

Some concerns around the cost of collecting this data are likely to be due to suppliers' back-end systems needing to be brought up to date, which is a broader issue that suppliers will need to address to ensure the delivery of consumer benefits of smart metering.

Question 10) What are your views on the proposed approach to the publication of aggregated and supplier-specific information?

We welcome the emphasis that this consultation places on suppliers reporting their costs. However, we are aware that the Programme will face particular challenges to obtain information that consistent, reliable, comparable and therefore meaningful.

At present, suppliers report very little of their internal costs and even Ofgem's reports on supplier profitability are based on estimates and forecasts. One challenge will be how to separate 'smart spend' from 'non-smart spend'. For example, if a dumb meter is replaced by a smart meter as a standard meter replacement, would that spend be attributed as 100 per cent 'smart spend' (because it is a smart meter), 100 per cent 'non-smart spend' (because the meter needed to be replaced anyway), or a split between the two? This could lead to some inconsistent accounting practices, making it hard to compare the performance of different suppliers.

One solution to this could be set out which categories of cost will be reported on, and to develop central guidance on how different scenarios of spend are treated. We would welcome further discussion with DECC on which categories of cost suppliers will be reporting on. We also query why it has been decided that the smart meter programme will not fall within the Levy Control Framework – we believe there could be some consumer advantages to this.

As a general point, the focus of Chapter 11 seems to be on suppliers reporting on their efficiency savings. It is equally important to monitor supplier costs more generally. There is the potential for costs to increase in some instances either due to changes in practice or poor processes by companies, eg gas-only installations could result in additional communication costs; use of enhanced displays could result in increased costs to serve for prepayment customers; increased calls to service centres. The reporting framework will need to capture this.

As a general principle we consider that as much material as possible should be made public, within the limits of commercial confidentiality, as it will allow for greater transparency and accountability in the smart metering roll-out.

Consumer Focus appreciates that there are arguments against publishing supplier-specific information on issues such as cost of meter installation. However, for the purposes of transparency, we suggest that the Annual Report gives the price range that suppliers are spending on different measures, for example, 'a smart meter installation on average costs between £50 (lowest average supplier cost) and £90 (highest average supplier cost)'. We suggest that costs given need to be contextualised, in order to understand the customer experience, and not just the up-front financial cost. For example, one supplier may carry out four installations a day, but provide a much more comprehensive installation experience, which will ultimately mean that its customer is much more likely to get the benefits of smart than another installer who, for example, fitted nine smart meters in one day but did the minimum to comply with SMICOP.

It could also be helpful to focus the publication of supplier-specific information on the customer experience. This will provide an opportunity to shine a spotlight on good and poor practices. For each supplier the report could list different aspects of the smart roll-out, and how each supplier performed, for example: number of IHDs installed; percentage of customers with a smart meter that also have an IHD; percentage of aborted visits; feedback provided by customers, etc.

Sharing of information is particularly important to help facilitate third party involvement in the roll-out process, whether by distribution networks or third parties, such as local authorities or community groups that could help deliver increased benefits and cost savings to customers and tax payers.

Question 11) What are your views on the information that large domestic suppliers should provide to Government on an annual basis?

Consumer Engagement

- We strongly recommend that suppliers outline their processes for identifying vulnerable and fuel poor consumers both pre and during installation and the subsequent 'customer journey'.
- Copies of communications with customers and scripts provided to representatives will need to be provided to monitor compliance with a number of smart metering licence conditions.
- Suppliers should also provide details on the number of meters expected to be installed in social housing and what and where the social housing is. This may be useful for the consumer engagement strategy, if the future CDB facilitates co-ordination between social landlords and suppliers to maximise benefits delivery to customers and minimise disruption to householders.
- As explained above, suppliers should also provide data which enables reporting on the expected number of vulnerable and low income customers expected to receive smart metering equipment.

Monitoring supplier costs and efficiency savings

- The consultation proposes in 11.1 to track benefits in terms of cost savings to suppliers where feasible. We presume these benefits will include the following, taken from 4.14: 'Avoided site visits; customer switching rates; reduced customer enquiries (including overheads); reduced cost of debt handling; reduced cost of PPM; reduced theft; remote meter management'.
- The report which Government publishes should in any case include a figure for the total cost of the roll-out in the year completed, and average cost of the smart roll-out per household. 'How much is it costing me' is a question that many consumers are likely to ask about such a large-scale programme, and this figure would either provide reassurance that the costs were relatively small, or serve as a call to action for Ofgem if the costs were much higher than those predicted in the impact assessments.

Regarding the proxy cost measurements, while we appreciate that the GB roll-out model is unique, it may still be possible to obtain some costing from other international roll-outs. This may lend an additional perspective to the costs that have been provided by GB suppliers and a sense as to whether they are on the right track.

Question 12) what are your views on the information that suppliers should provide to the government on a regular reporting cycle?

Although the consultation references monetised and non-monetised benefits, DECC has yet to set out clearly what benefits they expect customers and tax payers to get from smart metering. We strongly urge the Programme to outline this vision. This should be done as a high priority; the monitoring framework should then capture and report on suppliers' progress towards these benefits being delivered. It is important that *all* consumers can benefit from smart; therefore the reporting should be broken down to show the impacts on different customer segments.

We agree with the types of information that suppliers will be asked to collect in 12.3. However, we consider that the following points also need to be addressed:

- A clear definition of 'a completed installation' is needed. We suggest that Ofgem develops a checklist of the functions that they expect smart metering technology to deliver and check that this is happening in practice before an installation is deemed to be completed. See our response to Question 4.
- Suppliers should record if an IHD is provided, and it left fully operational and ready to use. If this does not happen, for example if the IHD is left but not set up, suppliers should record this and the reason why. If the consumer refuses an IHD, the supplier should record the reason for this.
- Suppliers should also record if the IHD is sent in the post, as this is likely to have a significant impact on whether the customer actually engages with the IHD, or indeed, whether they even take it out of the packaging in the first place.
- In addition to the payment type, suppliers should also report on whether the customer changed tariff or payment method when their meter was fitted. This will help identify where suppliers are switching large numbers of customers to prepayment or conversely where prepayment meter customers are being switched to credit because of problems such as lack of WAN availability. While we expect some customers to choose to switch to prepayment, it could be a cause for concern if a supplier had, for example, switched an entire sheltered housing project to prepayment at once, as this would suggest that the supplier was not necessarily considering the needs of individual customers¹¹.
- Suppliers should report on whether there was any marketing or sales activity at the point of installation, or as a follow up. This should be included in the reporting requirements as soon as possible, not left until the mass roll-out as suggested in 2.31. This is important in order to monitor whether the consumer protections in place around sales and marketing are working as soon as they come into force; we are confident that not all suppliers will wait until the mass roll-out begins before marketing to customers when their smart meter is installed. It is important that the Programme monitors this from the very beginning, in order to pick up on early problems before they cause reputational damage to the roll-out.
- Reporting should enable DECC to establish not just any geographical variation, but also where possible any variation in terms of dwelling type eg are customers in flats or new builds being turned down for smart meters etc.
- As well as reporting on the number of smart meters that are actively refused, suppliers should where possible capture the reasons why, for example, concerns about privacy, barriers to switching or potential health effects. This is likely to be useful in the work of the CDB, and will highlight if particular issues are causing concern.

¹¹Smart Metering Consumer Protections Package consultation, 30 June 2011/ Modification of the Standard Conditions of Gas Supply Licences... 23 September 2011.

- We welcome that suppliers will have to record if their customers are on the Priority Services Register (PSR). Suppliers should also record where they have identified vulnerable consumers during a visit. We know that the PSR does not currently include a lot of vulnerable consumers and is a poor proxy. The smart meter roll-out is an excellent opportunity to improve this knowledge. There is currently little incentive on suppliers to address this.
- In addition we also strongly recommend that suppliers record what extra support, if any, they have offered to vulnerable customers, and set out which groups were offered their support eg was it just PSR customers or others. Good practice should be highlighted in reporting.
- Suppliers should also record where they have had to disconnect gas or electrical appliances in line with Health and Safety executive (HSE) guidelines. For vulnerable customers, we recommend that they also record what, if any, follow up was carried out; for example was the customer referred to a third party to help them cover the cost of replacing the faulty appliance? If the gas heater was disconnected in winter, was the customer left without a source of heat?
- It would be valuable to capture the number of failed and non-standard installations. It is also important to capture circumstances where a smart meter is installed, but due to problems with the communications systems, the smart meter is not able to communicate with the supplier and one or more return visits are required. Suppliers should also record instances where they have been unable to install a compliant smart meter and how many visits it took to become operational. This is also important for reporting on costs.
- Suppliers should be encouraged to report on any problems they encounter. We do not necessarily expect this information to be made public, but it is important in order to nip issues in the bud, but also to ensure sharing of learning between suppliers and the future CDB, and them taking pre-emptive action.