to raise awareness of smart metering and in-sourcing metering to deliver a high quality customer experience. We have positioned customers at the heart of our strategy and were the first energy supplier to develop and publish a Customer Charter.
3. We agree with the intent of the majority of the licence conditions drafted and we are satisfied that they underpin the objectives. We have noted in our response some concerns that the conditions may duplicate obligations covered within the Code. It is important that the Code is consistent with these conditions but we would prefer the Licence to set out scope, objectives and approval criteria for the Code, whilst the detail is covered within the Code itself. We think this will provide a more agile change management regime, better able to respond to changing requirements, with ultimate change approval still residing with the Authority.
4. We agree with the concerns about selling during the smart installation visit and would support the Government going further than its current proposals and banning sales outright (though we have been advised that even the present proposals may be in breach of the EU Unfair Commercial Practices Directive, so we recognise that a ban may be difficult). However, to prohibit energy suppliers from discussing products and services that could help customer to save money will deny them information that they tell us is welcome, a view supported by the excellent Net Promoter Scores being achieved following a British Gas smart installation and our own research into customer attitudes. Customers simply will

not provide written consent in order to be able receive such information. DECC's own consumer insight research shows that Smart Meters and Energy generally are of low interest to consumers.

5. Of course we need to protect customers and provide them with confidence that Smart Meter Installers will not overstep the mark. British Gas has developed a Sales and Marketing Charter that we would be happy to see extended to the rest of the industry. Details have already been shared with DECC and are included as an appendix to this consultation response. In summary, we advocate:

- A complete ban on completion of sales by the Smart Meter installer whilst in a customer's property
- A commitment not to pay commission for sales and associated activity including leads
- The ability to opt out of marketing activity before and during the installation
- An explanation of the data that is collected from the meter and an opportunity to modify it.

6. The proposed requirement for customers' written consent prior to any marketing of products and services is our principal concern with the conditions as drafted. If we are to deliver the £5billion+ benefits associated with energy consumption reduction, set out in the IA, it is critical to provide suppliers with the flexibility to engage with customers on energy efficiency during the installation process. 'Critical' is an over-used word but in this case it is appropriate. The smart meter installation represents a key touch-point with customers. It is the best opportunity to explain to our customers how to get the most from their smart meter, and how to use the information it provides to reduce their bills. It can also contribute to a more sustainable solution to fuel poverty. Allowing energy experts to point out ways in which energy usage in the home could be reduced (such as through taking advantage of the Green Deal, or of free insulation) makes a far better experience for customers and massively improves the probability of realising the savings. Further, even though there is no commission paid, the promotion of our company incentivises high quality engagement with customers, without risk: no sales can take place and priority is always given to the restoration of supply.

7. This is not simply our opinion: We have undertaken customer research to gauge attitudes to the provision of energy efficiency advice and the overwhelming majority welcome it. Over 80% agree that such advice should be given as part of the installation. Of those who recall having been given the advice, 77% were pleased to receive it, 23% were neutral and none of the customers surveyed were displeased by it¹. It is clear from this that restricting the advice that can be offered (without prior consent to discuss products) would be a major disservice to customers, as well as undermining the delivery of Programme benefits.
8. We see no reason why DECC could not differentiate between the consent requirements for sales and marketing; i.e. no completion of sales activity in a property without written consent, but marketing activity allowed (without requirement for written consent) subject to other pre-conditions as set out in either licence or code of practice.
9. British Gas is a willing partner in the deployment of smart metering throughout the UK, but we need support from Government in order to see through our ambition and deliver a transformational experience for our customers.

¹ Please see our response to Question 5 for further details of this research

Question 1. Are the overall objectives set out in the draft licence conditions appropriate?

- 1.1. No, we do not think that all of the objectives are appropriate.
- 1.2. British Gas is fully supportive of the requirement for a Code of Practice. We were first to publish a Customer Charter for smart metering and have been a leading contributor to the work of the ERA in developing the Smart Metering Installation Code of Practice (SMICoP). Whilst we are comfortable that the majority of the objectives are appropriate, we fundamentally disagree with condition 1 (d) in respect of face-to-face marketing. We have explained our position on this further in our response to Question 5 below.
- 1.3. In addition, whilst we fully support the intent of the remaining objectives, we consider the drafting to be open to interpretation and we would welcome further clarity. In condition 1 (b), one of the requirements is for suppliers to undertake activities in 'a fair, transparent, appropriate and professional manner'. Whilst there is a 'reasonableness test' that could be applied to provide a sensible interpretation for most of these terms, we do not think that this can be said of 'transparent'. As a result, it is not an objective that we would feel confident could be satisfied without further definition of the term. Similarly, in condition 1 (c), information provided must be 'complete and accurate'. We feel that 'complete' is an unhelpful term here without some definition.
- 1.4. Overall, we are surprised by the scope of the subsequent licence conditions which address the objectives and, therefore, duplicate much of the content of the Code. Our preference would be for the licence conditions to set out a more specific set of objectives and the scope of activities that the Code must satisfy, together with the framework for approval and governance, and for the detail then to be covered within the Code itself rather than the licence. We know from experience that the progression of change through industry can be a slow process, but it is faster than the amendment of licence conditions. Ofgem can also apply urgency to changes to industry Codes when

relevant.

- 1.5. With the exception of Condition 1(d), there is nothing fundamentally wrong in 2011 with the draft conditions set out in the consultation. Five years from now, we may hold a different view. Our concern is not with the current content but that if the time that has been required to amend the Condition relating to the 'Must Inspect' regime is any guide, we could find that inappropriate conditions outlive the duration of the programme simply because they are too hard to change. That will not be the case if the detail is all within the Code and Ofgem retains rights of approval.
- 1.6. We suggest that ensuring the requirements are set out in the licence as policy areas that must be covered, and objectives that must be satisfied, would create a more robust set of approval criteria and provide a governance framework better-equipped to accommodate change.

Question 2. Would the licence conditions as drafted effectively underpin:

- a) the intended roles of Ofgem and suppliers in establishing and reviewing Code(s) of practice for domestic and micro-business sites?**
b) an appropriate ongoing governance regime for the Code(s) of Practice?
c) the intended arrangements for monitoring and compliance with Code(s)?
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- 2.1. Yes, we are satisfied that the licence conditions as drafted underpin the intended roles and activities set out in part (a) of the question.
- 2.2. Yes, regarding part (b) of the question, we consider that the draft licence conditions set a framework for governance of the Code that outlines a change process and provides clarity over the role of the Authority. We would prefer the objectives of the Code to be more precisely expressed however so that the criteria for approval or rejection of change by the Authority are more explicit.
- 2.3. We agree that the need for a Code should be expected to lapse when roll-out has completed but expect that suppliers would continue to comply with most of its provisions as a natural consequence of competition and the need to

provide quality service to customers.

- 2.4. The licence conditions provide an obligation to monitor compliance through the views of domestic customers and to keep the Code under review (c). We think that this is adequate and will underpin the arrangements for achieving this being set out in more detail within the Code.
- 2.5. We have provided further specific comments against certain paragraphs in Appendix 2.

Question 3. Should the licence conditions underpinning a domestic Code also be applied to smart-type meters, or should the Government work with suppliers to secure voluntary application of Code provisions?

- 3.1. British Gas is leading the industry in the deployment of smart metering. As market leaders, we take very seriously our responsibilities to protect customers and to ensure that that our initiative enhances the reputation of our company, and the industry. Therefore, we have embraced the principles of the SMICoP and we are pleased that most other suppliers have indicated an intention to do the same (though this has little meaning unless/until they are actively installing smart meters). We fully support the inclusion of what are termed 'smart-type' meters within the scope of the licence conditions. Customers cannot be expected to know the difference between a fully compliant meter and a pre-mandate meter (nor should they) but they should expect the installation experience to meet or exceed the minimum standards set out in the Code and for the consumer protection measures to apply.
- 3.2. From our position in the market British Gas is vulnerable to any bad publicity that the industry attracts. It is important that minimum standards are set at a level that provides good service to every supplier's customers. That said, it is important that the Code leaves some headroom for service differentiation by suppliers (to inform choice of supplier by customers). It must define good practice, not best practice.

Question 4. (1) Would the licence conditions as drafted effectively underpin the policy intention that the costs of the installation of smart meter systems should be reflected over time in customer's energy bills, with no upfront or one-off charges?

- 4.1. Yes, we believe the licence conditions underpin the policy intention described
- 4.2. The requirement is included within the current draft of the Code of Practice. That is good – we need them to be consistent – but this is an example of an obligation appearing in two places where one is sufficient. Our preference, generally, is for detailed requirements such as this to be in the Code. If that were the case, Ofgem would retain control over approval of any proposed change.
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Question 4. (2) Do you agree with our definitions of sales and marketing?

- 4.3. We agree that sales and marketing can be defined as discrete activities. We agree with the definition provided for sales.
- 4.4. We also agree that the scope of activities covered under 'sales' is narrower and more widely-understood than that for marketing but that is also helpful in defining what marketing is not. Yes, there is a wider spectrum of activities that can be described as marketing but we do not agree that it is as broad as is suggested in the consultation. Critically, within the context of smart metering, it does not include sales and for that reason it would be inappropriate to require prior written consent for its inclusion within the installation visit (please see our response to Question 5 for further information on this).
- 4.5. The consultation illustrates well (in paragraph 15, for example) the potential minefield that is created by proscribing an activity for which the definition is subjective. The consultation states that conversations about suppliers' products may 'not necessarily constitute marketing, depending on the nature of the discussion'. We believe that the subtlety of understanding the context for a discussion and how a topic of conversation arose is unworkable as a requirement for regulatory compliance. It is not only unworkable; it is
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unnecessary and also damaging to the delivery of IA benefits.

4.6. We support the obligation to provide advice to customers on the use of their smart metering equipment and how to interpret (and act upon) the information it provides. Acting upon information is the 'holy grail' here but step one in the process is having the ability to provide that information. 'Marketing' has become an emotive term during this debate, a word loaded with unattractive and inaccurate connotations. All we need is the freedom to provide an individual, high-level consultation that draws attention to additional energy-saving steps that a customer may want to consider. We are required to provide an energy efficiency consultation so that is what we should call it. It is critical for the success of the programme and the richness of the customer experience that this consultation does not prohibit discussion of valid subject areas simply because a company happens to have a relevant product within its portfolio. The consultation describes this advice as an investment of time by both the customer and the supplier. It is appropriate that both parties have an opportunity to get a return on their investment.

4.7. The consultation states that the Government does not plan to place any restrictions on the provision of written and other advisory and marketing material during the installation visit. We support this intent but think that the definition of marketing in the licence conditions does not make this explicit.

Question 5. Do you agree that prior written consent should be required for any face-to-face marketing or sales activity during the installation visit?

5.1. No, we do not agree that prior written consent is appropriate or necessary for face-to-face marketing during the installation visit.

5.2. If all parties are clear that the regulations prohibit sales and the signing of contracts, the customer is very well-protected against any risk of committing their money to a decision they may later regret. Further protection is provided through the Code itself: the current draft puts the customer in full control and prohibits any application of pressure to push a customer in a

particular direction. Please be clear, British Gas is committed to helping its customers to save money, not to waste it, and the culture that we have created is for all conversations about energy efficiency to be needs-based (no promotion of products that would not help *this customer* to save energy) and customer-led (any signals of disinterest, verbal or otherwise, should be taken as an instruction to stop). We support licence condition 9 (a) (ii). We want to build the reputation of British Gas as a trusted advisor and would expect market forces to drive other suppliers to do similar. Regrettably, we must acknowledge that some parties' previous history in this area has been damaging to the industry and that the case for the additional protection afforded through a Code is proven.

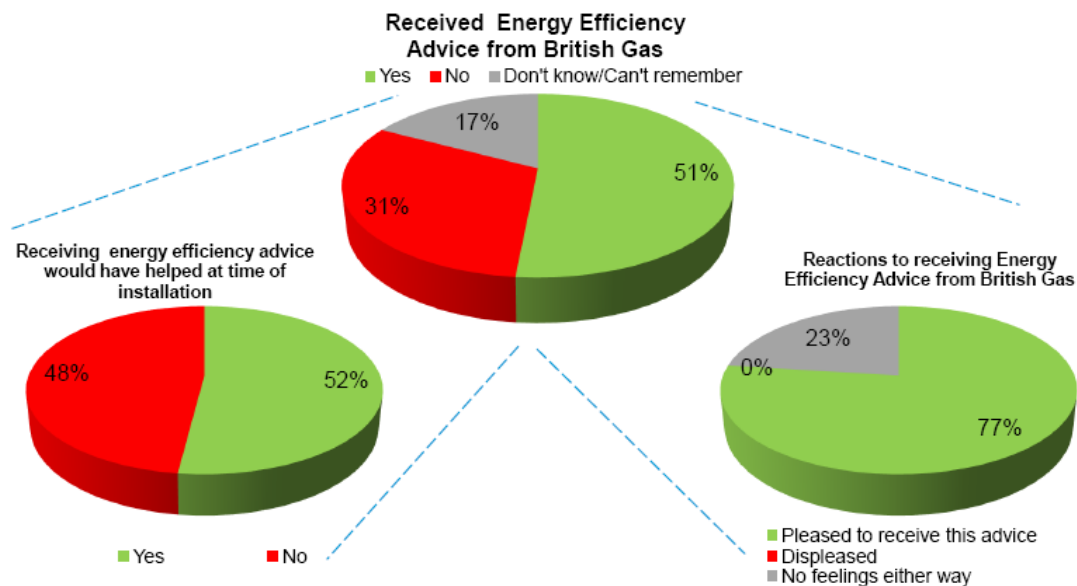
- 5.3. The role of smart metering in driving behavioural change and lower energy usage is the principal reason for making its deployment universal under a mandated programme. The occasions on which most customers allocate time to the consideration of their energy consumption are few and the number on which they take positive action is even lower. The smart meter installation represents a key touch-point with our customers. It is the best opportunity to explain to customers how to get the most from their smart meter and how to use its information to reduce their energy usage.
- 5.4. Including in the conversation other ways in which energy usage in the home could be reduced further (such as through the Green Deal, or insulation, for example) improves the customer experience through the provision of informed, relevant advice from an expert trained in the subject. The Green Deal cannot succeed without some level of promotion and the smart installation is an opportunity not only to raise awareness but also to capture data that will ensure subsequent visits are better-targeted. It is important, particularly for customers at work, to minimise the number of visits required to complete a task. A dialogue during the smart installation provides that benefit for customers, together with a potential opportunity for suppliers and a boost for the Green Deal Programme.
- 5.5. We agree with the concerns about selling during the installation visit and would be happy for Government to go further than its proposals and ban

sales outright. Requiring prior written consent is, in effect, the same thing however, which is why it is entirely inappropriate for marketing. Customers simply will not provide written consent in order to be able receive such information. Our customer insight research has shown that awareness of smart meters is very low and energy generally is of little interest to consumers.

- 5.6. Of course, given the low level of trust to which we alluded earlier, we accept that DECC needs to support suppliers in building customer confidence in the Programme and consumer protection measures are an integral element of that. We know that other suppliers' incentive schemes have driven inappropriate behaviour and the provision of misleading information. The industry must avoid any repeat of such poor treatment of customers, but requiring written consent from customers for a consultation on relevant products is not the answer. It removes choice rather than increasing it by denying customers access to information that is relevant to them.
- 5.7. We support the Government view that customers should be clear about what the visit will entail and that they should be in control. Our Charter (attached as Appendix 1) proposes a clear explanation to customers of what will take place, covering both standard practice and the elements over which they can express a preference. We believe that recorded verbal consent to marketing – following the wording we propose, or similar – provides a more workable solution (than written consent) that still provides a very high level of customer protection. To minimise any possibility of customers failing to grasp what they have been asked, either on the telephone or when booking appointments on line, we will require our installer to seek permission again early in the installation visit. Thus the customer would have two opportunities to turn down information on chargeable products and would, in any case, be unable to commit to a purchase during the installation visit.
- 5.8. British Gas has invested heavily in obtaining customer insight in order to gauge what changes we could make to deliver the best customer experience. From a recent survey² we found customers were generally very well-disposed

² 700 x 12 minute interviews conducted in October 2011

to being given energy efficiency advice during the smart meter installation visit.



- 5.9. These results demonstrate that, for customer expectations to be met, British Gas should be doing even more in this area:
- Of those who remembered receiving the advice, *none* were displeased and 77% positively welcomed it.
 - Of those who said they did not receive advice or could not recall it, 52% said they would have liked it.
- 5.10. Given that our campaigns inviting a customer response typically prompt a response from under 1% of those contacted, DECC would deliver a major disservice to customers and to the Programme if suppliers were unable to hold these rich and widely-appreciated dialogues with customers. Our research also included this question:

To what extent do you agree or disagree with the following statement: 'When installing a smart meter British Gas SHOULD be advising me of other ways I could save money on my energy bills'

Over 80% of customers 'agreed somewhat' (34%) or 'agreed completely' (48%). Given this level of interest, it is incumbent on suppliers to ensure that the advice is relevant, meaningful, accurate and complete. It is up to

Government to ensure this is possible. Requiring prior written consent for marketing virtually guarantees that it is not.

- 5.11. In reviewing the legal issues we have been advised that a requirement for written consent prior to sales or marketing may conflict with the EU Unfair Commercial Practices Directive. We believe this warrants further exploration and may indeed point DECC towards a less restrictive approach. That does not preclude the Code itself from stating categorically that there can be no sales during the visit. This establishes the assurance required to allow marketing, but with additional safeguards described in our response to Question 6 below.

Question 6. Are any other measures required to protect consumers' interests in relation to sales and marketing during the installation visit

- 6.1. In principle, customers are already adequately protected against sales and marketing under existing consumer protection legislation. Certainly the Consumer Protection from Unfair Trading Regulations (which brought in the EU Unfair Commercial Practices Directive) provide adequate protection against misleading or aggressive practice or omissions during sales or marketing activities.
- 6.2. British Gas has developed a charter that we would like to see extended to the rest of the industry. Details have already been shared with DECC and consumer groups and are attached to this document as Appendix 1. The commitments include:
- a. A ban on the completion of sales during a smart meter installation visit
 - b. No payment of commission to smart meter installers
 - c. Clear choice for customers before the smart metering installation visit as to whether they wish to receive information about products and services
 - d. An explanation of the data that is collected from the meter and an opportunity to modify it

- 6.3. We want to create an environment where we can deliver the benefits of smart metering to customers, in a way that does not undermine their confidence but still delivers Programme benefits. We believe it is important to increase the distinction between sales and marketing and removal of commission for 'leads' can contribute to that. It is also helpful that all ERA members now support a blanket ban on sales. This is documented in the Smart Metering Installation Code of Practice and was confirmed at the Ministerial Smart Metering Meeting on 11th October.
- 6.4. We think that our charter delivers the best of all worlds:
- a. fit-for-purpose customer protection that precludes any possibility of mis-selling
 - b. an environment where suppliers can engage customers and facilitate changes in consumption behaviour
 - c. an explanation to customers of what to expect when their meter is installed, and the choices that they can make
 - d. an environment in which information on energy saving investments can be provided to allow customers to choose whether to find out more (later) or do nothing
 - e. an opportunity to consolidate or enhance the delivery of programme energy-saving benefits

Question 7. Would the licence conditions as drafted and/or existing rules deliver the policy intentions on customer information and advice, vulnerable consumers, avoiding undue inconvenience and complaint-handling?

- 7.1. Yes, we are satisfied that the draft licence condition 9 supplements the existing rules to deliver the policy intentions in these areas. As described in our response to Questions 4-6, we fundamentally disagree with condition 9 (a) (i).
- 7.2. With that exception, we think that the remainder of the condition is appropriate, but would prefer these to be general objectives to be delivered through the Code rather than specific conditions.
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Question 8. Do you agree that, for the purposes of the non-domestic code, the sites to be covered should be defined as a business with no more than 10 employees or their full-time equivalent, an annual turnover that does not exceed €2 million, or consumes less than 50MWh of electricity a year or less than 200MWh of gas a year?

- 8.1. There is a lack of consistency across the programme on market definitions. For the purposes of the SMIP, the non-domestic sector has been segmented into two parts, the larger non-domestic sector and the smaller non-domestic sector:
- a. For the larger non-domestic sector (advanced meters mandated from April 2009), this includes sites of electricity Profile Classes 5-8 and for gas, sites with an AQ over 732MWh.
 - b. The smaller non-domestic sector includes Profile Classes 3-4 for electricity and for gas non-domestic sites burning less than 732MWh. The proposed licence conditions for the installation Code of Practice do not segment the non-domestic sector in a manner consistent with this, but propose obligations on micro-businesses only.
- 8.2. The definition of micro-businesses means that they exist within the SMIP definitions for both smaller and larger non-domestic customers. Ideally any new obligations should be consistent, i.e. only applicable to smart installations for the smaller non-domestic sector, with no obligations on advanced meter installations for both smaller and larger non-domestic sectors.
- 8.3. Alternatively, should a micro business obligation be included, it should be clear that it applies only to micro businesses which are within the smaller non-domestic sector and are applicable only to smart rather than advanced installations.
- 8.4. The consultation acknowledges that suppliers have no visibility of some of the qualifying criteria for definition of a customer as a micro-business. In their absence it is likely that consumption will be taken as a proxy guide.

Question 9. Would the licence conditions as drafted effectively underpin the policy intentions with respect to non-domestic consumers on customer information and advice and undue inconvenience?

- 9.1. Yes, the licence conditions do underpin the policy intentions.
- 9.2. We are not convinced that the specific requirements of micro-business customers merit the development of a separate code for meter installation. The IHD is not mandated, there is no restriction on sales and marketing, there can be an upfront charge and it is important to avoid disrupting a business if possible. These are minor in the context of the Code and can easily be covered though an annex or specific section in our view. It would be far more effective to have a single Code under a single governance framework in our view.
- 9.3. In effect it is specification of the meter installed that brings these customers within the scope of the Code: where an advanced meter is deployed it does not apply.

1.	We want to customers to be clear about, and in control of, what happens during the smart meter installation. We will explain that Smart metering and an IHD will be installed, at no charge. The customer (or an adult representative) will need to be at the premises; access to the meter will be required; the gas and/or electricity supply will be shut off during the installation.
2.	<p>For appointments agreed by telephone, British Gas will:</p> <ul style="list-style-type: none"> a. State that this call is being recorded. b. Explain that, as part of the installation, we will offer Energy Efficiency advice and any relevant free British Gas Energy Efficiency products c. Describe the data that will be collected from your smart metering equipment and how we will use it. We will ask you for your preference on data access and use. Our letter to you includes information on where you can find out more about our data and privacy policies. d. Explain that British Gas offers some other energy efficiency products that you would have to pay for. If you would like to know about these you would need to give us permission now to discuss these with you. We will not sell you anything or ask you to sign a contract but we could advise you and arrange for someone to visit on another date to provide more details and a quotation. Please note that there are other companies who provide similar products. When we come to install your meter(s) would you like us to advise you about chargeable energy efficiency products that could save you money? <p>For appointments booked on-line customers will be asked to opt-in (tick box) for points c and d.</p>
3.	At the installation visit the installer will explain what he will do (as 1 above) and will record the choices made by customers on data (2c) and the offer to provide information on chargeable products (2d).
4.	Chargeable products discussed under 1 (d) will relate only to energy efficiency or safety
5.	No advice on relevant chargeable energy efficiency products will be given until the customer's energy supply has been restored. The installer will seek permission to describe ways in which the customer could invest in energy efficiency and will end the conversation immediately on request.
6.	All product claims on energy savings will be evidence-based and validated by independent external bodies
7.	The installer will not be paid commission for taking leads and arranging follow up sales appointments
8.	All follow-up sales appointments will be by appointment and will be confirmed before they take place. Customers will have the opportunity to change their mind and they will be given a freephone number for cancellation.
9.	In the event of an unsafe installation being encountered, British Gas will always signpost how to find reputable service providers, which will include British Gas.

Draft Licence Conditions

Objectives	Licence condition	Comment
1(a)	the licensee and any Representative provides and maintains a standard of service which helps to ensure that Domestic Customers' experience of the installation of Smart Metering Equipment at their premises meets their reasonable expectations;	This is an objective for the installation code of practice and should be one of the criteria against which it is assessed. It is a rather bland objective if it were used to evaluate a change proposal.
1(b)	all activities undertaken by the licensee and any Representative in relation to the installation of Smart Metering Equipment are conducted in a fair, transparent, appropriate and professional manner;	These terms are subjective and should be expressed as an objective against which the Code and any changes to it are assessed
1(c)	each Domestic Customer is given information about, and during , the installation of Smart Metering Equipment which:	This is very prescriptive. We would prefer an objective to inform the customer about the visit and to provide accurate information about the usage and benefits
1(c) i.	is complete and accurate;	It is unclear what is meant by 'complete'
1(d)	Domestic Customers are not subject to unwelcome sales or face-to-face marketing activities during any visit to their premises for the purposes of installing Smart Metering Equipment.	See response to Questions 5 and 6
2	The licensee shall take all reasonable steps: (a) to secure the achievement of the Objectives; and (b) to avoid doing anything which jeopardises its ability to achieve the Objectives.	This should not be necessary as the purpose will be covered through compliance with the Code.
The Code	Licence Condition	Comment
3	Prepare and submit for approval to the Authority a document to be known as the Domestic Installation Code of Practice (Domestic Installation Code).	It would be helpful for the objectives of the Code to be set out in such a way that they serve as criteria against which the Authority will determine whether the submitted code should be approved.
Code Content	Licence Condition	Comment
6(a), (b) & (c)	(a) the design, installation or operation of Smart Metering Equipment at Domestic Premises; (b) the modification or reconfiguration of Smart Metering Equipment at Domestic Premises in accordance with the duty	These paragraphs appear unnecessarily detailed for what is basically the recovery of costs associated with rollout. It is not clear what conditions AA and BB cover.

Draft Licence Conditions

	at paragraph 9(b) of Condition AA ; or (c) the provision of a replacement In-Home Display at Domestic Premises in accordance with the duty at paragraph 8(b) or paragraph 9 of Condition BB , may be recovered from a Domestic Customer only in the circumstances described in either paragraph 7 or 8.	
7	The circumstances described in this paragraph are that costs are borne by the licensee's Domestic Customers generally as an increment of charges for electricity supplied to them.	It would make more sense to simply state that up-front or one-off charges are not permitted, or that the costs need to be accounted for within the unit price of energy, or this to specified as one of the topics to be covered by the Code.
8(a), (b) & (c)	(a) the Smart Metering Equipment installed at Domestic Premises exceeds the minimum requirements of the SME or IHD Technical Specification ('enhanced equipment'); (b) the Domestic Customer at the premises has first been given the option of having installed at his premises Smart Metering Equipment which is in conformity with but does not exceed the minimum requirements of the Technical Specification; and (c) the Domestic Customer has, prior to the Smart Metering Equipment being installed, expressly requested the installation of enhanced equipment .	One difficulty here is that there is allowance being made to impose charges for equipment that exceeds a specification that does not yet exist. There needs to be some reference to publication of that specification and that this condition could not take effect before that (so a simple 'no-upfront charges' condition would apply).
9(c) ii	the use of Smart Metering Equipment, including such information as will enable Domestic Customers to make informed judgments about the way in which they can improve the efficiency with which they use the electricity and/or gas supplied to them;	We suggest 'the use of Smart Metering Equipment, including information that might enable...'
11(b)	a requirement to obtain the approval of the Authority to proposed revisions to the Domestic Installation Code;	As for the Code itself, we think it would be helpful to set out the criteria against which changes are evaluated. We would expect these to be the objectives of the Code.
13	The licensee must take such steps and do such things as are within its power to comply with the Domestic Installation	This is a very high obligation implying compliance at virtually any cost. We suggest that the 'licensee should take all reasonable

Draft Licence Conditions

	Code approved or designated (as the case may be) by the Authority.	steps to comply...'
Compliance	Licence Condition	Comment
14	The licensee must maintain a record of its performance against and compliance with the requirements of the Domestic Installation Code.	This is an example of a condition that is too specific in our view. There should be a requirement to include monitoring arrangements within the code (which the Authority must approve) which then allows flexibility over who conducts the monitoring.
Review	Licence Condition	Comment
15(a)	take steps to obtain the views of Domestic Customers about the licensee's and its Representatives' activities and conduct relating to the installation of Smart Metering Equipment	This is an example of a condition that is too specific in our view. There should be a requirement to include monitoring arrangements within the code (which the Authority must approve) which would then allow more flexibility over content and scope of the monitoring.
15(b)	together with all other licensed gas and electricity suppliers of Domestic Premises, review the Domestic Installation Code and the manner in which it has been operated with a view to determining whether any revisions should be made to it.	We think there should simply be a requirement that the code governance includes a regular review of the Code's suitability and effectiveness