



Smart Metering Implementation – Roll out Team  
Department of Energy and Climate Change  
3 Whitehall Place  
London  
SW1A 2AW

SSE  
Inveralmond House  
200 Dunkeld Road  
Perth  
PH1 3AQ

Consultation reference: URN 11D/837

14 November 2011

***Licence conditions for a Code of Practice for the installation of smart electricity and gas meters: a consultation***

Thank you for providing SSE with the opportunity to comment on the proposals set out in the above consultation. We welcome the continuing engagement with the Smart Metering Implementation Programme. I have set out our response to each of the questions in the attached appendix.

SSE has a number of ongoing issues that it wishes to bring to the attention of the Programme. I have summarised these below with more detail available in our response to the individual questions.

Whilst SSE is in agreement with Government that customers should be provided appropriate protection from unwelcome sales and marketing SSE is concerned that, under DECC's latest draft proposals, the regulatory framework has the potential to severely limit the ability of suppliers to proactively engage customers with information about how they could better manage their energy use as part of the installation. We believe that, going forward, engagement with customers needs to reflect the evolution of the energy supply market, not least as a consequence of the mass market roll-out of smart meters, and the drive to decarbonise the economy through increased take-up of energy efficiency measures and initiatives such as the Green Deal. It is only through providing customers with greater understanding of their energy consumption patterns and offering them a range of products and services to enable them to manage their demand and their bills, that we will achieve sustained behavioural change.

As a customer service driven organisation, SSE believes that it is possible to find a solution which protects customers from intrusive and inappropriate behaviour, while allowing customers the opportunity to request at the time of the visit for more information, advice on other services and products, on a no obligation basis.

Rather than prior written consent, we would like to suggest the following potential safeguards to ensure that there are no unwelcome sales approaches to customers as part of the smart meter installation visit, without the need for an outright ban on any marketing activity whatsoever. This could involve:-

- Requiring suppliers to obtain verbal consent from customers as part of the installation visit appointment process, and for recordings to be kept of the telephone conversations including a clear read back of the customers' consents;
- Permitting suppliers to respond to a customer-initiated request for a discussion on associated services during the installation visit, but requiring written consent to be given at the time and for records to be kept; and/or
- Permitting suppliers to provide customers with information and advice about products and services during the visit, and either;
  - requiring the sale to be concluded at a future date (i.e. no obligation to contract);
  - extending the cooling off period associated with any sale; and/or
  - ensuring that any sale is independently verified after the event (as required under existing doorstep sales licensing framework).

SSE would be willing to commit to any one or a combination of the options described above as a means of ensuring that consumers' interests are protected.

In conclusion, whilst SSE is in agreement with Government that consumers should be protected from unwelcome sales and marketing activities, by proposing an outright ban the Programme could risk the benefits contained within the Impact Assessment not being realised. Sustained behavioural change will not be achieved if suppliers are unable to engage with customers and respond to their needs thereby optimising this one-off opportunity to have a real conversation with them about their energy consumption. It is an opportunity that will only be realised in full if suppliers are able to play a full and responsible part in the process.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

## Appendix

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

SSE is in broad agreement with the overarching objectives set out within the licence conditions.

We are concerned that the proposed licence conditions are potentially subjective. The current drafting refers to activities being undertaken by the licensee that must meet customers' 'reasonable expectations'. SSE and Ofgem will have no means in which to determine what a particular customer's expectations in relation to the installation of smart metering equipment could be. This will give suppliers little idea of under what circumstances Ofgem are likely to take enforcement action due to the nature of being unable to determine each individual customer's expectations.

### **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?**

The current licence drafting is sufficient to ensure that all licensed suppliers cooperate in the development of a Code of Practice for installation. We are, however, concerned that the current drafting of the licence condition does not confirm that developing and adhering to the Code of Practice will ensure the achievement of the overarching objective of the proposed licence conditions.

#### **b) an appropriate ongoing governance regime for the Code(s) of Practice?**

SSE is concerned that the current drafting of condition CC11 does not state under which circumstances Ofgem would consider a review of a particular section of code to be necessary. We would therefore suggest setting some parameters within the licence condition that would allow suppliers to identify potential shortfalls and undertake remedial action to ensure these concerns are addressed.

Also, the current drafting of the licence condition does not provide the basis upon which Ofgem would accept potential change proposals.

#### **c) the intended arrangements for monitoring and compliance with Code(s)?**

SSE agrees with the statement within the consultation that refers to suppliers ensuring compliance with the various licence conditions and the Code of Practice.

However, we do not agree with licence condition CC14 that will oblige suppliers to record performance against other licence conditions. It is within the supplier's own interests to ensure compliance with licence conditions in order to avoid enforcement action from Ofgem. It is also within the supplier's own gift to ensure they are able to demonstrate compliance with particular licence conditions as part of their ongoing engagement with Ofgem.

### **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?**

SSE agrees with the proposal to ensure that a non-compliant installation of smart metering equipment is also subject to the code. This will ensure a consistent approach between suppliers in the period before significant volumes of smart

metering equipment is installed under the mandated rollout. This will also provide a useful opportunity to determine where the code needs to be amended to adapt to mass the rollout.

**4. 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?**

Yes, it is imperative that suppliers are able to recover the costs of the mandated smart metering rollout. As is the case with other Governmental schemes, most suppliers will choose to reflect the costs of such schemes within charges for the supply of electricity and gas.

We also agree that where a customer is requesting that the smart metering equipment installed within their home is an enhanced version that exceeds the minimum technical specification suppliers should be allowed to charge for this equipment upfront. This would be clearly explained to the customer prior to installing such equipment.

**5. Do you agree with our definitions of sales and marketing?**

SSE does not agree with the definition of sales and marketing as these have both been included within one definition. SSE appreciates that marketing can eventually lead to a successful sale, however the two are distinctly different and should have separate definitions to reflect this. The proposed definition of 'Marketing' is also inconsistent when compared to the current definition of 'Marketing Activities' under supply licence condition 25 (Marketing [gas/electric] to Domestic Customers).

Therefore, SSE would recommend that Government uses the current definition as stated within supply licence condition 25 and creates a new condition that would encompass 'Sales'. The 'Sales' definition could take the form of 'a purchase or commitment to purchase a good or service'. DECC could then prevent suppliers from completing any Sale at the point of installation rather than Marketing without prior consent. Research conducted by IPSOS Mori for Energy UK<sup>1</sup> has demonstrated that customers can distinguish between sales and marketing.

In doing so, and as confirmed at our recent bilateral meeting, it would then facilitate the Programme's intention of allowing suppliers to promote marketing material to consumers. It is recognised that this is a valuable tool which suppliers may use to educate consumers on the various measures that can be taken to reduce consumption and change behaviour. Sustained behavioural change will not be achieved if suppliers are unable to engage with customers and respond to their needs and optimise the one-off opportunity to have a real conversation with them about their energy consumption. It is an opportunity that will only be realised in full if suppliers are able to play a full and responsible part in the process.

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

---

<sup>1</sup>Exploring awareness, support and preferences for the smart meter roll-out – Ipsos Mori November 2011

As we have stated within our covering letter, we do not agree with the requirement to obtain prior written consent before suppliers would be allowed to undertake Marketing. This has the potential to severely limit the ability of suppliers to proactively engage customers with information about how they could better manage their energy use as part of the installation. We believe that, going forward, engagement with customers needs to reflect the evolution of the energy supply market, not least as a consequence of the mass market roll-out of smart meters, and the drive to decarbonise the economy through increased take-up of energy efficiency measures and initiatives such as the Green Deal. It is only through providing customers with greater understanding of their energy consumption patterns and offering them a range of products and services to enable them to manage their demand and their bills, that we will achieve sustained behavioural change.

As a customer service driven organisation, SSE believes that it is possible to find a solution which protects customers from intrusive and inappropriate behaviour, while allowing customers the opportunity to request at the time of the visit for more information, advice on other services and products, on a no obligation basis.

Rather than prior written consent, we would like to suggest the following potential safeguards to ensure that there are no unwelcome sales approaches to customers as part of the smart meter installation visit, without the need for an outright ban on any marketing activity whatsoever. This could involve:-

- Requiring suppliers to obtain verbal consent from customers as part of the installation visit appointment process, and for records to be kept of the telephone conversations, including a clear read back of the customers' consents;
- Permitting suppliers to respond to a customer-initiated request for a discussion on associated services during the installation visit, but requiring written consent to be given at the time and for records to be kept; and/or
- Permitting suppliers to provide customers with information and advice about products and services during the visit, and either:
  - requiring the sale to be concluded at a future date (i.e. no obligation to contract);
  - extending the cooling off period associated with any sale; and/or
  - ensuring that any sale is independently verified after the event (as required under the existing doorstep sales licensing framework).

SSE would be willing to commit to any one or a combination of the options described above as a means of ensuring that consumers' interests are protected.

Also, within the summary of Green Deal proposals, currently available on DECC's website<sup>2</sup>, the consumer will be contacting a Green Deal provider for an unrelated purpose e.g. in order to have their boiler repaired. DECC then state on page 22 that *'These households and businesses are likely to listen to a recommendation from a trusted tradesman or contractor – for example, when the boiler breaks down, many people are prepared to act on the advice of boiler fitters, including advice on installing a more efficient boiler.'* The Green Deal provider, although in attendance at the property for a different reason, will then be able to promote Green Deal to the

---

<sup>2</sup> <http://www.decc.gov.uk/assets/decc/legislation/energybill/1010-green-deal-summary-proposals.pdf>

consumer. This would appear to be an unacceptable approach in the context of smart metering. SSE would argue that no-one holds more expertise in the area of consumers' gas and electricity metering equipment other than their energy supplier therefore the same precedent should apply.

SSE believes further work is needed in this area to better understand the boundaries between energy efficiency advice, marketing and sales, and for the Licence Conditions to be amended to better reflect DECC's overall policy position.

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

No, consumer legislation and licence conditions in other areas are sufficient. Specific examples include Consumer Protection (Distance Selling) Regulations 2000, Cancellation of Contracts Made in a Consumer's Home or Place of Work etc. Regulations 2008, Unfair Contract Terms Act and the Consumer Protection Act 1987.

However, SSE is concerned about the possibility that significant numbers of calls will be received out of hours by network operators regarding smart metering enquiries post install. The calls could be associated with smart metering defects or requests for information regarding the operation of installed smart metering equipment. As the majority of suppliers contact centres will close around 8pm, the only service left for consumers to contact will be the 24 hour distribution emergency contact centre. It would be sensible for suppliers to be required to have customer contact facilities either on a 24/7 basis or for at least a reasonable time after the smart meter has been installed. If this is not "mandated" calls will inevitably be received by network businesses, at cost via their free phone numbers, and it is probable that the network business receiving the call will not be able to answer the customers query. This could have a significant impact on the reputation of the Programme. Protection for vulnerable customers and this requirement require further consideration.

**8. 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?**

SSE agrees that specific vulnerable customer groups will require special assistance during the installation of smart metering. We believe the current definition contained within the ERA Safety Net is an acceptable definition when it comes to determining whether a customer is vulnerable and in need of further assistance. Suppliers should be provided with the flexibility to determine how is best to deal with each particular circumstance of vulnerability.

However, in order for the obligations in this area to develop as more is understood during the rollout of smart metering, we believe these obligations should be included within the Code of Practice rather than being specified as a licence condition. This would allow an easier route upon which to alter the requirements rather than the protracted process of modifying licence conditions.

We also agree that any complaints in relation to the smart metering rollout should be dealt with under the existing Complaint Handling Standards framework.



**9. 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?**

Yes, SSE agrees with the proposed definition.

**10. 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?**

Yes, SSE agrees the proposed drafting would underpin the policy intentions.