



Response to Smart Metering Implementation Programme consultation on licence conditions for a code of practice for the installation of smart electricity and gas meters

Executive Summary

1. E.ON supports the Prospectus Response conclusion that a code of practice should be developed to support the specified objectives on the installation visit and that this should be underpinned by a licence obligation. The obligation on suppliers to deliver the objectives will ensure a positive customer experience for smart meter rollout.
2. We would however have expected that the detail of the requirements would be included in the code and that there would be a much simpler licence obligation to produce and then comply with a code which delivered the specified objectives. As customer needs and wants are better understood through the rollout it will be necessary to amend the objectives of the code. We consider that a code with good governance would be a simpler and more efficient way of delivering change for customers than to resort to a formal licence change process.
3. It appears from the current licence draft that no marketing activity is permissible without prior written consent. From discussion however, we do not believe this is the intent. There has been considerable debate during the development of the Energy Retail Association (ERA) draft Smart Metering Installation Code of Practice (SMICoP) with suppliers and wider stakeholders concerning the sales and marketing aspects of the code. Our views are set out below.
4. Sales and marketing should be defined separately;
 - "Sales" means a purchase or commitment to purchase (e.g. by contract) a good or service
 - "Marketing" means activity by supplier designed to lead to sale of goods or services.
5. We commit that no installer will be commissioned on customer sales or take-up as a result of marketing activity. However flexibility should be retained to enable suppliers to remunerate installers based on productivity and customer satisfaction.
6. We will commit to no sales but believe this cannot be detailed as a firm commitment in the installation code of practice due to competition law. It may be necessary to refer to no sales without prior written consent for this purpose.



7. Without evidenced prior consent no marketing activity should take place during the installation visit for products and services other than energy efficiency related ones.
8. We do however expect to be able to leave written material for a full range of E.ON services but would not complete / fulfil during the installation visit.
9. We expect the flexibility with any obligation to enable conversations relating to energy efficiency related solutions, on the basis that this is a natural follow-on from the 'making the most of my smart meter' conversation and that the national business case requires energy efficiency as an outcome. We will not remunerate our installers on a 'sales or marketing leads commission' basis, but we would like to retain the flexibility to discuss potential solutions or services with the customer and to seek agreement to move forward with the customer (subject to the normal controls).
10. We would also like to see flexibility to provide the customer with a 'preferred' display device when discussing as part of the visit, including the customer option to opt-out from having a display device and the potential for a different display device that may come at a cost to the customer as a result of additional benefits delivered. An example could be appliance level monitoring or alarms, and intelligent display of this information. Again, this would be subject to normal controls.
11. We are concerned that the obligations as currently drafted do not provide sufficient flexibility to facilitate sensible engagement with customers at the installation visit. This in turn will simply put people off engaging in the future and the benefits that should be delivered as per the Impact Assessment may be missed.
12. A balance has to be struck to enable conversations and engagement with customers at the time of the installation. For example a customer may say to the installer "I have heard about the ABC display, do you have one, can you show me, can you fit one..." If the installer is unable through regulatory requirements to satisfy that customers request then this is an opportunity lost for the programme to deliver the benefits of smart metering.
13. We consider it would be appropriate and very useful if a workshop was convened with suppliers, DECC, Ofgem and consumer representatives to work through examples such as that described above to agree and provide clarity to all parties of what is and is not acceptable.



14. In order to provide assurance for customers it is appropriate that measures are in place such that evidence can be provided to protect both customer and supplier alike in instances of any query concerning sales or marketing activity.
15. Evidenced consent for marketing purposes could be verbal or written. Verbal evidence could be provided through call recording. To provide further control, checks should be made by the installer upon arrival at the premise to install the smart meter by confirming with the customer that they have consented to discussions. If the customer does not confirm then the installer should not pursue any further.



Consultation Questions

Q1.Are the overall objectives set out in the draft licence conditions appropriate?

1. E.ON supports the Prospectus Response that a smart metering installation code of practice (SMICoP) should be developed to support the specified objectives on the installation visit and that this should be effected by a licence obligation. The obligation on suppliers to deliver the objectives would ensure a positive customer experience for smart meter rollout.
2. We would however have expected that the detail of the requirements would be included in the code and that there would be a much simpler licence obligation to produce and then comply with a code which delivered the specified objectives. As customer needs and wants are better understood through the rollout it will be necessary to amend the objectives of the code. We consider that a code with good governance would be a simpler and more efficient way of delivering change for customers than to resort to a formal licence change process.
3. We agree that Ofgem would be the appropriate authority to approve the SMICoP and this should be on the basis that it meets the objectives. We would expect to see confirmation that complying with the SMICoP would constitute taking "all reasonable steps" to secure the achievement of the objectives.
4. We consider the requirement to submit a SMICoP for approval within one month of the conditions taking effect is reasonable and achievable.
5. Once roll-out has been completed, installations of smart metering equipment thereafter must be considered business as usual activity, and therefore any SMICoP licence conditions in this area should fall away accordingly.

Q2. Would the licence conditions as drafted effectively underpin;

- a) The intended roles of Ofgem and suppliers in establishing and reviewing codes(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)?**

6. Yes we believe that the proposed licence condition is robust in that it:

- Sets out a requirement for all suppliers to develop the Code of Practice
- Requires amendments to the Code of Practice to occur in a consultative manner ensuring that the principles of good regulation are observed
- Includes a requirement for the Code of Practice to be kept up to date with developments

7. The licence condition however does not set out clearly the intentions in the consultation document (p.17 para 11) which states "... at the end of rollout Ofgem may consider a Code no longer necessary, it could use its general powers to remove the licence conditions...." There is no reference to a potential sunset clause limiting the conditions to the rollout period only.

8. It would seem sensible for the Code of Practice to become an 'Ancillary Document' to the Smart Energy Code (SEC) once it is established, covered by the same governance arrangements. This would ensure a robust, transparent and inclusive change management process was in place for all stakeholders. It should also ensure any administration for the Code of Practice could be facilitated as well as offering a potential for compliance monitoring and enforcement.

9. A SEC panel could be formed to specifically review the code and manage changes from time to time. Changes could be recommended to the Authority for approval. The panel could include appropriate SEC signatories, the Authority/DECC (as chair) plus consumer representation from Consumer Focus.

10. Through the ERA and its "early adoption" steering group for the draft SMICoP, a similar group is proposed to develop a framework that may be adopted for enduring governance, reporting and monitoring of the SMICoP.



Q3. 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?

11. Smart type meters being installed today should be subject to the same installation standards as those in the future. It would be inefficient to have different arrangements for different meter types be they compliant with the Smart Metering Equipment Technical Specification (SMETS) version 1 or 2 or otherwise. In addition it would seem pragmatic for the code obligations to apply to all customer segments with any specific differences excluded for that customer type e.g. non domestic customers and In Home Display.
12. To provide sub standard services now or enable an environment to flourish where sub standard practices could be permitted, may open the programme to adverse criticism and poor publicity that would have a negative impact on the wider rollout. From a customer perspective no distinction should be visible.

Q4. Would the licence conditions as drafted effectively underpin the policy intention that the costs of the installation of smart meters systems should be reflected over time in customer's energy bills, with no up front or one off charges?

13. The licence as drafted is correct. However, this should be in the code rather than shown as a licence condition.

Q5. Do you agree with our definitions of sales and marketing? Do you agree that prior written consent should be required for any face to face marketing activities or sales activity during the installation visit?

14. Research conducted recently by IPSOS MORI "Exploring awareness, support and preferences for the smart meter rollout" details that;
 - "Bill payers can make a distinction between marketing and sales", with a preference for the former.
 - Three quarters of bill payers do not feel it useful for an engineer to sign contracts or pay for products during installation
 - 60% feel it useful for an engineer to leave printed info about products and services & 47% would find it useful for an engineer to suggest products and services.



15. It appears from the current licence draft that no marketing activity is permissible without prior written consent. From discussion however, we do not believe this is the intent. There has been considerable debate during the development of the ERA draft SMICoP with suppliers and wider stakeholders concerning the sales and marketing aspects of the code. Our views are set out below
16. Sales and marketing should be defined separately;
 - "Sales" means a purchase or commitment to purchase (e.g. by contract) a good or service
 - "Marketing" means activity by supplier designed to lead to sale of goods or services.
17. We commit that no installer will be commissioned on customer sales or take-up as a result of marketing activity. However flexibility should be retained to enable suppliers to remunerate installers based on productivity and customer satisfaction.
18. We will commit to no sales but believe this cannot be detailed as a firm commitment in the installation code of practice due to competition law. It may be necessary to refer to no sales without prior written consent for this purpose.
19. Without evidenced prior consent no marketing activity should take place during the installation visit for products and services other than energy efficiency related ones.
20. We do however expect to be able to leave written material for a full range of E.ON services but would not complete / fulfil during the installation visit.
21. We expect the flexibility with any obligation to enable conversations relating to energy efficiency related solutions, on the basis that this is a natural follow-on from the 'making the most of my smart meter' conversation and that the national business case requires energy efficiency as an outcome. We will not remunerate our installers on a 'sales or marketing leads commission' basis, but we would like to retain the flexibility to discuss potential solutions or services with the customer and to seek agreement to move forward with the customer (subject to the normal controls).
22. We would also like to see flexibility to provide the customer with a 'preferred' display device when discussing as part of the visit, including the customer option to opt-out from having a display device and the potential for a different display device that may come at a cost to the customer as a result of additional benefits delivered. An example could be appliance level



monitoring or alarms, and intelligent display of this information. Again, this would be subject to normal controls e.g. EnergySure code. We are using our trials to help us understand what additional functionality is useful to our customers and what range of costs customers are comfortable with, to inform our future approaches in this area.

23. We are concerned that the obligations as currently drafted do not provide sufficient flexibility to facilitate sensible engagement with customers at the installation visit. This in turn will simply put people off engaging in the future and the benefits that should be delivered as per the Impact Assessment may be missed.

Q6. Are any measures required to protect consumers interests in relation to sales and marketing during installation visits?

24. A balance has to be struck to enable conversations and engagement with customers at the time of the installation.
25. For example a customer may say to the installer "I have heard about the ABC display, do you have one, can you show me, can you fit one..." If the installer is unable through regulatory requirements to satisfy that customers request then this is an opportunity lost for the programme to deliver the benefits of smart metering.
26. We consider it would be appropriate and very useful if a workshop was convened with suppliers, DECC, Ofgem and consumer representatives to work through examples such as that described above to agree and provide clarity to all parties of what is and is not acceptable.
27. Another example is one where a gas meter has been exchanged but the installer is unable to relight a boiler due to a fault. This is not smart specific but is one that will come to the fore much more in a mandated rollout.
28. It would be helpful therefore to be able to signpost the customer in such circumstances to either an E.ON or other gas safe registered company who the customer could contact to resolve the issue. For customers who may be judged to be vulnerable it is likely that services would be provided free of charge.

- 29. In order to provide assurance for customers it is appropriate that measures are in place such that evidence can be provided to protect both customer and supplier alike in instances of any query concerning sales or marketing activity.
- 30. Evidenced consent for marketing purposes could be verbal or written. Verbal evidence could be provided through call recording. To provide further control, checks should be made by the installer upon arrival at the premise to install the smart meter by confirming with the customer that they have consented to discussions. If the customer does not confirm then the installer should not pursue any further.

Q7. 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?

- 31. The obligations as drafted are appropriate. It would also be helpful to utilise the foundation activity and trials being undertaken now to understand what measures maybe appropriate for specific customers.
- 32. We already put a great deal of time and effort to ensure vulnerable customers are appropriately protected. Delivering the needs of vulnerable customers will be critical during the rollout of smart meters. It is not possible to apply a "one size fits all" approach to vulnerable customers. The term vulnerable encapsulates a very wide variety of needs and what may be appropriate for one may not easily apply to another.
- 33. As with other licence conditions proposed, we suggest it would be more effective to have obligations for the treatment of vulnerability to be contained within the code itself and to allow these to develop during early experience of operation of the code. Similarly complaint handling should not require any bespoke arrangements and existing reports should be utilised wherever possible with amendments for smart as required.

Q8. Do you agree that, for the purpose 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 50 MWh of electricity a year or less than 200MWh of gas a year?

- 34. Yes.



Q9. 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?.

35. The licence conditions as drafted are correct. However, these should be in the code rather than shown as a licence condition.