



Department
of Energy &
Climate Change

In-Home Display Licence Conditions: Consultation response

Smart Metering Implementation Programme

04 February 2016

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Any enquiries regarding this publication should be sent to us at smartmetering@decc.gsi.gov.uk.

General information

Purpose of this document:

This document sets out the Government's response to the consultation on the In-Home Display Licence Conditions which ran between 3 August and 23 September 2015. These decisions relate to the benefits to be achieved by the roll out of smart meters to all domestic households in Great Britain by 2020.

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Territorial extent:

This consultation response applies to the gas and electricity markets in Great Britain. Responsibility for energy markets in Northern Ireland lies with the Northern Ireland Executive's Department of Enterprise, Trade and Investment.

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Quality assurance:

This consultation has been carried out in accordance with the Government's Consultation Principles, which can be found here:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/60937/Consultation-Principles.pdf

If you have any complaints about the consultation process (as opposed to comments about the issues which are the subject of the consultation) please address them to:

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1 Executive Summary

1. DECC's priority is to deliver secure, affordable, clean energy supplies that families and businesses across the country can rely on, now and in the future. If we are to transition to a low-carbon economy cost effectively we need investment in new infrastructure fit for the 21st century. We must also continue taking action to keep consumer bills down.
2. Rolling out smart meters in every home by the end of 2020 creates a platform for such change. Many people have little idea how much energy they are consuming and are unable to attribute costs to the different ways they use energy. For consumers to engage with their energy consumption, we need to give them the right information and tools so that they are motivated and confident to take action.
3. By providing real-time consumption and tariff information, smart meters can help consumers to understand and reduce their energy use which is an important part of the business case for deploying smart meters. Since 2012, the standard licence conditions for electricity and gas supply (the 'Licence Conditions') have required all domestic consumers to be freely offered an In-Home Display (IHD) when their smart meter is installed so that they have easy access to this information. This policy is based on strong UK and international evidence that consumers on average reduce their energy consumption more when they have an In Home Display than with a smart meter alone.
4. IHD's provide the consumer with near-real time information on actual energy consumption taken from smart electricity and gas meters through a wireless home area network. This information is continuously available to all the energy users in the household allowing them to respond quickly to the information displayed. Over and above the IHD offer energy suppliers and other parties can offer other forms of information on energy consumption to consumers and other routes to engaging with it, for example, via the internet, smart phones or bills.
5. Some suppliers have interpreted the Licence Conditions as permitting them to offer consumers the choice of either an IHD or an alternative engagement tool. Following consultation, we have decided to clarify the Licence Conditions to ensure that they reflect the original policy intent of all domestic consumers receiving an unconditional IHD offer. Suppliers will, however, need time to adjust their consumer offers and we will therefore bring these powers into force on 1 July 2016 to provide a transitional period for suppliers to come into compliance.
6. The smart metering system will allow new products and services to be supported, enabling a more competitive market in energy supply and energy management. There have been developments since the IHD mandate was brought in, in terms of the IHD's offered, the energy efficiency advice provided to consumers during the smart meter installation as well as the complementary tools and services which can build on the smart meter platform. However, there is no existing evidence base that alternative engagement tools can provide equivalent benefits to IHDs and could therefore be offered instead of an IHD. We consider it sensible to introduce a vehicle which will allow suppliers to develop an evidence base on these IHD alternatives so that we can capitalise on any approach which can prove able to better support consumers in engaging with their energy use and in saving energy. We also recognise their potential to reduce costs to industry.

7. We have decided to introduce Licence Conditions which establish a derogation mechanism. This will allow suppliers to apply to the Secretary of State to undertake trials where they promote IHD alternatives instead of offering an IHD when installing smart meters. We will allow suppliers to justify their preferred approach to undertaking trials though will set trial requirements to ensure robust approaches are employed. These requirements will be largely set out in supporting Guidance rather than in the overarching Licence Conditions and are outlined in this document.
8. Trial requirements include, for instance, that suppliers should promote engagement tools which can access electricity and gas consumption data through the smart meter system; that suppliers consider the needs of all customers (for example, for accessibility reasons) when providing them an engagement tool; and that they justify the size and method of trial approach necessary to provide robust and sufficiently precise findings, including where agile approaches are used. We expect that the level of detail required will be greater for larger trials.
9. We expect the trial application window to open by the end of March subject to the completion of the Parliamentary process. We will publish a trials Guidance document ahead of this. We have set 30 September 2016 as a deadline for trial applications to be received by the Secretary of State but will welcome early applications. We will specify evidence submission dates as part of the derogation approval process. We will be seeking evidence to inform any change in our policy no later than September 2017 but may choose to act ahead of this date depending on the nature of evidence provided over time. Suppliers will be expected to offer consumers on unsuccessful trials an IHD and we will look to set a backstop requirement for the offer of an appropriate engagement tool in any Licence Conditions which follow the consideration of trial evidence.

2 Introduction

2.1 Summary

10. By the end of 2020 every household and small business will have been offered smart electricity and gas meters giving them accurate bills, up to date information on their energy use and the ability to switch energy suppliers more easily.
11. The 2011 Smart Meter Prospectus confirmed that consumers should be given an unconditional free offer of an In-Home Display (IHD) when suppliers install a smart metering system. This policy was underpinned by robust trial evidence¹ that IHDs are the most effective tool available to allow consumers easy access to and engagement with their energy consumption data, driving energy bill savings.
12. Since 2012, suppliers have been required by the terms of their standard electricity and gas supply licence conditions (the 'Licence Conditions') to offer all domestic consumers an IHD where they install a smart metering system (the 'IHD mandate') so as to drive understanding of and action on energy use.
13. Government published a consultation in August 2015 proposing two broad actions.
14. First that the Licence Conditions should be amended to remove the drafting ambiguity which some energy suppliers interpret as allowing them to offer an alternative data engagement tool instead of an IHD. This would ensure that the Licence Conditions are in line with the original policy, our business case and our evidence base supporting IHDs.
15. Secondly, the consultation proposed new Licence Conditions allowing suppliers to apply to the Secretary of State for a derogation from the requirement to offer an IHD in order to conduct trials of innovative engagement tools. This would allow for the development of an evidence base on IHD alternatives and allow Government to understand if the IHD mandate continues to be the best way of helping consumers access their energy consumption and tariff information in order to achieve energy savings.

2.2 Responses to the consultation

16. In total, 29 written responses were received, broken down by sector as follows:

Sector	Number of responses
Energy Suppliers and representative body	11
Service & Technology providers	8
Consumer Representative Body	2
Ofgem	1

¹ In 2011 the Energy Demand Research Project reported on a series of Government-supported supplier-led trials covering a range of feedback mechanisms in over 50,000 GB houses, including Smart Meters, In Home Displays, advice, benchmarking and digital media (e.g. web and television).

Other (including an MP, business representative body, academic, and behavioural specialists)	7
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17. The consultation responses are summarised in this document by the Department of Energy and Climate Change (DECC). Individual responses will be made available (where not commercial in confidence) on the smart metering pages of the Gov.uk website.

2.3 Implementation

18. The legal text supporting the policy decisions in this publication will be laid in Parliament in parallel with the publication of this document and incorporated into the smart metering sections of the Licence Conditions following the procedure under Sections 88 and 89 of the Energy Act 2008. Subject to no objection being raised in Parliament, we expect the legal text to come into force in March 2016. **Annex C** sets out the legal text.
19. For the economic impact of the smart meter rollout please see the most recently published Impact Assessment from January 2014².

3 IHD Licence Conditions

3.1 IHD Licence Conditions

Summary of consultation proposal

- 27. Suppliers are required by the terms of their Licence Conditions to offer all domestic consumers an IHD where they install a smart metering system to ensure they have easy access to their energy and tariff information and a proven means of driving understanding of, and action on, energy use. Licence Conditions defining the IHD mandate can however currently be interpreted to allow suppliers to offer an alternative data access tool instead of an IHD.
- 28. The IHD is currently the only smart meter based engagement tool for which there is a substantive evidence base on its effectiveness in triggering understanding of, and action on, energy use in GB households. The direct energy savings benefits to consumers from smart metering systems, of which IHD's are an integral element, are valued at over £4bn in the business case. There would be a significant risk to these benefits if we did not act to limit the take up of alternative engagement tools on which there is very little evidence in how they support consumers.
- 29. The consultation proposed to clarify the existing requirements in the Licence Conditions to remove the drafting ambiguity and to reinforce the longstanding policy intent for the IHD offer to be unconditional.

Consultation Questions

1.	Do you agree with the preferred approach for closing off the risk to the IHD offer summarised at paragraph 2.10c?
2.	Do you have any comments on the proposed legal drafting amending IHD Licence Conditions at Annex 2?

Summary of Responses

- 30. Consultation views on the proposal to strengthen the IHD mandate were evenly balanced, with 50% of respondents addressing the question opposed and 50% in favour.
- 31. Those respondents welcoming the proposals included Ofgem, solution and technology providers and consumer representative groups, alongside half of the biggest six energy suppliers. Comments in support of the proposals highlighted that there is an absence of evidence on IHD alternatives and that DECC needs to ensure that the £4 billion in benefits associated with consumer energy savings are not undermined. Broader issues were raised by consumer representatives including specific mention of the importance an adapted IHD will play in supporting blind and partially sighted people and the potential consumer benefits of suppliers deploying a combination of engagement tools.

32. Almost 60% of those opposed to the proposals were energy suppliers. Arguments against the proposals fell under the following main grounds:
- It is based on evidence which is outdated and does not recognise the capability of today's technology;
 - Limiting the offer to an IHD does not respect consumer choice and could lead to less smart meter engagement and so less energy savings; as such, it will increase costs unnecessarily;
 - It is picking a winner rather than letting the market decide; and
 - One respondent opposed implementation on the grounds that the regulatory framework would not sufficiently limit the ability of suppliers to promote alternatives over IHDs in practice.
33. We received evidence that some consumers have shown a preference for smart metering data obtained through smart phone applications, and of promising levels of post-installation usage. One organisation suggested that DECC should have assessed the evidence in support of IHD alternatives before, in effect, proposing to rule them out as a standard measure.
34. Some respondents opposed the proposals as set out but offered support for softer approaches to mitigating the risks of suppliers promoting IHD alternatives. Suggestions included:
- amend the Smart Metering Installation Code of Practice to promote best practice in how alternatives are offered e.g. provide benefits information on that alternative and ensure it is appropriate to the consumer;
 - introduce Licence Conditions that require suppliers to send DECC evidence on the alternative engagement tools they offer and which are taken up in place of IHDs;
 - introduce Licence Conditions that require IHD alternatives meet certain functionality including but not limited to real time data provision.
35. We received a small number of comments on the proposed Licence Condition drafting which suggested a misalignment with the policy intent set out in the consultation.

Government decision

Overview

36. We acknowledge the evidence we received showing that in some circumstances consumers will show a preference for mobile applications that can display smart metering data, and of promising levels of post-installation usage. However, this was over relatively short timescales and was not compared with IHDs on a like for like basis, so we cannot have confidence in the comparison being made. No information was provided on how the offers were made or the supporting consumer engagement journey - the Early Learning Project was clear in its finding that engagement pre, during and post install was a significant factor in how far consumers understood and used their IHD. This comparison therefore does not provide us with sufficient justification to support a policy change.
37. We did not receive any evidence that an alternative could compete with IHDs in driving persistent energy savings. We cannot, therefore, currently draw confidence that these alternatives will prove capable of providing equivalent or greater consumer engagement

benefits. We share respondents desire to see consumers take up a smart meter data engagement tool which can help them maximise their savings. Given the lack of evidence available we therefore need to act to protect the IHD mandate and so the £4 billion of consumer energy savings associated with this.

38. Without any amendments to the Licence Conditions, a significant number of IHD alternatives could be offered and taken up. We would have no certainty on the level of functionality or the means of promotion without regulatory intervention. Moreover, we have no evidence that consumers will be engaged by them or find they are able to better manage their energy use as a result. We would ultimately, be failing to protect consumer interests in enabling them to consume less energy in line with DECC's objectives of lowering bills, ensuring security of supply and countering climate change.
39. We have therefore decided to bring in legal drafting amendments to ensure consumers receive an unconditional offer of an IHD. This is not a change in policy but is a modification to reflect an existing policy position based on the best evidence available to us.

Concerns raised

40. A number of consultation respondents believe that there are better tools than an IHD for engaging consumers with their energy data. A number of concerns were expressed about the approach proposed and we consider these below.
41. Some respondents were concerned that it would be a *backward step*. It is true to say that smart mobile devices and tablets were not available when the Government co-funded (Energy Demand Research Project) trials which provided evidence that underpins the IHD mandate. However, the evidence in support of IHDs has grown since then, most notably through the Early Learning Project findings³. The IHD was always meant to be an entry level data access tool with the Smart Meter system building in future flexibility through the provision of a Home Area Network to support the development of in home service and technology provision. However, we did not receive any evidence from consultation respondents on the energy saving potential of IHD alternatives. As set out later, we are keen to consider such evidence and are creating a vehicle to allow this.
42. Some respondents suggested that the proposal would *limit consumer choice*. Consumers can still decline an IHD offer though, whilst there is also nothing to prevent suppliers offering something else once they have made a true offer of an IHD and the consumer has decided whether to take it up.
43. Some respondents suggested that the proposal would *add unnecessary costs* to the Programme. This would only be true for those suppliers who had budgeted on a rollout with lower volumes of IHDs being deployed and on less costly alternatives being offered instead. However, the business case assumes an IHD offer is made. Reinforcing the mandate will strengthen our confidence in these benefits accruing to consumers and so the overall Smart Meter Programme net benefits.
44. Some respondents argue that requiring an IHD *picks a winner* rather than letting the market decide the appropriate technology. We do not agree, in our view, it is prioritising a suite of functionality based on evidence from research, numerous consultations and joint work with industry. The market can choose how to meet this requirement and energy suppliers can go beyond this minimum offer that we believe is necessary to enable all consumers to engage more fully with their energy consumption.

³ <https://www.gov.uk/government/publications/smart-metering-early-learning-project-and-small-scale-behaviour-trials>

Alternative approaches

45. We remain unconvinced by arguments for softer approaches given the evidence to date and risks identified. In our view, these alternative approaches would not provide equivalent risk mitigation. In order to take a decision to change our current policy and to allow alternatives into the enduring Licence Conditions, we would – as several respondents noted - need to have assurance on how such alternatives achieve the smart metering policy objectives framework around encouraging energy efficiency while ensuring privacy, interoperability and security. Without evidence from trials we do not have the evidence on which to base such an assessment.

Implementation

46. Two implementation issues have been raised. First, one respondent suggested that any strengthened Licence drafting would not close off the risk of suppliers still promoting IHD alternatives in a way that was more attractive than IHDs. Second, respondents argued that some suppliers had been acting in good faith under the current Licence Conditions and that moving from this position would be unnecessary and take time to deliver.
47. On the first issue, we remain confident that the Licence Conditions will be effective. They offer a significant regulatory lever. Ofgem has identified IHDs as one of three core compliance areas to monitor over the roll out whilst the SMICoP compliance survey will ask a randomised sample of smart consumers whether they were offered an IHD during the installation. Moreover DECC can request to see the scripts supplier representatives use with consumers on promoting IHDs as part of its annual reporting requirements.
48. On the second issue, we recognise that the revised IHD Licence Conditions would have a practical impact on supplier operations where they have already been offering an alternative to an IHD. We have decided to introduce a transitional window for suppliers to make the necessary adjustments to their operations in order to comply with the amended Licence Conditions and come into compliance. This could include making changes to their systems, marketing, sales, call centres and training. The strengthened Licence Conditions will therefore come into legal effect on 1 July 2016. As discussed later in this document, suppliers may also develop and bring forward IHD alternative trial proposals in this period.

Implementation/Legal text

The Licence Conditions require that suppliers provide consumers an unconditional IHD offer when installing a smart meter system. There have been some minor amendments to the text consulted on to ensure that the drafting properly reflects the policy intent. These Licence Conditions will come into force on 1 July 2016 subject to the successful completion of the Parliamentary process.

4 Supporting trials of innovative IHD alternatives

4.1 Licence Conditions

Summary of Proposals

49. The consultation considered how the Government could facilitate supplier trials of alternative energy consumption engagement tools as part of their smart meter roll out. The Government noted that it wanted to gather evidence on the performance of alternative approaches to inform considerations on whether the IHD mandate remains the best way to ensure consumers can engage with their energy consumption data.
50. The consultation proposed to introduce, through new Licence Conditions, a derogation process allowing suppliers to apply to the Secretary of State for a derogation from the IHD mandate in order to conduct trials of IHD alternatives. The Licence Conditions would allow the Secretary of State to set binding trial requirements on suppliers as part of the approval process.

Consultation Questions	
3.	Do you agree with the proposal to allow suppliers under their Licence Conditions to apply to the Secretary of State for a derogation from the IHD mandate in order to trial IHD alternatives? If not, please provide supporting comments.
8.	Do you have any comments on the proposed legal drafting introducing new Licence Conditions at Annex 2?

Summary of consultation responses

51. Consultation responses were strongly favourable towards the trial proposals with 82% agreeing with the principle of introducing some flexibility into Licence Conditions to allow suppliers to come forward with applications to trial IHD alternatives. A number of respondents emphasised the value of establishing a clear evidence base on alternatives as early as possible. There was broad support for the proposed approach which sought to avoid specifying detailed trial constraints in legislation and recognition that this would be the quickest way of creating an appropriate mechanism that should allow for a robust evidence base to emerge.
52. Those opposed to the proposal were in the main supportive of the need to allow for alternative engagement tools to be offered. They opposed the proposal largely on the grounds that the derogation was unnecessary given the existing flexibility in the Licence Conditions. Several others opposed the proposal due to reservations that the process as described would be overly restrictive, for example, in terms of trial scale, length and accessibility.

- 53. Equally, most respondents who agreed the approach caveated their support around trial design and process requirements. These are considered under section 4.2 below.
- 54. We received a small number of comments on the proposed Licenced Condition drafting, particularly around the arrangements following the end of trials.

Government decision

- 55. Given the support for this proposal we will proceed with introducing a mechanism into the Licence Conditions which will allow suppliers to apply to the Secretary of State for a derogation from the IHD mandate in order to undertake trials of IHD alternatives.
- 56. We recognise that not all respondents support the need for a trial process. In our view however, the IHD mandate remains a cornerstone of the Programme. A trial environment is necessary in order to limit the risks of consumers taking up engagement tools that deliver fewer benefits than IHDs. At the same time, it enables a process through which we can gather evidence on the latest alternative approaches. Ultimately we want to secure robust evidence that can inform a wider consideration of whether the IHD mandate remains optimised for helping consumers deliver energy savings.
- 57. We note the concerns and arguments expressed from those opposing as well as supporting the trial proposals around the scope, scale and timing of trials. We reflect on the views expressed as part of our intended approach to trial applications set out below.

Implementation approach / legal text

The Licence Conditions provide for a derogation process from the IHD mandate, as proposed. This allows suppliers to submit to the Secretary of State an application requesting a derogation from the mandate for reasons of trialling IHD alternatives. Suppliers must meet the terms of the approval letter including submitting all evidence that is specified as part of that. We expect the Licence Conditions to come into force in March 2016, subject to the successful completion of the Parliamentary process.

4.2 Approach to derogation applications and trials

Summary of Proposals

- 58. The consultation proposed principles and assessment criteria that would be set out in a guidance document for suppliers wishing to apply for a derogation including: the scope of the trial, minimum functionality of alternatives and trial methodology.

Consultation Questions	
4.	Do you agree with the proposed broad principles underlying the derogation process and the scope of the design requirements to be included in trial guidance? Please provide evidence to support your response and any other matters that you think should be taken into account.

Summary of consultation responses

59. 56% of respondents agreed with the broad principles proposed, with 44% disagreeing. There was a significant amount of detailed comment on trial design, both from those in support as well as those against the proposals. Some respondents sought clarification on specific arrangements as part of this, stressed the importance of certain approaches which had been proposed, or caveated their responses around certain assumptions of how the trial process would be conducted where they thought it unclear.
60. We received strong support for the best practice approaches mentioned in the consultation, for example:
- that trial sizes should be sufficiently large to generate meaningful results;
 - that the counterfactual for trials measuring energy savings should be based on an IHD (SMETS compliant) control group within the trial; and
 - the option for a third experimental arm, such as including the alternative offer in addition to the IHD.
61. The following list summarises the most commonly raised concerns and arguments:
- It was argued that smaller suppliers would be excluded from the trials process given the constraints proposed - the rules would make it too resource intensive;
 - It was argued that trial length should be variable and not bound by a requirement to be conducted over a minimum of 12 months, as evidence could be available much earlier – several respondents recommended interim / regular reporting requirements;
 - It was argued that trial size should be variable, with discussion of why suppliers should be allowed to go above or below a 10,000 household limit;
 - Suppliers wanted to be able to gain derogation approval for flexible (or agile) trials which they can amend on the back of learning what works / what consumers most benefit from e.g. to allow for multiple software solutions to be trialled through the same interface and for these to be refocused as results come in;
 - There was support for a transparent, efficient application and approval process with published application proforma's and approval timings;
 - Several consumer representative bodies and Ofgem emphasised the importance of embedding consumer safeguards already in place for IHDs into trials e.g. ensuring the IHD alternative is appropriate to the consumer to whom it is offered and more broadly that information on its use is provided in a clear and intelligible way;
 - A few respondents argued that the engagement tool should be required to be provided for free in the same way an IHD is so as to provide a consistent consumer experience. In a similar vein, we received arguments that the requirements on suppliers to maintain IHD's for 12 months after install should be extended to other engagement tools to provide consistent consumer protections.
62. In terms of outcomes, a number of stakeholders sought further information from DECC on how successful trials will result in broader IHD Licence Condition amendments, and on the approach which would be adopted for assessing trial outputs.

Government decision

63. This section provides a high level summary of the approach we will be adopting to IHD alternative trial applications and evidence gathering.

Overview

64. We are looking to provide a framework which promotes good quality evidence gathering on innovative technologies. Our approach will be, as set out in the consultation, to embed certain trial design requirements into the application approval process rather than the Licence Conditions.
65. We will be publishing a supporting guidance document setting out those best practice research approaches and techniques which currently give us the greatest confidence robust evidence will be produced. The guidance will not provide blanket requirements on trial methodologies, although some key design elements may be provided to support a consistent assessment of findings. The guidance will support suppliers in justifying how their proposal addresses research issues such as quality assurance, monitoring and verification of results.
66. Ultimately, we will be looking to establish whether IHD alternatives can deliver consumer benefits as effectively as IHDs – a primary aim being to understand whether there is persistent consumer engagement with the data leading to demonstrable reductions in energy consumption. The guidance is expected to be published in March ahead of the derogation application window opening and we will notify suppliers of its publication in due course.

Guidance

67. The guidance will not set limits on the size of trials, either in terms of minimum or maximum numbers of participating consumers. All proposals will be considered on their merits, according to criteria (see specific points listed below) which will include trial design and methodology issues, including the size of trial needed to provide robust and sufficiently precise findings. However individual approvals may impose a ceiling on numbers of participating consumers where this is considered necessary.
68. The guidance will encourage a wide range of research approaches and timescales, from small scale and short-term, exploratory testing of new engagement approaches, to large and longer-term quantitative trials designed to produce generalisable findings across the whole population. In doing so, the guidance will aim to promote best practice techniques and consider key evidence needs such as how feedback works for different types of consumers, levels of engagement and outcomes. We are mindful of the need to allow for different approaches so that all suppliers, including smaller suppliers, are able to capitalise on the opportunity provided.
69. The guidance will also provide for agile and flexible approaches to trialling. This means that so long as the overall scope is defined at the outset, where the full detail of interventions is not known in advance, derogation applications which otherwise meet the criteria can still be approved. The overall scope will always need to specify the types of intervention to be deployed and overall numbers of consumers targeted. DECC will monitor changes to the intervention (and the evidence informing them) through the trial. In most circumstances the guidance will encourage interim reporting of results in addition to a final reporting requirement.
70. Whilst it will be up to suppliers to decide on the trial proposals they put forward and the research questions they address it is a priority that we obtain robust and quality assured evidence on energy savings from alternatives, against an IHD counterfactual. We need

this evidence to inform a review of the IHD mandate policy. We will require larger scale trials (expected to be those above 10,000 households) to place more emphasis on measuring longer-term changes in energy consumption.

71. Responses raised the need to use specific designs such as randomised controlled trials (RCTs) to measure the impacts of alternatives. RCTs were strongly supported by some, but seen as inappropriate in this context by others.
72. In the consultation document, we noted RCTs as one option. High quality RCTs can robustly quantify the real difference in impact between providing an intervention and counterfactual, removing the effects of other factors. We will expect both RCT and alternative approaches to quantifying impacts to be carefully designed to avoid the risk of self-selection bias (e.g. that consumers who opt in to an offer of an alternative are systematically different to those who do not). This may mean (in the case of RCTs) that consumers are randomly allocated to alternatives or IHDs, or that a randomly selected group are offered a choice of IHD or alternative and compared to a group that are only offered an IHD. The guidance will include more information to guide suppliers in this area, alongside other research designs which are capable of providing useful evidence to inform policy.

Trial / application criteria

73. The following section sets out application criteria, including where we have updated our approach following representation for certain design elements to be adopted. For clarity, we intend to allow a derogation application to cover more than one trial proposal. All trials/ applications **must**:

- be received before the close date in Licence Conditions (see paragraph 80);
- demonstrate a reasonable expectation that the alternative approach will lead to regular and sustained engagement with energy consumption information and in turn energy savings;
- include engagement tools using both a customer's electricity and gas smart meter data;
- note how they will continue to meet separate requirements in their Licence Conditions in relation to a consumer's right to request access to their historic daily energy consumption data;
- provide full details of the intervention at a level which will be specified in guidance and will be linked to the proposed trial size⁴, trial design, the research questions, research methods to be used and the approach to assuring the trial is robust in design and delivery;
- justify the size of trial necessary to provide robust and sufficiently precise findings, including where agile approaches are used;
- set out how they will communicate information on the alternative in a clear and intelligible way and ensure it is appropriate to the consumer it is offered to (including those with accessibility needs; lower digital literacy, or limited access to the internet or smart phones); and
- submit evidence in accordance with the application approval letter.

⁴ Including information about how recruitment of participants will be carried out, socio-demographic information, how in detail the intervention will be actually carried out, copies of written materials / images from device screens etc.

74. The following section sets out guidance issues which stakeholders have argued for but we have decided not to adopt for trials:

- *require engagement tool to be provided for free*: Respondents argued that it would maintain the principle that, at a minimum, consumers have access to a free engagement tool alongside their smart meter and provide a consistent approach for all consumers with their smart meter installation. We do not think it necessary to include this as a specific requirement for the proportionately small number of consumers who may be getting alternatives through trials. Suppliers are expected to offer their engagement tools for free in order to attract consumers into the trial. Any trial which proves unsuccessful will anyway have to be 'made good' by a free offer as part of the backstop provisions described at paragraph 91;
- *extend IHD requirement to maintain equipment for 12 months*: It was argued that it would safeguard consumers to extend this protection. However, suppliers should already be incentivised to maintain the approaches they are trialling so as to secure the best evidence. Ultimately evidence on persistence of savings will be a key factor before any potential changes to the Licence Conditions are considered and therefore we do not think it necessary to adopt this requirement. Equally such a requirement is less likely to be appropriate for some types of engagement tools i.e. where there is no fixed device;
- *set out the criteria DECC will adopt for taking decisions following the submission of trial evidence*: In sum, there is no tick-box list of evidence needs which, if met, would guarantee an IHD alternative will be adopted into the enduring Licence Conditions. We have set out (in the consultation) the evidence we are looking for, including levels and persistence of energy consumption savings alongside insight into consumers' engagement with their smart meter, energy services/products and the energy market. We have indicated in this document the sort of trial approach which would lend results weight – the guidance will expand on this. The current smart meter rollout Impact Assessment summarises the evidence base in support of IHDs and more broadly lists the Programme objectives against which we will be assessing evidence. Further, we will need to weigh any approach against implementation risks (e.g. longevity; accessibility; costs; privacy; security; interoperability) before proposing any changes.

Implementation approach / Legal text

We will publish a guidance document in support of trial applications before the application window opens.

4.3 Derogation application close

Summary of consultation proposals

75. The consultation proposed for the trial application period to close in January 2017. We considered this helpful to balance a desire for early evidence provision against allowing sufficient time for suppliers to scope and bring forward applications.

Consultation Questions

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| 5. | Do you agree that we should require in Licence Conditions all derogation applications to be submitted to the Secretary of State by the end of January 2017? |
|----|---|

Summary of consultation responses

76. A majority of respondents (59%) disagreed with the proposal to require applications by January 2017. Alternative approaches supported by more than one respondent were:
- Bring the date forward to give impetus to applications coming forward;
 - Extend the end date in recognition that some suppliers may want to deploy solutions alongside SMETS2 meters; or
 - Do not set an application end date and so allow new applications until the end of the rollout to capture any innovative approaches which might emerge.

Government decision

77. We note the arguments that there would be benefits in keeping the application window open in order to capture new innovation. However, whilst we will always be interested in evidence about innovative new products and best practice approaches for achieving consumer engagement we are not minded to keep the application process open. There would be insufficient time to reflect the trial evidence back into considerations of whether we need to amend the Licence Conditions to benefit consumers or to ensure those trials 'made good' unsuccessful offers – our current legislative powers end in late 2018.
78. We note arguments that the application window should be later than January 2017 so as to not disadvantage approaches which work with SMETS2 meters/DCC services. DCC services will, however, be available from mid-2016 and we are more concerned that a later application date will delay how soon we gain evidence to inform enduring policy considerations. Moreover, SMETS1 meters are largely functionally equivalent to SMETS2 meters with respect to storing and making available consumption information.
79. Several respondents suggested that the application date should be brought forward to drive earlier applications, evidence gathering, policy considerations and so a return to regulatory and investment certainty. We agree with this. If, on the basis of evidence gathered, a decision was taken to change the IHD mandate, we would want such a change to impact as many consumers as possible. Given supplier projections, we expect a significant increase in the rate of smart meter installs from late 2017.
80. This is balanced against the need to give sufficient time for trial applications to be brought forward and robust evidence to be gathered and submitted, recognising that some larger trials will seek at least 12 months of data on energy savings. Energy saving data will be fundamental to support any amended policy. An early application close of June 2016 (c. 3 months) would be most effective in driving applications. We are concerned however that this would unfairly limit the number of applications suppliers could readily scope and bring forward. Taking account of these competing interests we have decided that all applications must be received by 30 September 2016 (c. 6 months application window) rather than January 2017 as suggested in consultation. We would welcome early applications in this window.

81. We will specify a date for when suppliers should submit their trial evidence to the Secretary of State as part of a supplier’s derogation approval letter. Suppliers will be able to suggest what this date should be in their trial applications, though should be mindful that DECC will seek to limit these to September 2017 to support timely policy considerations. We will also seek interim reporting where considered helpful. DECC may take decisions on the need to revise policy ahead of this date if sufficient evidence comes forward one way or the other.
82. We do not rule out that there may be sensible reasons to extend trials and agree further evidence submission points once trials are underway. Further evidence from later installations may still be useful, both to suppliers doing further product development, and as evidence for policy evaluation. However, any supplier specific derogation extension to conduct trials beyond the initial evidence submission point will be on a by-exception basis and subject to evidence from suppliers that trials are proving to be successful.

Implementation approach / Legal text

The Licence Conditions set an application submission date of 30 September 2016.

4.4 End of trials requirements

Summary of proposals

83. We proposed a requirement to be placed in Licence Conditions for suppliers to offer trial consumers an IHD at the end of the trial (where they do not already have one). This would meet the Government’s current intent for all consumers to have an IHD offer. Linked to this, we also suggested that consumers should have 12 months to change their mind if they initially reject the IHD offer, in line with existing provisions. These currently trigger at the point of smart meter installation but this post-trial IHD offer requirement would change the timing of the offer.
84. We also proposed that all consumers who exit a trial early should be offered an IHD before they leave (where they do not already have one). These consumers otherwise risk having no engagement tool available to them.

Consultation Questions

6.	Do you agree that suppliers should be required to offer those customers on a trial an IHD as an either/or with their alternative engagement tool at the end of the trial?
7.	Do you have views on whether the current Licence Conditions giving consumers 12 months to change their mind on taking up an IHD should apply from the point of the IHD offer for trial participants?

Summary of Consultation responses

85. 65% of the respondents who addressed these questions supported proposals that suppliers should offer an IHD to consumers at the end of the trial. The same proportion supported the proposal to initiate from this point the 12 months with which consumers can change their mind on an IHD offer.
86. The supplementary question on whether to require an IHD offer when consumers leave trials early garnered a much lower number of responses, perhaps reflecting the open-ended nature of the question. Respondents who addressed this question largely supported the proposal.
87. Some of those respondents disagreeing with the end of trial requirement suggested that the associated costs could dissuade them from bringing trials forward. Some of those who supported or did not actively oppose the proposals noted that they agreed with the principle that consumers should get the engagement tool which is best for them to save energy, but they recommended alternative approaches. For example, one respondent suggested that rather than always having to make an IHD offer and the consumer deciding on whether to take it up, suppliers should use their reasonable judgement in deciding whether they needed to make an IHD offer depending on the success of the IHD alternative trial.
88. A number of respondents suggested that instead of consumers being the decision maker, DECC should take the decision after seeing trial evidence. Respondents stressed that a mandatory IHD offer could risk consumers being unnecessarily offered an IHD when a supplier had already submitted evidence showing the effectiveness of the alternative. Suppliers also suggested that consumers would typically take up something freely offered and that they would be unlikely (for customer relationship reasons) to withdraw the existing engagement tool meaning that consumers would have both, increasing Programme costs potentially for no additional energy saving benefit.

Government decision

89. We recognise arguments that enforcing an IHD offer at the end of a trial risks creating a misaligned incentive where the alternative has proven more effective than the IHD. The offer of the IHD could therefore reduce the overall benefits if it should provide no additional consumer benefit but incur additional costs. All consumers should get a free offer as part of the smart meter roll out but we agree that by leaving the consumer as decision maker we risk incurring unnecessary costs for no additional benefit.
90. Some respondents argued that DECC rather than the consumer is best placed to make a decision about the requirement for an IHD offer to be made following the end of a trial. This would allow a neutral party to take the decision based on trial evidence. This ensures that the consumer gets an appropriate offer and that suppliers are not incurring unreasonable cost. DECC would need to rely on the quality of the evidence submitted and it could delay how quickly an IHD offer is made. On balance however, we agree that a DECC rather than a supplier or consumer led decision is sensible. To enforce this, we will look to implement an explicit 'making good' requirement into the Licence Conditions we may introduce following the end of trials rather than on a trial-by-trial basis.
91. Our current intention is for suppliers to be required to offer an IHD (or any other qualifying approach which has been introduced to Licence Conditions at that point in time) to those trial customers where the alternative has been unsuccessful. This will ensure that consumers always get the offer of an engagement tool during the rollout which is evidenced to maximise their energy savings. We expect that suppliers, for customer

retention reasons, will look to ensure that the consumer has an appropriate engagement tool and offer an IHD where the trials have not proved a success at their earliest convenience. The Licence Conditions will provide a backstop for these offers where they are necessary as part of potential broader changes to the IHD policy on the back of trial evidence.

92. The consultation also proposed that consumers leaving trials early should get the offer of an IHD. Those who do not churn (but leave the trial) will be protected by the new 'making good' requirement we have agreed to introduce; those that move home but retain their energy supplier should be able to take the trial engagement tool with them. Customers at risk are those who move to a new energy supplier.
93. On the one hand, the market may be able to respond to meet the needs of the small numbers of customers who may exit a trial early and seek an IHD. On the other hand, relying on the market offers no guarantee that trial customers will be able to obtain an IHD nor may they understand they can request one. We have therefore decided to bring in a requirement on suppliers to offer an IHD to those consumers that exit a trial early for reasons of changing supplier. By not including requirements for this small subset of customers we risk not offering the same level of protection across the consumer base. Including the IHD requirement therefore supports our primary principle of protecting the business case and consumer benefits.

Implementation approach / legal text

We will not proceed with the Licence Conditions proposed in consultation on the end of trial requirements. Subject to trial evidence on the success of trials, we will consider the merits of introducing further Licence Conditions to amend the IHD mandate and to introduce a requirement for suppliers to offer an IHD or other qualifying engagement tool to those trial customers who have not had a relevant offer. This would apply from the point that the Licence Conditions providing for a derogation process come into force. We will introduce Licence Conditions now requiring suppliers to offer an IHD to those customers exiting a trial early when they lose them on change of supplier.

Annex A: Glossary

This section provides a glossary of the principal terms used in this document.

Data and Communications Company (DCC)

The holder of the Smart Meter communication licence, currently Smart DCC Ltd.

Electricity Smart Meter

A Device meeting the requirements placed on Electricity Smart Metering Equipment in the SMETS.

Foundation stage

The period prior to the start of the mass roll-out stage.

Gas Smart Meter

A Device meeting the requirements placed on Gas Smart Metering Equipment in the SMETS.

Home Area Network (HAN)

The means by which communication between Devices forming part of Smart Metering System takes place within a premises.

In-Home Display (IHD)

An electronic Device linked to a Smart Meter, which provides information on a consumer's energy consumption and ambient feedback. It must be compliant with the published Equipment Technical Specifications for an IHD.

Smart Energy Code (SEC)

The Code designated by the Secretary of State pursuant to Condition 22 of the DCC Licence and setting out, amongst other things, the contractual arrangements by which DCC provides services to DCC Users as part of its Authorised Business (defined in the DCC Licence).

Smart Meter

A Gas Smart Meter or an Electricity Smart Meter.

Smart Metering Equipment Technical Specifications (SMETS)

A specification (which is to form part of the SEC) of the minimum technical requirements of Smart Metering equipment (other than Communications Hubs which are separately dealt with in CHTS).

Supplier

The holder of a gas supply licence or an electricity supply licence.

Annex B: List of consultation respondents

Responses to the consultation were received from the following organisations:

Adam Afriyie MP	Institute of Directors
Ross Addinall	Navetas
BEAMA	Nest
Behavioural Insights Team	Ofgem
British Gas	Opower
Chameleon	OVO Energy
Citizens Advice	Royal National Institute of Blind People
Sarah Jane Derby, Oxford University	RWE Npower
EDF	Smart Energy GB
EON	ScottishPower
Energy UK	Scottish & Southern Energy
first:utility	Toshiba Information Systems (UK)
Green Energy Options	Utilita Energy
Good Energy	Daniel White
Hildebrand	

Annex C: Supply Licence Conditions

Electricity Licence Condition 40: Provision of an In-Home Display

The general duty

40.1 The licensee must, where it installs or arranges for the installation of a Smart Metering System at any Domestic Premises on or after the Smart Metering Designated Date, ensure that it:

- (a) provides to the Domestic Customer at the premises complete and accurate information, which does not mislead the Domestic Customer, concerning the availability and benefits of an In-Home Display;
- (b) communicates that information in plain and intelligible language;
- (c) offers the Domestic Customer the opportunity to have an In-Home Display provided at the Domestic Premises from no later than the date the Smart Metering System is installed; and
- (d) where the Domestic Customer accepts the offer, provides at the premises from no later than that date an In-Home Display which operates, together with the Smart Metering System at the premises, so as to permit the intended use of the functional capability of that In-Home Display.

40.2 The requirement in paragraph 40.1 is subject to paragraphs 40.5 and 40.9(a).

Duty in relation to the Offer of an In-Home Display

40.3 This paragraph has effect from 1 July 2016 and applies where:

- (a) pursuant to its obligation in paragraph 40.1, the licensee offers the Domestic Customer the opportunity to have an In-Home Display provided at the Domestic Premises; and
- (b) prior to the Domestic Customer accepting or rejecting the opportunity to have an In-Home Display provided, the licensee also offers the Domestic Customer the opportunity to have provided to him an alternative to an In-Home Display.

40.4 Where paragraph 40.3 applies the licensee must:

- (a) not make it a condition of the offer referred to in paragraph 40.3(b) that in order to accept it the Domestic Customer must reject, or may not accept, the Licensee's offer, made pursuant to paragraph 40.1(c); and
- (b) ensure that the licensee's offer to provide an alternative to an In-Home Display does not in any way detract from, or otherwise undermine, the licensee's offer, made in accordance with and pursuant to paragraph 40.1(c).

Exception to the general duty – Existing In-Home Display

40.5 The licensee is not required to comply with paragraph 40.1 if a device has been provided by any person at the Domestic Premises which, on the date on which the Smart Metering System is installed at the Domestic Premises:

- (a) constitutes an In-Home Display; and
- (b) operates, together with the Smart Metering System at the premises, so as to permit the intended use of the functional capability of that In-Home Display.

The duty on request of Domestic Customers

40.6 Where paragraph 40.7 applies, the licensee must take all reasonable steps to provide, at Domestic Premises in respect of which it is the Relevant Electricity Supplier, an In-Home Display which operates, together with the Smart Metering System at the premises, so as to permit the intended use of the functional capability of that In-Home Display.

40.7 This paragraph applies where:

- (a) the Domestic Customer at premises in respect of which the licensee is the Relevant Electricity Supplier makes a request for the licensee to provide an In-Home Display within the Relevant Period; and
- (b) prior to that request an In-Home Display has not been provided at the premises.

40.8 The requirement in paragraph 40.6 is subject to paragraphs 40.9(a) and 40.17.

Exception to the general duty and the duty on request - Derogation from the Secretary of State

40.9 Where the Secretary of State gives a direction to the licensee under paragraph 40.10, the licensee:

- (a) is not required to comply with paragraphs 40.1 and 40.6 to such extent and subject to such conditions as specified in the direction; and
- (b) must submit to the Secretary of State the evidence specified in the direction by the Relevant Date.

40.10 The Secretary of State may give a direction to the licensee under this paragraph where the licensee submits, on or before 30 September 2016, an application to the Secretary of State for a derogation from the requirements in paragraphs 40.1 and 40.6.

40.11 Paragraph 40.12 applies where:

- (a) the licensee is notified of a Proposed Supplier Transfer in respect of the premises of a Domestic Customer for which it is the Relevant Electricity Supplier; and
- (b) the licensee has provided to that Domestic Customer an alternative to an In-Home Display pursuant to and in accordance with a direction given by the Secretary of State under paragraph 40.10.

40.12 Where this paragraph applies, the licensee must ensure that it offers, as soon as reasonably practicable after receiving the notification referred to in paragraph 40.11(a), the Domestic Customer the opportunity to have an In-Home Display provided at the Domestic Premises.

The duty during the Relevant Period on and after provision of an IHD

40.13 The licensee must take all reasonable steps to ensure that at each Domestic Premises in respect of which it is the Relevant Electricity Supplier and at which an In-Home Display has been provided, the In-Home Display continues during the Relevant Period to satisfy the requirements of the IHD Technical Specification applicable (in accordance with paragraph 53.12 of standard condition 53 (Technical Specifications)) at the date on which it was provided.

40.14 The requirement in paragraph 40.13 is subject to paragraph 40.17.

The duty to deal with IHD faults

40.15 Where:

- (a) the licensee is notified that there is a fault in an In-Home Display provided at a Domestic Premises in respect of which it is the Relevant Electricity Supplier;
- (b) the consequence of the fault is that the In-Home Display no longer satisfies the minimum requirements of the IHD Technical Specification applicable at the date on which the In-Home Display was provided;
- (c) the Smart Metering System at the Domestic Premises was installed:
 - (i) on or after the Smart Metering Designated Date; and
 - (ii) no more than 12 months prior to the date on which the licensee is notified of the fault; and
- (d) the licensee is in its reasonable opinion satisfied that the fault in the In-Home Display is not due to a failure by the Domestic Customer to take all reasonable steps to keep the In-Home Display in good working order,

the licensee must take all reasonable steps to repair or replace the faulty In-Home Display.

40.16 The requirement in paragraph 40.15 is subject to paragraph 40.17.

Exceptions

40.17 Paragraphs 40.6, 40.13 and 40.15 apply:

- (a) in all cases in respect of any Domestic Premises at which the licensee installed or arranged for the installation of the Smart Metering System; and
- (b) in any other case, only from such date and to such extent as specified in a direction issued by the Secretary of State under this sub-paragraph.

Definitions

40.18 For the purposes of this condition:

Relevant Date means the date specified, in the direction given to the licensee by the Secretary of State under paragraph 40.9, as the date by which the licensee must submit to the Secretary of State the evidence specified in the direction.

Relevant Period means, in respect of a Smart Metering System installed on or after the Smart Metering Designated Date, the period which commences on the date on which the Smart Metering System is installed at the Domestic Premises and ends 12 months after that date.

Gas Licence Condition 34: Provision of an In-Home Display

The general duty

40.19 The licensee must, where it installs or arranges for the installation of a Smart Metering System at any Domestic Premises on or after the Smart Metering Designated Date, ensure that it:

- (a) provides to the Domestic Customer at the premises complete and accurate information, which does not mislead the Domestic Customer, concerning the availability and benefits of an In-Home Display;
- (b) communicates that information in plain and intelligible language;
- (c) offers the Domestic Customer the opportunity to have an In-Home Display provided at the Domestic Premises from no later than the date the Smart Metering System is installed; and
- (d) where the Domestic Customer accepts the offer, provides at the premises from no later than that date an In-Home Display which operates, together with the Smart Metering System at the premises, so as to permit the intended use of the functional capability of that In-Home Display.

40.20 The requirement in paragraph 34.1 is subject to paragraphs 34.5 and 34.9(a).

Duty in relation to the Offer of an In-Home Display

40.21 This paragraph has effect from 1 July 2016 and applies where:

- (a) pursuant to its obligation in paragraph 34.1, the licensee offers the Domestic Customer the opportunity to have an In-Home Display provided at the Domestic Premises; and
- (b) prior to the Domestic Customer accepting or rejecting the opportunity to have an In-Home Display provided, the licensee also offers the Domestic Customer the opportunity to have provided to him an alternative to an In-Home Display.

40.22 Where paragraph 34.3 applies the licensee must:

- (a) not make it a condition of the offer referred to in paragraph 34.3(b) that in order to accept it the Domestic Customer must reject, or may not accept, the Licensee's offer, made pursuant to paragraph 34.1(c); and
- (b) ensure that the licensee's offer to provide an alternative to an In-Home Display does not in any way detract from, or otherwise undermine, the licensee's offer, made in accordance with and pursuant to paragraph 34.1(c).

Exception to the general duty – Existing In-Home Display

40.23 The licensee is not required to comply with paragraph 34.1 if a device has been provided by any person at the Domestic Premises which on the date on which the Smart Metering System is installed at the Domestic Premises:

- (a) constitutes an In-Home Display; and
- (b) operates, together with the Smart Metering System at the premises, so as to permit the intended use of the functional capability of that In-Home Display.

The duty on request of Domestic Customers

40.24 Where paragraph 34.7 applies, the licensee must take all reasonable steps to provide at Domestic Premises in respect of which it is the Relevant Gas Supplier, an In-Home Display which operates, together with the Smart Metering System at the premises, so as to permit the intended use of the functional capability of that In-Home Display.

40.25 This paragraph applies where:

- (a) the Domestic Customer at premises in respect of which the licensee is the Relevant Gas Supplier makes a request for the licensee to provide an In-Home Display within the Relevant Period; and
- (b) prior to that request an In-Home Display has not been provided at the premises.

40.26 The requirement in paragraph 34.6 is subject to paragraphs 34.9(a) and 34.17.

Exception to the general duty and the duty on request - Derogation from the Secretary of State

40.27 Where the Secretary of State gives a direction to the licensee under paragraph 34.10, the licensee:

- (a) is not required to comply with paragraphs 34.1 and 34.6 to such extent and subject to such conditions as specified in the direction; and
- (b) must submit to the Secretary of State the evidence specified in the direction by the Relevant Date.

40.28 The Secretary of State may give a direction to the licensee under this paragraph where the licensee submits, on or before 30 September 2016, an application to the Secretary of State for a derogation from the requirements in paragraphs 34.1 and 34.6.

40.29 Paragraph 34.12 applies where:

- (a) the licensee is notified of a Proposed Supplier Transfer in respect of the premises of a Domestic Customer for which it is the Relevant Gas Supplier; and
- (b) the licensee has provided to that Domestic Customer an alternative to an In-Home Display pursuant to and in accordance with a direction given by the Secretary of State under paragraph 34.10.

40.30 Where this paragraph applies, the licensee must ensure that it offers, as soon as reasonably practicable after receiving the notification referred to in paragraph 34.11(a), the Domestic Customer the opportunity to have an In-Home Display provided at the Domestic Premises.

The duty during the Relevant Period on and after provision of an IHD

40.31 The licensee must take all reasonable steps to ensure that at each Domestic Premises in respect of which it is the Relevant Gas Supplier and at which an In-Home Display has been provided, the In-Home Display continues during the Relevant Period to satisfy the requirements of the IHD Technical Specification applicable (in accordance with paragraph 47.12 of standard condition 47 (Technical Specifications)) at the date on which it was provided.

40.32 The requirement in paragraph 34.13 is subject to paragraph 34.17.

The duty to deal with IHD faults

40.33 Where:

- (a) the licensee is notified that there is a fault in an In-Home Display provided at a Domestic Premises in respect of which it is the Relevant Gas Supplier;
- (b) the consequence of the fault is that the In-Home Display no longer satisfies the minimum requirements of the IHD Technical Specification applicable at the date on which the In-Home Display was provided;
- (c) the Smart Metering System at the Domestic Premises was installed:
 - (i) on or after the Smart Metering Designated Date; and
 - (ii) no more than 12 months prior to the date on which the licensee is notified of the fault; and
- (d) the licensee is in its reasonable opinion satisfied that the fault in the In-Home Display is not due to a failure by the Domestic Customer to take all reasonable steps to keep the In-Home Display in good working order,

the licensee must take all reasonable steps to repair or replace the faulty In-Home Display.

40.34 The requirement in paragraph 34.15 is subject to paragraph 34.17.

Exceptions

40.35 Paragraphs 34.6, 34.13 and 34.15 apply:

- (a) in all cases in respect of any Domestic Premises at which the licensee installed or arranged for the installation of the Smart Metering System; and
- (b) in any other case, only from such date and to such extent as specified in a direction issued by the Secretary of State under this sub-paragraph.

Definitions

40.36 For the purposes of this condition:

Relevant Date means the date specified, in the direction given to the licensee by the Secretary of State under paragraph 34.9, as the date by which the licensee must submit to the Secretary of State the evidence specified in the direction.

Relevant Period means, in respect of a Smart Metering System installed on or after the Smart Metering Designated Date, the period which commences on the date on which the Smart Metering System is installed at the Domestic Premises and ends 12 months after that date.

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