Department for Energy Security & Net Zero

Smart Metering Policy Framework – Post 2025

Annex A: Analytical Evidence

August 2025

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Contents

Background

This annex provides a summary of the analysis undertaken by the department to value the associated costs and benefits of the proposed policy framework and test its feasibility. It includes key assumptions and an overview of findings, along with additional analysis to identify business, household and wider impacts; a small and microbusiness assessment; and information about how the department will monitor and evaluate these proposals.

The proposed framework analysed in this annex includes:

- a requirement for all energy suppliers to take all reasonable steps to reach 100% smart meter penetration by 31 December 2030
- an introduction of a 90-day recovery target that will ensure energy suppliers are required to take all reasonable steps to return smart meters operating in traditional mode to full operation within 90 days from becoming aware of the fault
- an amendment to Operational Licence Conditions to introduce a requirement for suppliers to take all reasonable steps to ensure pre-emptive replacement of Smart Metering Systems (or elements of) by energy suppliers where Data Communications Company (DCC) has signalled Wide Area Network (WAN) service will be ending
- an introduction of a requirement within Supply Licence Conditions for suppliers to prepare and submit deployment plans to Ofgem annually from July 2026 for the period 2026 to 2033

The department will look to update the analysis in this annex alongside policy decisions as part of the government response. The impacts of the framework will be published in the department's final impact assessment.

Costs and benefits

Starting point of end 2025

To analyse the impact of the proposed policy we started by modelling the meters in operation at the start of the framework (end of 2025). This was done using data reported to DESNZ by energy suppliers up to the end of 2024 and with the following assumptions:

- energy suppliers meet their licence conditions with regard to current installation targets (that all suppliers reach their 2025 installation targets as calculated from 74.5% smart coverage for both domestic gas and domestic electricity portfolios at the end of 2025) - meeting annual smart meter installation requirements is a condition of suppliers' licences, and we consider it is appropriate to assume that energy suppliers will perform as required to meet this obligation
- smart meters in smart mode are estimated using a prudent assumption based on recent trends, with supplier level increases in the proportion of smart meters operating in smart mode limited to an upper bound of 95%
- new connections and replacements of smart meters occur throughout 2025 at the same rate as 2024

Rollout under the counterfactual and proposed framework

The cost-benefit analysis compares the proposed framework against a status quo counterfactual scenario. This counterfactual, and the proposed framework, includes broader plans to increase electrification of domestic energy use and reduce gas use, therefore energy saving assumptions reflect projected increases in electricity use per meter as well as a reduced use of gas on average per meter in the future.

The counterfactual represents a world where there are no additional regulatory changes once the existing Targets Framework expires at the end of 2025.[1] Therefore, the rollout of smart meters continues only under the New and Replacement Obligation (NRO). The NRO requires that energy suppliers must (subject to all reasonable steps) install smart meters in all new metering points and where meters require replacement, for example at the end of their asset life.

In the counterfactual the DCC and Supply Licence Conditions would not be amended, the existing obligations on suppliers and the DCC would remain, however we have assumed no difference in how suppliers approach smart meters in traditional mode between the policy and counterfactual, given the legally binding nature of the existing Operating Licence Conditions (OLC). The strengthening of the OLC and requiring the provision of the DCC's schedule on

[1]BEIS (2020) Smart meter policy framework post 2020: minimum annual targets and reporting thresholds for energy suppliers - GOV.UK and DESNZ (2023) Smart Meter Targets Framework: minimum installation requirements for Year 3 (2024) and Year 4 (2025) - GOV.UK

WAN impacts, in the proposed policy framework therefore increases our confidence that suppliers will take the necessary pre-emptive action and that suppliers will execute the substantive meter and communications hub replacements programmes early enough to have concluded in the timeframes needed.

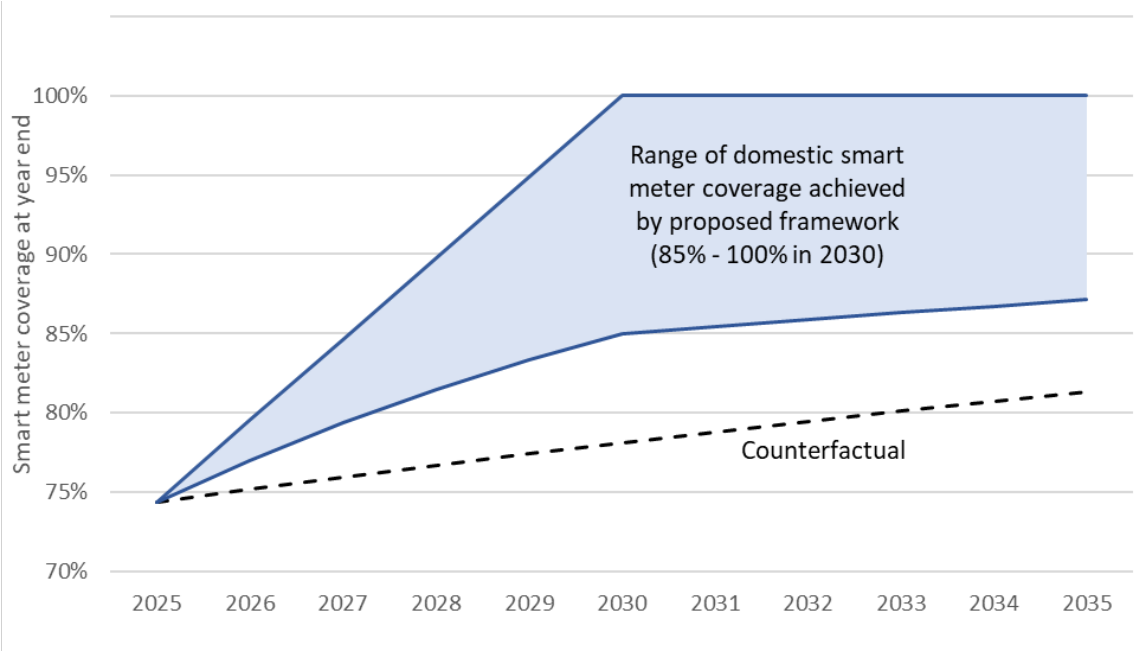
The policy scenario has been modelled as a range to account for uncertainty and variation in the trajectory that may occur, given the obligation on suppliers is subject to all reasonable steps. Illustrative lower and upper bounds of 85% and 100% smart meter coverage have been used. There is a range of evidence that supports take up significantly above the lower bound being achievable, including:

- current rates of progress reported by energy suppliers (in terms of achieved conversion or absolute numbers of installations) - maintaining current levels of conversion (the proportion of consumers who go on to get an installation each year excluding new connections) would see coverage reach 85%-87% by 2030, whilst maintaining current volumes of new installations would see coverage reach 92%-96%
- local authority level rollout progress shows that some areas are already at or close to 80% smart, with a steady rate of progress still being achieved in areas with the highest coverage[2]
- consumer attitudes data which shows that only a small percentage (6%) of people say that they never want a smart meter,[3] we anticipate these levels may reduce further as, for example, consumers move house or their current meters reach end of life
- additionally, behaviour does not always align with stated intentions: 14% of people who have said that they would reject a smart meter in the next 6 months then got, or tried to get, one in that time period[4]

The difference in smart coverage achieved by the counterfactual and proposed policy framework can be seen below in Figure 1, where a range of smart meter coverage is shown for the proposed framework which results in a higher level of smart coverage than in the counterfactual.

[2] Smart meters in Great Britain, quarterly update March 2025 - GOV.UK
[3] SEGB (2024): SEGB conducted an online and CATI survey of 10,022 GB adults between 11th and 29th November 2024. Data was weighted to be nationally representative of the GB population.
[4] SEGB (2024): SEGB surveyed 1587 UK adults who six months prior stated they do not have a smart meter. Fieldwork was conducted online and via CATI in November 2024. Data was weighted to be representative of the seek/accept/reject profile in their prior survey.

Figure 1: Range of Domestic End of Year Smart Coverage (%) (2026-2035)



If 100% smart coverage is not achieved by 2030 the rollout is modelled as reverting to only being driven by the NRO from 2031 onwards (which is the case in the counterfactual for the whole appraisal period).

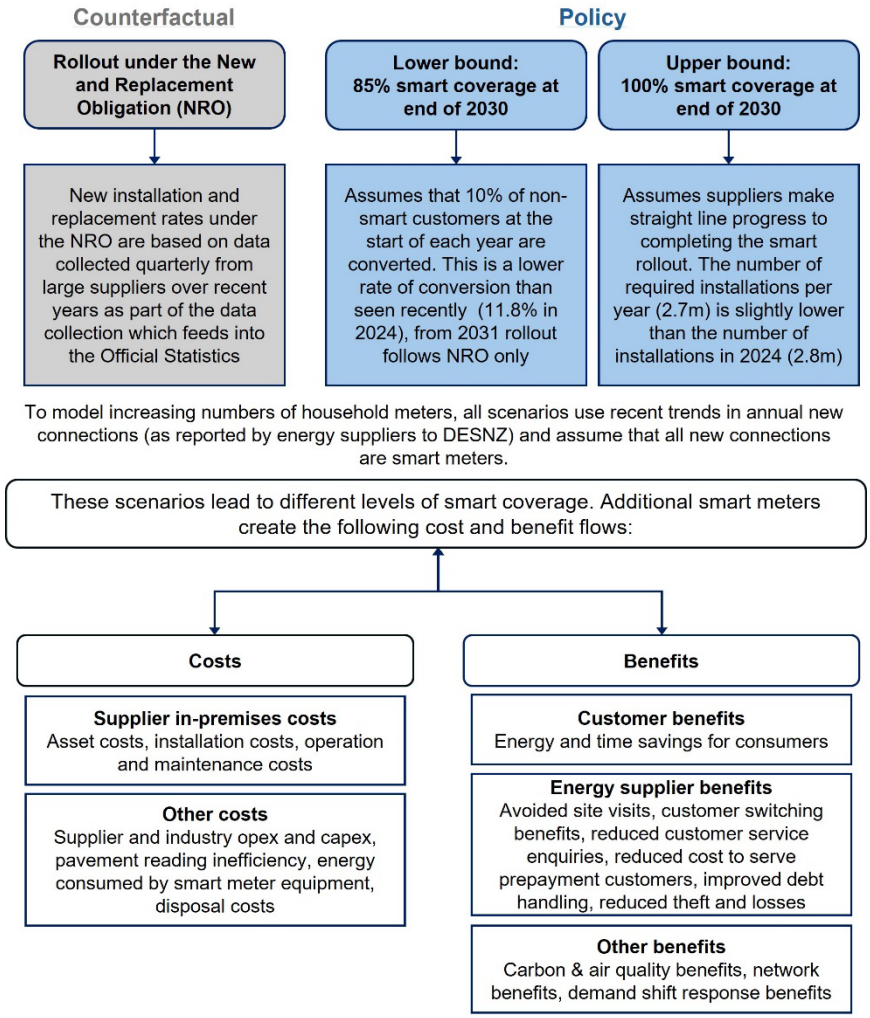
Costs and benefits results

The appraisal has been conducted using the Smart Metering Implementation Programme's 2019 Cost Benefit Analysis model[5] which was also used as the basis for annual Costs and Benefits Report to Parliament.[6]

Figure 2 shows the modelling approach used and describes how the progression of the rollout under the proposed framework produces the associated cost and benefits.

[5] Smart Metering Implementation Programme - Cost-Benefit Analysis 2019
[6] Smart Metering 2025 Costs and Benefits Report

Figure 2: Diagram of the Cost Benefit Analysis modelling



Modelled estimates for each of the cost and benefit areas in Figure 2 were calculated using updated assumptions (where relevant) based on a range of evidence, including regular data collection from energy suppliers which informs the quarterly Official Statistics report[7] and both internal and external research commissioned by the Programme. The model assumptions represent a robust understanding of both the fixed costs of delivering the smart meter rollout and the incremental costs and benefits that are accrued once each smart meter is installed.

The appraisal of the proposed framework spans the 10-year period from 2026 to 2035. This is in line with the standard recommended appraisal period in the Green Book. The standard social discount rate of 3.5% has been applied to all costs and benefits within this analysis.[8]

Overall, the proposed framework generates a net present value (NPV) of between £590m and £1,824m (discounted to 2026 and in 2025 prices). The NPV range accounts for uncertainty around what suppliers will achieve by the end of 2030. The key driver of the NPV is the increased rate of new installations under the proposed framework that would not have been delivered solely under the NRO. These results are in line with previous analysis which

[7] Smart meters in Great Britain, quarterly update December 2024
[8] The Green Book (2022) - GOV.UK

suggests that increases in smart coverage deliver a net benefit to society. The breakdown of monetised costs and benefits over the 10-year appraisal period can be seen in Table 1.

Table 1 - Costs and benefits for upper (100% smart coverage by 2030) and lower bound scenario (85% smart coverage); all figures discounted to 2026 and in 2025 prices (£m).

	Lower Bound (85% by 2030)	Upper Bound (100% by 2030)
Customer consumption and time savings	373	1,134
Energy supplier benefits	427	1,302
Carbon & air quality benefits	187	564
Network benefits	28	95
Demand shift response benefits	140	435
Total Benefits (£m)	**1,155**	**3,530**
In-premises costs	557	1,722
Other costs [9]	8	-16
Total costs (£m)	**565**	**1,706**
Total NPV (£m)	**590**	**1,824**

In the proposed framework the key drivers of costs are those associated with metering equipment and installation costs of installing additional smart meters (as well as supplier and industry operating expenditure). An optimism bias rate has been applied to the discounted installation and asset costs, in line with Green Book supplementary guidance, to give the costs in Table 1. This optimism bias rate of 10%, accounts for uncertainty around the number and cost of additional recovery of smart meters not in smart mode that could be generated due to the additional installations in the policy scenario. A rate of 10% has been used as this is the proportion of smart meters that were not in smart mode at the end of 2024. The resulting estimate of costs is cautious, and actual costs are likely to be lower as not all recoveries will require new metering equipment and an installer visit (as we have assumed).

As shown in Table 1, the proposed framework delivers significant benefits to both consumers and suppliers. In addition to this, the increased smart meter coverage generates environmental

[9] This cost figure is negative in the upper bound of 100% smart coverage by 2030 scenario and should therefore be interpreted as a cost saving.

benefits in the form of carbon and air quality benefits, resulting from reduced domestic energy consumption, which amount to £187m - £564m.

Other benefits to the wider energy system include network and demand shifting benefits. Demand shifting benefits are generated because smart meters provide information that allows consumers to shift demand away from peak time towards off-peak periods when cheap, low-carbon generation is available. Smart meters also deliver network benefits by providing Distribution Network Operators with more data, allowing them to identify faults in the network, restore electricity supply more quickly when outages occur, and make better informed investment decisions.

In this analysis, deployment plans are assumed to increase our confidence in meeting trajectories required to complete the rollout thus ensuring the delivery of smart benefits. This is achieved by monitoring and providing enforcement opportunities annually to ensure suppliers are kept on track for new installations and pre-emptive replacements, and by mitigating against incentives to backload activities towards 2030. This is something that a long-term obligation could give rise to.

Sensitivity testing for resource requirements

To test the feasibility of the resourcing requirements of the proposed framework we have considered what suppliers will be required to do in 2026 to 2033, including reaching an illustrative 90% smart meter coverage level by the end of 2030 while ensuring 97% of those smart meters are operating in smart mode. We assumed in the modelling that linear progress is made to smart meter installations from 2026 driven by the proposed framework. This aligns with the obligation in deployment plans for suppliers to provide justification for milestones that deviate from a straight-line path (1/x, where x is years left).

Modelling assumes that SMETS1 replacements and SMETS2[10] communications hub exchange activity will not initially start at scale and will need time to increase to peak annual volumes. Furthermore, to avoid backloading these activities into the years after 2030, they are spread across the time period to balance workload.

Whilst not in scope of the proposals with respect to a 2030 installation obligation or deployment plans, non-domestic SMETS meters are in scope of proposed OLC amendments for SMETS meters, including a policy clarification that the OLC applies to SMETS meters in premises of microbusiness and non-microbusiness customers. As per the domestic sector, these amendments are assumed to increase confidence that suppliers will take the necessary pre-emptive action with respect to replacement of SMETS meters ahead of the timeframes needed. In addition, the volume of SMETS meters operating in the non-domestic sector is much smaller than in the domestic sector (700k compared to 36m, at the end of 2024). Sensitivity analysis shows that SMETS replacements and communications hub exchanges can be completed with less than 100 FTE, which is well below non-domestic market capacity. Any appraisal of future non-domestic smart policy proposals (such as with respect to new installations) would account for the anticipated replacement of SMETS meters by the respective technology end dates.

Starting point of end 2025

The same starting point assumptions, as described above, were used in the sensitivity testing with additional assumptions to split operating portfolios into further subcategories of meters:

- SMETS2 meters in CSP-Central and CSP-South were estimated from supplier specific proportions from end 2024 DCC operational data[11]

[10] Smart Metering Equipment Technical Specifications - first generation or SMETS1 refers to the first generation of the technical specifications for smart metering equipment qualifying to meet licence rollout targets. Smart Metering Equipment Technical Specifications - second generation or SMETS2 refers to the second generation of the technical specifications for smart metering equipment qualifying to meet licence rollout targets.

[11] The CSPs manage and maintain the secure communication networks that remotely relays messages to and from smart meters within a set region. They include: Arqiva (Communications Services Provider North); O2 UK (a subsidiary of VMO2) (Communications Services Provider South and Central); and Vodafone (national 4G provider).

- SMETS1 meters are split into different cohorts based on their installing supplier by using ElectraLink data[12]

As suppliers are currently starting to complete SMETS2 installations with 4G Communications Hubs we have made the prudent assumption that at the end of 2025 no SMETS2 meters with 4G Communications Hubs have been installed. This will overestimate the volume of SMETS2 communication hub exchange activity and therefore overall activity that is needed in 2026 to 2033, as we expect suppliers to ramp their installations that use 4G communications hubs throughout the rest of 2025.

Smart metering activities in 2026-2033

In this analysis we have considered the following activities that suppliers will be required to do in 2026 to 2033 which are:

- new smart meter installations
- replacement of SMETS1 meters before the end of communication contracts
- communications hub exchanges for SMETS2 meters in CSP-South and CSP-Central
- ongoing maintenance visits to recover / keep smart meters operating in smart mode

There is uncertainty around the level of smart coverage that will be reached at the end of 2025. This will however have limited impact on the volume of activity required in subsequent years as, although slower installation progress will mean more new installations are required to reach the levels of smart coverage assumed by 2030, these are partially offset by fewer required 4G communications hub exchange activities.

DCC is currently considering whether to extend services in CSP-North with its incumbent SMETS2 communications service provider. CSP-North SMETS2 meters are included as part of ongoing maintenance visits but we have therefore not included large-scale upgrade/replacement activity of SMETS2 communications hubs in the North in our analysis of potential workforce requirements. We have, however, tested through sensitivity analysis a scenario where DCC chooses not to extend services in CSP-North with its incumbent communications service provider and thus large-scale upgrades/replacements of SMETS2 meters in CSP-North would be required alongside new installations and other meter replacement activity detailed above. Our sensitivity analysis suggests that that increases in capacity to undertake such upgrades would be manageable if required (see below).

Modelling 2026-2033

Alongside assuming an illustrative 90% smart meter coverage level by the end of 2030 (and 97% of those smart meters operating in smart mode) we have assumed that:

[12] Data-Driven Solutions For UK Energy Market | ElectraLink

- the number of ongoing maintenance visits to recover / keep smart meters operating in smart mode is impacted by (a) the annual proportion of smart meters currently in smart mode losing their smart functionality (1.25% for gas and 0.5% for electricity per year) and (b) 6% of new gas installations and 3% of electricity installations are assumed to not be in smart mode
- 10% of all visits to upgrade SMETS2 meters to be 4G-compatible in CSP-South and CSP-Central are modelled, for productivity, as being a meter replacement rather than a communications hub exchange- we have assumed that communications hub exchange visits can be completed at a higher productivity rate than full meter exchanges as less metering equipment needs to be replaced
- any supplier or meter type that has a higher proportion of smart meters in smart mode than the modelled path to 97% is assumed to be at the same proportion at the end of the year
- any supplier above the modelled market-wide smart coverage at the start of any year is assumed to convert 5% of their remaining non-smart meters per year
- we have made the prudent assumption that SMETS2 meters needing a visit to restore smart functionality are modelled over and above meter and communications hub replacement work - this is likely to overestimate the amount of activity required as some maintenance visits are likely to result in a communication hubs exchange (or SMETS2 meter replacement)

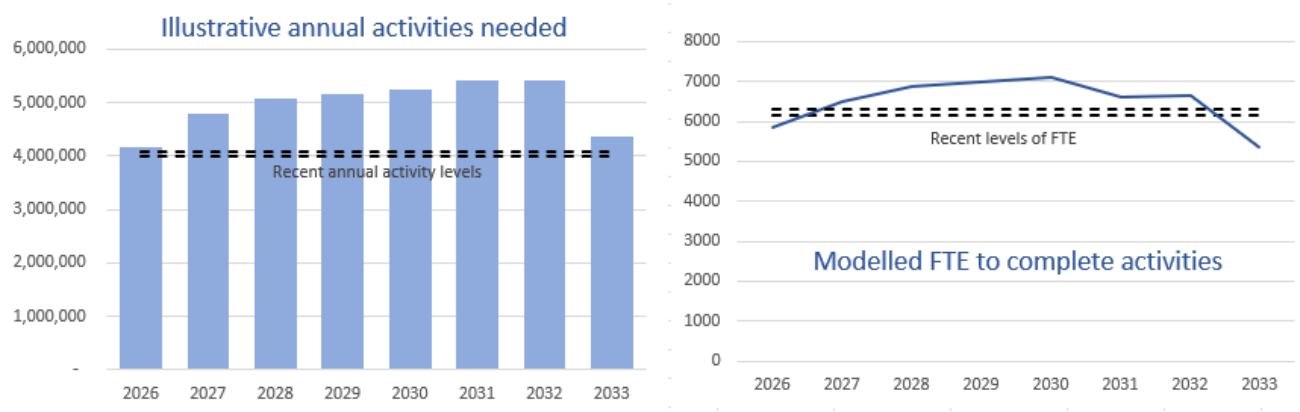
Modelling the different types of activities from 2026 onwards requires further assumptions, namely:

- all SMETS1 contracts are assumed to be extended into 2033
- SMETS2 communications hub exchange work is assumed to be fully completed by the end of 2033

Market-wide results

Using the assumptions outlined above our modelling shows that, across 2026-2033, an average of just under 5 million smart metering related activities would be required each year across the domestic market to meet pre-emptive replacement obligations and to reach 90% smart coverage, with 97% of those meters operating in smart mode, by the end of 2033. This level of annual activity would require approximately 6.5k Full Time Equivalent (FTE) installers across the market. Whilst the average number of annual activities is higher than recent levels, the framework offers flexibility to suppliers in how they meet these requirements. One possible market-wide approach is shown in Figure 3, where activity levels are initially maintained and then gradually increased to peak levels in 2031-2032. Similarly, required FTE increases to a peak in 2030; while this modelling suggests a small initial fall in FTE installers, we anticipate suppliers will at least maintain available resource in 2026 given increased levels are required to deliver the overall requirement.

Figure 3: Illustrative market-wide modelling results



When including, for the sensitivity analysis a scenario where DCC chooses not to extend services in CSP-North with its incumbent communications service provider, communications hub exchanges to SMETS2 meters in CSP-North into the activities required before the end of 2033 the average annual activities increases to 5.4m, with corresponding increase in average installers to 7.0k, which again can be modelled via a steady increase from 2026. This demonstrates that the scale of the potential increase in capacity, which could be met via increasing the current workforce or augmenting it with a workforce with a bespoke skillset, would be manageable within the available time frame.

While the modelled peak in capacity is not immediate it will require either investment to increase the market-wide workforce or by augmenting with additional capacity via installers with different skills. This policy package will provide regulatory certainty over a long timeframe to enable energy suppliers to confidently make the required investment to increase the overall workforce over the next few years.

Impacts on businesses and households

Impacts on businesses

The proposed framework drives more smart meter installations relative to the counterfactual. This generates additional direct costs for suppliers which can be passed on to households through the Smart Metering Net Cost Change (SMNCC) as part of Ofgem's price cap. Whilst there are substantial costs the analysis also suggests that suppliers realise significant benefits from smart metering such as avoided meter reading and inspection visits.

Monetised impacts on businesses are estimated to be between -£74m and -£199m. The main driver of this is the cost to energy suppliers of smart metering equipment and installations. Non-monetised impacts include that the amendments to the OLC (specifically the time-bound replacement element) will bring forward the costs of replacement activity, therefore increasing the associated costs in present value terms to suppliers. This impact has not been monetised in the analysis on proportionality grounds given its small impact on overall NPV. Another non-monetised impact includes the prevention of the costly and challenging process of rebuilding the installer workforce, as a regulatory hiatus would likely lead to installer workforce attrition. By providing industry with certainty and clear objectives with regards to taking all reasonable steps to complete the rollout by 2030 now, the proposed policy framework will likely prevent this outcome.

The proposed framework applies to all energy suppliers with domestic customers, however, any adverse or significant distributional impacts on businesses are limited as the proposed policy framework will exempt microbusiness energy suppliers from needing to submit deployment plans (further information is in the "Small and micro business assessment" section below).

Impacts on households

The proposed framework is likely to deliver a significant net benefit to households given the scale of energy and time consumption benefits delivered by an increase in domestic smart coverage. Household benefits are slightly offset by the costs associated with the energy consumed by smart metering equipment. The household NPV is estimated to be between £337m and £1,024m.

Costs to energy suppliers of installing are passed on to domestic households through the Smart Metering Net Cost Change (SMNCC) allowance which is part of Ofgem's price cap calculations. These pass-through costs to households are not reflected here and are instead reflected in the direct cost to business. As now permitted under the new Better Regulation Framework (BRF), we will consider accounting for pass-through costs to households in the final Impact Assessment.

Beyond the broader monetised benefits of improved smart coverage, the OLC amendments are likely to lead to an improved and more consistent consumer experience with regards to the speed at which suppliers recover smart meters not in smart mode.

All consumers pay for the smart meter rollout through their energy bills. Without this policy framework, the rollout is likely to slow after the end of the current Targets Framework. This means that consumers who have not received smart meters by the end of this year could see a delay before they would be able to realise the benefits of smart metering. Also, these consumers would be unable to access new market offerings that are enabled by smart meters including: the National Energy System Operator's (NESO) Demand Flexibility Service and tariffs based on the half-hourly energy usage data that is collected by smart meters. By driving the continued smart meter rollout, this proposed framework therefore mitigates potential adverse distributional impacts on households, low-income groups or individuals.

Small and micro business assessment (SaMBA)

The majority of the 52 energy suppliers in operation in Great Britain which have obligations under the smart metering mandate are medium to large businesses, based on the BRF definitions relating to employee numbers.[13] A breakdown of these suppliers can be seen in Table 2 (which includes domestic and non-domestic suppliers).

Table 2 - Suppliers with smart obligations by number of employees and Better Regulation Framework classifications

Business categorisation	Better Regulation Framework definition (number of employees)	Number of suppliers (domestic and non-domestic)	Proportion of total suppliers (domestic and non-domestic)	Total operating smart meters (domestic and non-domestic)
Micro	0-9	8	15%	<1%
Small	10-49	12	23%	<1%
Medium	50-499	19	37%	3%
Large	500+	13	25%	96%

The assessment of supplier data which has fed into this SaMBA is based on matching Fame database information on employee numbers to a list of suppliers with obligations under the smart metering mandate.[14] Where employee data was missing, or supplier names did not immediately match to a business in the Fame database, then additional data was sourced via Companies House.[15]

A final SaMBA assessment based on the latest available supplier data at that time will be published as part of the final impact assessment for this policy framework.

2030 all reasonable steps installation obligation

The proposed 2030 all reasonable steps new installation framework would apply to all energy suppliers that supply electricity or gas to domestic premises as this will maximise smart meter coverage and therefore increase the net benefit of smart metering. This obligation is subject to all reasonable steps and is therefore a lower regulatory burden compared with that faced by domestic suppliers under the current Targets Framework.

[13] Better regulation framework guidance 2023
[14] Fame - Digital Marketplace
[15] Companies House - GOV.UK

This obligation is expected to apply to 23 energy suppliers. Of these suppliers, 4 are categorised as microbusiness and 5 as small businesses (the other 14 suppliers are medium and large businesses). The preferred policy framework would fall under an all reasonable steps obligation, which is subject to Ofgem's assessment of 'reasonableness' during any enforcement processes. For small/microbusiness suppliers the definition of "what is reasonable" may vary compared to a larger supplier and would account for both commercial and capacity constraints of smaller suppliers.

Additionally, points of major expense for suppliers will not have a disproportionate impact on small suppliers due to the existing industry arrangements already in place. For example:

- a lot of the smart meter installer workforce is managed through third parties who hold contracts with multiple suppliers which ensures nationwide coverage for all suppliers regardless of size
- marketing is carried out by a nationwide approach (Smart Energy GB), where the capital costs are funded by large suppliers and smaller suppliers only contribute to the operational costs

Applying the proposed framework to all suppliers regardless of size ensures everyone within Great Britain has equal access to new smart meter installations. Exempting small or micro suppliers would mean consumers contracted to these suppliers would be unfairly prevented from accessing the benefits of smart metering and the overall benefits of smart metering across the country may be reduced through a lower smart coverage.

Operational Licence Condition (OLC) amendments

The proposed amendments to the OLC sit within the wider obligation which already apply to all energy suppliers as they provide benefits of smart metering to all energy consumers. We consider that the amendments have no bearing on the rationale of the obligation equally applying to all suppliers. There is one proposed amendment to the DCC Licence which sets DCC a new reporting requirement. The DCC is not a small or microbusiness and has over 700 employees according to its 2024 Annual Report.[16]

In addition, it is crucial that the proposed OLC amendments apply to all suppliers regardless of size as exempting certain suppliers would have significant detrimental impacts on consumers served by these small and microbusiness suppliers. A key aim of these amendments is to address inconsistencies in the time it takes different suppliers to recover meters operating in traditional mode and, therefore, exempting certain suppliers goes against one of the key aims of the amendments themselves. Additionally, there is no disproportionate adverse impact on smaller suppliers by not exempting them from the proposed OLC amendments.

[16] dcc-annual-report-2024.pdf (Page 98)

Deployment plans

When energy suppliers were last required to submit rollout plans as part of the 2020 Framework, small suppliers were exempt. However, those plans were more burdensome than the current proposals. In addition, there is a current requirement for all suppliers, regardless of size, to submit targets and levels of achievement against those targets annually to Ofgem. Under this proposed framework, only energy suppliers that supply gas or electricity, or both, to domestic customers via in each case fewer than 20,000 metering points would be exempt from submitting deployment plans. This will ensure that small suppliers maintain rollout momentum and that they are on track to meet their licence obligations. Without this, there is a risk of creating an unbalanced level of service to consumers which ultimately would disadvantage consumers who are serviced by small suppliers by reducing the scale of service provided and reducing the magnitude of potential smart benefits realised. However, there is limited additional benefit to requiring that very small energy suppliers under this threshold provide deployment plans due to their size. Exempting these very small suppliers from submitting deployment plans helps minimise the regulatory burden on these suppliers as they will not have to prepare and submit these plans.

Based on the BRF categorisation of businesses by size this SaMBA assessment suggests that 4 suppliers with domestic obligations would be categorised as microbusiness suppliers. However, when using the proposed threshold, which is those with both fewer than 20,000 domestic electricity metering points and with fewer than 20,000 domestic gas metering points, that number rises to 5 suppliers who would be exempt from submitting deployment plans.

Wider impacts

Non-monetised costs and benefits

Whilst the smart metering programme's cost-benefit analysis model covers a wide range of costs and benefits, the proposed framework also generates non-monetised costs and benefits.

The OLC amendments increase confidence that suppliers conduct replacement activity and restore smart mode in a timely manner. The requirement for suppliers to conduct these replacements within 90 days ensures that consumers don't have to wait extended periods of time without full smart functionality. This will increase positive consumer sentiment of smart metering and improve the overall experience to consumers of the smart rollout.

The proposed obligation to take all reasonable steps to complete the rollout by the end of 2030 provides a clear intention for the sector to invest in the required workforce and infrastructure. In a world where there is a regulatory hiatus following the expiration of the existing Targets Framework at the end of 2025, there are likely to be cuts to suppliers' installer workforce which would be costly and challenging to reverse going forward.

The administrative cost to suppliers of completing and submitting deployment plans is likely to be low as it is only required annually. Suppliers also already produce internal implementation plans. As the annual milestones contained within these plans will be non-binding until 2027 this provides suppliers time to familiarise themselves with any potential enforcement action which has not been monetised in this analysis. These costs will be very small in comparison with the broader costs and benefits delivered by the proposed framework.

Impacts on wider government priorities

This policy framework will help facilitate the UK's progress towards achieving its 2050 Net Zero Target and Clean Power by 2030 ambition. The overall NPV for this policy contains significant monetised carbon reduction and clean air benefits.

Beyond impacts to energy suppliers, it is not anticipated that this set of policies will have any broader impact on the UK business environment.

The proposed regulation is expected to have a neutral (neither positive or negative) impact on international trade and investment.

Monitoring and evaluation

The reporting, monitoring, compliance, and enforcement of these policies are not within the department's remit and will be a matter for the regulator, Ofgem.

However, the department does have a role in monitoring and evaluating the contribution of these policies to the overall smart rollout and the experience of consumers. To do this, the department will deliver activities including, but not limited to:

- collecting and reporting data on rollout progress from energy suppliers and administrative sources
- carrying out research and evaluation to monitor consumer experience, identify best practice, identify and track impacts, and assess benefits realisation
- reporting annually to parliament on the costs and benefits associated with meters that have been installed to date

This publication is available from: www.gov.uk/government/consultations/smart-metering-policy-framework-post-2025

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