

Smart Metering Implementation Programme
Rollout Team
Department of Energy and Climate Change
3 Whitehall Place
London
SW1A 2AW
smartmetering@decc.gsi.gov.uk

Wales & West House
Spooner Close
Celtic Springs
Coedkernew
Newport NP10 8FZ

Tŷ Wales & West
Spooner Close
Celtic Springs
Coedcernyw
Casnewydd NP10 8FZ

F. 0870 1450076
www.wwutilities.co.uk

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Wales & West Utilities response to DECC regarding consultation licence conditions for Smart Metering Installation Code of Practice (SMICoP) reference URN 11D/837

Dear Sir,

Wales & West Utilities Limited (WWU) is a Licensed Gas Distribution Network (GDN) providing Gas Transportation services for all major shippers in the UK. We cover 1/6th of Great Britain and deliver to over 2.5 million supply points. WWU is the only company that focuses solely on Gas Distribution in Great Britain.

We have replied separately to the Energy Retail Association's consultation on the SMICoP and have the following response to the DECC consultation. Our responses to the questions below relate to the drafting of the supplier gas licence conditions but some answers will also apply to the electricity conditions.

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 of 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)?

We suggest that Condition CC12 which relates to parties that should be consulted by licensees on changes to the Code(s) should specifically include gas transporters.

We think that the process for Ofgem to review any proposed revisions is too open ended. Given that Condition CC15 requires the licensee to obtain the views of Domestic Customers and review the Domestic Installation Code it does not seem unreasonable for Ofgem to reach a decision within 30 days. The wording of Condition CC16 (c) allows Ofgem to put off a decision indefinitely. If some extension period is required for further review by Ofgem then it should be time limited.

24 hour gas escape number
Rhif 24 awr os bydd nwy yn gollwng

0800 111 999*

*calls will be recorded and may be monitored
caiff galwadau eu recordio a gellir eu monitro

Wales & West Utilities Limited
Registered Office:
Wales & West House, Spooner Close, Coedkernew, Newport NP10 8FZ
Registered in England and Wales: No. 5046791

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?

Our view is that the licence conditions underpinning the Code should be applicable to smart type meters as well as compliant smart meters. It seems likely that customers will not distinguish between smart type meters and compliant smart meters and therefore it is reasonable that these customers should receive the protection of the Code.

Question 4

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

In the draft gas licence there is an error in condition CC7 which refers to "charges for electricity" when this should be "charges for gas"

While we understand the intention of CC6-8, they do not work as drafted. CC6 should say that charges should be recovered as described in CC7 except where the circumstances described in CC8 occur.

We suggest that CC9 should also contain an obligation on suppliers to inform customers that smart meters can be switched remotely between credit, pay-as-you-go and prepayment modes. As drafted CC9 (c) reads as a promotional item for smart meters rather than as a balanced requirement on suppliers to ensure that customers are well informed about what customers may see as the benefits and disadvantages of smart meters.

Second Question 4

Do you agree with our definitions of sales and marketing?

"Marketing" is defined in the licence. We suggest that this should be renamed as "Sales and Marketing" We agree that it is difficult to determine the boundary between marketing and sales so treating both in one definition is appropriate. The definition as drafted relates purely to verbal communication, it should also include written communication with the customer and leaving of information. Therefore we suggest that point (d) which should be (b) should be changed to cover verbal and written communication including the leaving of leaflets or other promotional information.

Question 5

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

We think that allowing any marketing and sales activities during the smart meter rollout could compromise the efficient delivery of the smart meter rollout. There are two reasons for this

- Customer reaction
- Efficient use of scarce resources

We are concerned that if customers perceive, perhaps incorrectly, that the smart metering installation visit is going to be used in any way to try and sell them products then they may resist making appointments. This will decrease the efficiency of the programme and increase costs. The presence of safeguards will make no difference if customers are suspicious of Suppliers and do not trust them. There have been a sufficient number of mis-selling incidents and poor control of agents both in utilities and outside utilities to provide evidence that this is a real issue that needs to be taken seriously. The successful delivery of the smart meter rollout requires customer engagement and co-operation and the proposal to allow some sales and marketing activity during the installation visit, is likely to decrease that co-operation resulting in reduced access rates and associated increased cost

The second point relates to the use of the meter installer's time. The smart metering rollout will require a substantial increase in meter installers above current levels. They will all need to be suitably trained in a short period which will be a demanding project. It therefore seems inefficient to allow this valuable resource to be diverted from meter installation into sales and marketing. If a meter worker spends about 15 minutes of their time on sales and marketing for each installation visit (about 20% of the time spent in the property on a dual fuel installation) then there will need to be a commensurate 20% increase in the number of meter workers assuming no effect on access rates. This approximately equates to the extra resource needed to decrease the programme length by one year. In addition if meter installers do engage in marketing and sales activity then they will require extra training which will increase programme costs further.

DECC needs to question why suppliers would want to engage in marketing and sales activities. Is it because suppliers see this as a way to get a closer relationship with customers and lock them into the company to reduce churn. If the government is seeking to encourage competition and in particular encourage small suppliers to compete the proposals to allow marketing and sales activities seems to be in conflict with this aim.

If the approach outlined above is adopted then the licence will need to contain a prohibition of all sales and marketing activities which would need to include leaving information about other services.

If the decision is taken to allow some marketing and sales activities then this should be only to allow leaving of printed information, with the customer's permission, for the customer to read with no active promotion and certainly no sales activities taking place at the time of the visit. The best way to implement this would be to have a general prohibition of all sales and marketing activities as above with the exemption of certain closely defined activities such as leaving information.

[REDACTED]

[REDACTED]

[REDACTED]
Wales & West Utilities