

Smart Metering Implementation Programme

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

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The consultation and Impact Assessments can be found on DECC's website:
http://www.decc.gov.uk/en/content/cms/tackling/smart_meters/smart_meters.aspx

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Executive Summary

This consultation document seeks views on new conditions that would be added to electricity and gas supply licences. These would require suppliers to develop and adhere to code(s) of practice governing the installation of smart meters at domestic and micro-business sites.

Chapter 1 provides an introduction, including the policy context. Chapter 2 sets out the Government's approach to individual aspects of policy on issues to be addressed in the code(s) and seeks views on the way in which this approach is given force in the licence conditions. This chapter is broken down into three main sections: the overarching approach, including the high-level objective of the licence condition; the proposals for the domestic sector; and the proposals for micro-businesses. A digest of the questions is at Annex 1, and the draft licence conditions themselves are at Annex 2.

This is one of several documents being published as part of the first tranche of the regulatory framework to support the roll-out of smart meters. Other documents being published by Government include a consultation on the roll-out obligations on suppliers and a call for evidence on data access and privacy. Two updated Impact Assessments that support these consultations are also being published.

In addition, the Energy Retail Association has published for consultation a draft Code of Practice that has been developed collectively by suppliers.

1. Introduction

1.1 Policy context

1. The Government's vision is for every home in Great Britain to be equipped with smart¹ meters, with businesses and public sector users also having smart or advanced² energy metering suited to their needs. The roll-out of smart meters will give people far better information about, and control over, their energy consumption and deliver other significant benefits to consumers. For example, it will bring an end to estimated billing and make it easier to switch energy supplier. Smart metering will also play an important role in our transition to a low-carbon economy and help meet some long-term challenges, such as ensuring an affordable, secure and sustainable energy supply.

2. The Government's impact assessments^{3,4} estimate that the total cost of the roll-out will be £11.7 billion. This investment is needed to support our transition to a low-carbon economy. The impact assessments present a strong business case for taking the programme forward. They predict benefits across the domestic and smaller non-domestic sectors of £18.7 billion over the next twenty years, implying a net benefit of £7.1 billion. The benefits derive in large part from reductions in energy consumption and cost savings in industry processes.

3. Realising this policy goal will be a major undertaking. Regulatory obligations will help ensure that gas and electricity suppliers do what is needed to deliver the roll-out in a way that meets the Government's objectives. This includes the important period before the market is ready for the mass roll-out to begin.

4. Issues arising from the roll-out have been the subject of considerable attention and extensive consultation, most recently in the Smart Metering Prospectus⁵, published by DECC and Ofgem in July 2010. Before, during and after the consultation period, DECC and Ofgem also had regular contact with a wide range of interested parties. In March 2011, DECC and Ofgem published a consultation Response ("the Response")⁶ setting out the approach to the design of the new

¹ Equipment installed at the premises, which, on the date of installation and on an enduring basis, complies with the Smart Metering Equipment Technical Specifications.

² An advanced meter can, on its own or with an ancillary device, provide measured electricity consumption data for multiple time-periods, including at least half-hourly (electricity) or hourly (gas) time-periods, and can give the licensee remote access to such data.

³ DECC, *Impact Assessment for the Smart Meter Roll-out for the Domestic Sector (GB)*, August 2011.

⁴ DECC, *Impact Assessment for the Smart Meter Roll-out for the Small and Medium Non-domestic sector (GB)*, August 2011.

⁵ DECC/Ofgem Smart Meter Prospectus, July 2010

http://www.decc.gov.uk/en/content/cms/consultations/smart_mtr_imp/smart_mtr_imp.aspxmote

⁶ [DECC/ Ofgem, Smart Meter Implementation Programme, Response to Prospectus Consultation, March 2011](#)

obligations on suppliers to install smart meters in homes and smaller non-domestic sites⁷.

1.2 The smart metering regulatory framework: the Government's general approach

1. In the Response, the Government concluded that, to deliver the roll-out, energy suppliers would be required to procure and install smart meters for their customers. Subject to a limited number of exceptions, the same obligations to deliver the roll-out will apply in the domestic and smaller non-domestic sectors.

The existing framework

2. The current regulatory framework for the gas and electricity sectors is structured under two separate legislative frameworks, the Electricity Act 1989 and the Gas Act 1986. The Acts regulate the delivery and supply of electricity and gas to consumers. Both Acts oblige suppliers to ensure that energy is supplied through an appropriate meter.

3. The transmission, distribution and supply of electricity, and the transportation, shipping and supply of gas, are activities that can only be undertaken under a licence granted by Ofgem, using powers given to it under both Acts. These licences include obligations that licensees must comply with in undertaking their respective functions.

4. In addition to the Acts and licence conditions, there are also a number of mandatory industry codes and agreements to which licensees must adhere. These codes, for example, set out the commercial and technical arrangements between the network operators and the users of their networks.

The smart metering regulatory regime

5. Implementation of the Government's policy will require changes to the existing regulatory and commercial framework governing the electricity and gas markets. The regulatory regime for smart metering will be established using the following:

- Licence obligations, compliance with which is monitored and enforced by Ofgem;
- Industry codes, to which all relevant licensees are obliged to comply under their licence; and
- Compulsory or voluntary codes of practice, to set minimum standards for certain activities of particular parties.

⁷ Smaller non-domestic sites are those in electricity profile classes 3 and 4, and those gas customers at non-domestic sites with consumption of less than 732 MWh per annum.

6. The Energy Act 2008 gave the Secretary of State powers to amend existing licences and codes, and to create new licences and industry codes for the purpose of delivering the Smart Metering Implementation Programme. In addition, the Secretary of State also has powers to introduce a new smart metering licensable activity that will allow for the introduction of a new central communications provider (the Data and Communications Company “DCC”). Any changes made under these powers, must first be the subject of consultation, including with the Gas and Electricity Markets Authority, before being presented to Parliament.

7. The Government is developing proposals to establish a new regulatory regime to provide the arrangements for the roll-out and ongoing operation of smart metering, while recognising that existing arrangements will need to continue to apply to traditional meters throughout the transition period until such time as the roll-out is complete.

Delivery of the smart metering regulatory regime

8. The Government proposes to deliver the required changes to the regulatory framework in a series of incremental packages or tranches. The approach is designed to give stakeholders time to input to, and influence the detail of, the framework. It will also reduce regulatory uncertainty in the period before mass roll-out of smart meters begins: once issues have been considered and the detailed aspects of policy decided, the Government is committed to introducing the regulatory changes as quickly as possible, to give those parties responsible for installing smart meters as much advance notice of their new regulatory obligations as possible.

Tranche 1

9. This consultation focuses on the regulatory changes for the first tranche. This tranche includes the overall roll-out obligation that will be imposed on suppliers and establishing the requirements for Smart Metering Equipment that will be installed in consumer premises. Such requirements are needed to give clarity to industry on the technical specifications for Smart Metering Equipment so that manufacturers can begin the process of designing and producing metering equipment which will deliver the functionality required by Government.

10. Specifically, this tranche includes:

- **creating the supply licence conditions** to require the roll-out of meters that comply with the technical specifications by a specified date, including, where relevant, an obligation to provide an In-Home Display (IHD) and to develop and comply with an Installation Code of Practice;
- **establishing technical specifications (the SMETs)** that will set out the requirements with which Smart Metering Equipment must comply; and
- **necessary consequential changes** to existing legislation, licences and codes.

Future Tranches

11. The Government plans to introduce the regulatory changes on a phased basis and will be considering a range of potential changes including:

- regulatory changes required to establish and licence the DCC;
- privacy, consumer engagement and security policy;
- a new Smart Energy Code to govern the overall arrangements for smart metering and in particular all interactions with DCC;
- any additional regulatory requirements that are identified as necessary; and
- any necessary consequential changes to existing legislation, licences and codes.

Next steps for implementing regulatory changes

12. In addition to the work to support the first tranche of deliverables, the Programme is starting work to develop the regulatory deliverables across all of the other regulatory tranches. Further information on the overall implementation plan for the regulatory changes will be available on the smart meter pages of the DECC internet site⁸.

Spring Package

13. In February 2011, Ofgem set out a range of proposals in response to moves by suppliers to start to install meters with additional functionality ahead of a mandated roll-out⁹ of Smart Metering Equipment. This included proposals to update consumer protections and obligations to help ensure consumers do not face barriers to switching where they have a smart meter. On 30 June, Ofgem published a statutory consultation on proposed licence modifications on some of the issues related to the installation of meters with additional functionality ahead of the mandated roll-out, which stakeholders may wish to take into account in their response to the questions set out below. In addition, earlier this month, Ofgem published a letter consultation on further proposals designed to address domestic customer switching where meters with additional functionalities (such as remote reading capability) have been installed. The proposals in this consultation document are designed to be compatible with those proposals from Ofgem.

⁸ http://www.decc.gov.uk/en/content/cms/tackling/smart_meters/smart_meters.aspx

⁹ Ofgem, *Smart Metering Spring Package - Addressing Consumer Protection Issues*, February 2011.

1.3 The Smart Metering Installation Code of Practice

Background and context

1. Electricity and gas consumers are at the heart of the Smart Metering Programme. Smart meters will benefit energy consumers, and a positive consumer response to smart meters is in turn critical to delivering the objectives of the Programme.
2. Consumer protection and engagement issues arising from the roll-out of smart meters have, therefore, been the subject of considerable attention and extensive consultation, most recently in the Smart Metering Prospectus. DECC and Ofgem received 279 responses to the Prospectus consultation, many of them from consumers and their representatives. DECC and Ofgem have also had regular contact with consumer representatives through the programme's Consumer Advisory Group¹⁰.
3. The Response proposed a range of measures to protect consumers and promote a positive experience of smart metering. A key component was the establishment of a Smart Meter Installation Code of Practice ("the Code") that would set out what domestic and smaller non-domestic consumers could expect during the installation process and would contain measures to facilitate the longer-term behavioural change necessary to deliver programme benefits. It would do this by focusing on the consumer experience during the installation process and setting out minimum standards of service that consumers should receive.
4. The Response described the Government's overall approach, under which:
 - Suppliers would be required, through new licence conditions, to develop the Code to cover the customer experience before, during and after a smart meter installation visit. In developing the Code, suppliers would have to take into account the views of consumer groups and other interested parties
 - Suppliers would be required to submit the Code to Ofgem for approval, and adhere to it once it had been approved
 - Suppliers would be required to have in place monitoring arrangements under the Code
 - Ofgem would monitor compliance and could take enforcement action if a supplier were not complying with its licence obligations
 - Suppliers would be required to put in place procedures for reviewing and updating the Code, consulting consumer groups and other interested parties in the process. Ofgem would also have the right to instigate Code changes.
5. These requirements would be incorporated in the standard conditions of Supply Licences, which are enforceable by Ofgem. The necessary licence modifications would be made by the Secretary of State, using his powers under the

¹⁰ For further information on the Consumer Advisory Group, see:
<http://www.ofgem.gov.uk/e-serve/sm/Stakeholder/CAG/Pages/CAG.aspx>

Energy Act 2008. These modifications were expected to be in place in the first half of 2012; until then, the Government and Ofgem would work with suppliers to seek voluntary compliance with an appropriate Code.

6. The Response also set out a number of key objectives of the Code, which would be specified in suppliers' Licences:

7. For all consumers to:

- understand what to expect from the installation prior to the visit
- not be subjected to undue inconvenience during the installation process
- understand how to use the smart meter and In-Home Display (IHD) and what actions relating to this equipment may contribute to greater energy efficiency
- be aware of where to find further advice and information relating to this, and whom they may contact regarding problems

8. Suppliers should gather and use customer feedback on the experience of the installation in a timely fashion to improve their installation processes.

9. For domestic consumers only:

- not to be subject to unwelcome sales activities on the day of installation
- not to be charged upfront or one-off payments for the smart metering equipment that suppliers are required to provide
- vulnerable consumers to receive a level of service appropriate to their needs

10. Since the publication of the Response, policy positions in some areas have been refined and further developed. Views are sought on these issues in this consultation:

- The inclusion in the draft licence condition of an overall objective referring to standards of conduct and service, accuracy and completeness of information to be given to consumers, and the avoidance of unwelcome sales activities.
- The Response indicated that suppliers would have to obtain prior consent from customers for sales activities during an installation visit, and that the Government would consider further the restrictions that should be placed on marketing. The Government is now seeking views on an approach that would require prior written consent for both sales and face-to-face marketing.
- The Response indicated a preference for a single Code designed to accommodate the different needs of both the domestic and smaller non-domestic sectors. Given the different needs of the sectors, it may be that separate Codes are more appropriate. The approach proposed in this consultation retains both options.
- In light of potentially substantial early installation of smart-type meters before a technical specification is finalised, and the fact that many consumers will not recognise the difference between these meters and those required under this programme, the Government is seeking views on whether the Code should cover both smart and smart-type meters.

- In the non-domestic sector, we propose to require application of appropriate Code rules to installations at micro-businesses, but not to the smaller sites of larger private and public sector bodies

11. The Code will be one of a range of measures to ensure consumer protection and engagement during the roll-out. In February 2011, Ofgem set out, in its “Spring Package”, a range of proposals in response to moves by suppliers to start to install smart meters ahead of a mandated roll-out¹¹. This included proposals to:

- update important protections around prepayment meters and disconnection in light of the scope for switching customers to prepayment and disconnecting supply remotely, and
- obligations to help ensure consumers do not face barriers to switching where they have a smart meter.

12. On 30 June, Ofgem published a statutory consultation on proposed licence modifications covering the first set of issues. It expects to consult shortly on proposals in the second area. The Government is also developing a consumer engagement strategy, which will positively and directly affect the customer experience of the roll-out and complement the regulatory measures.

This consultation

13. This document seeks views on draft licence conditions to implement the policy approach on a Smart Meter Installation Code of Practice for domestic and micro-business customers. The issues surrounding a prospective Code, including matters raised by stakeholders following the publication of the Prospectus, were discussed in detail in the Response. This consultation document does not repeat that analysis, but describes how the policy set out then will be given effect and clarifies matters where policy positions were not fully defined in March.

14. The consultation applies to the domestic and smaller non-domestic electricity and gas markets in Great Britain. Responsibility for energy markets in Northern Ireland lies with the Department of Enterprise, Trade and Investment.

15. In parallel, the Energy Retail Association is consulting on a draft Code developed in consultation with stakeholders¹². The Government welcomes the progress the industry has made in developing a Code. It recognises that there will be some variance between the proposals in this consultation document and the text in the industry’s draft Code, which has principally been developed in light of the position set out in the Response document.

¹¹ Smart Metering Spring Package - Addressing Consumer Protection Issues, February 2011.
<http://www.ofgem.gov.uk/Sustainability/SocAction/Publications/Documents1/Smart%20Metering%20Spring%20Package%20-%20Addressing%20Consumer%20Protection%20Issues.pdf>

¹² <http://www.energy-retail.org.uk/>

16. The Government is also consulting on two other aspects of the smart meters roll-out programme – the roll-out obligation and the technical specification¹³. Those consultations close on 10 October 2011.

¹³ http://www.decc.gov.uk/en/content/cms/consultations/cons_smip/cons_smip.aspx

1.4. General information about this consultation

How to respond:

Your response will most useful if it is framed in direct response to the questions posed, although further comments and evidence are also welcome. Responses to this consultation should be sent to smartmetering@decc.gsi.gov.uk. The consultation closes on 10 November 2011.

Responses should be clearly marked Smart Metering Implementation Programme: consultation on draft licence conditions for a Code of Practice for the installation of gas and electricity smart meters (August 2011). Responses and any enquiries related to the consultation, should be addressed to:

Smart Metering Implementation Programme – Roll-out Team
Department of Energy & Climate Change,
3 Whitehall Place,
London, SW1A 2AW
Tel: 0300 068 6083
Email: smartmetering@decc.gsi.gov.uk
Consultation reference: URN 11D/837

Territorial extent:

Great Britain.

Additional copies:

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Confidentiality and data protection:

Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the access to information legislation (primarily the Freedom of Information Act 2000, the Data Protection Act 1998 and the Environmental Information Regulations 2004).

If you want information that you provide to be treated as confidential please say so clearly in writing when you send your response to the consultation. It would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded by us as a confidentiality request.

We will summarise all responses and place this summary on our website at www.decc.gov.uk/en/content/cms/consultations/. This summary will include a list of names or organisations that responded but not people's personal names, addresses or other contact details.

Quality assurance

This consultation has been carried out in accordance with the Government's Code of Practice on consultation, which can be found here:

<http://www.bis.gov.uk/files/file47158.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:

DECC Consultation Co-ordinator
3 Whitehall Place
London SW1A 2AW
Email: consultation.coordinator@decc.gsi.gov.uk

What happens after the consultation

Responses should be submitted by 10 November 2011. The Government will consider responses to the consultation and make any appropriate amendments to the draft licence conditions. It is expected that the modifications will be laid before Parliament early in 2012, with a view to their entering into force in the first half of 2012.

2. The content of the licence conditions

2.1 Introduction

1. This chapter describes the intentions of the proposed licence conditions that would underpin the Smart Meter Installation Code(s) of Practice for domestic and smaller non-domestic sites. The proposed licence conditions themselves are set out in Annex 2 and are referred to throughout the text.
2. In the Response document, the Government decided that both domestic and smaller non-domestic customers should benefit from a Code. The requirements around the installation visit will not be identical for both sectors, and the needs of customers across the range of smaller non-domestic sites will vary, although there are likely to be many similarities. The Response document indicated a preference for a single Code, designed to accommodate the different needs of the two sectors. However, it may be that two separate Codes are more appropriate and the approach proposed in this consultation keeps this option open.
3. This Chapter therefore consists of three parts: the overarching approach to establishing domestic and non-domestic Code(s) of Practice; the specific requirements for a domestic Code; and the specific requirements for a non-domestic Code.

2.2 The overarching approach to establishing domestic and non-domestic installation code(s) of practice

(a) The objective of a Code of Practice (Draft licence conditions CC 1-4; DD 1-4)

4. It is essential that consumers' interests are protected during the smart meter installation process. The proposed licence conditions set suppliers high-level objectives that they would have to meet. These objectives require them to:
 - provide and maintain a standard of service that helps ensure an installation experience meeting customers' reasonable expectations
 - conduct all activities relating to installation fairly, transparently, appropriately and professionally
 - provide complete and accurate information about the smart metering system, its installation and its benefits
 - not subject domestic customers to unwelcome sales activities during the installation visit

5. By developing, and working in line with the requirements of, a Code suppliers can demonstrate that they are meeting these objectives.

Consultation Question	
1.	Are the overall objectives set out in the draft licence conditions appropriate?

(b) Establishing and reviewing a Code of Practice: the role of suppliers and Ofgem (CC 3-4, 10-11, 12, 15-17)

6. The Government considers that suppliers are best placed to develop the Code(s), in line with the overarching objectives set out above and drawing on their experience of installing both dumb and smart meters. Approval by Ofgem is necessary to provide reassurance that a Code adequately reflects the objectives, and that consumer views have been properly taken into account.

7. The overall approach for domestic and small non-domestic consumers set out in the draft licence conditions is therefore essentially the same: suppliers are required to produce a Code, or Codes, taking account of the views of Consumer Focus and other interested parties; gain approval from Ofgem; and demonstrate compliance. It will be for suppliers to determine whether they want to meet these conditions by collectively developing single or separate codes for the two sectors.

8. The Government wishes to see Code(s) in place for both domestic and small non-domestic consumers as soon as possible. The draft licence conditions therefore require suppliers to submit the Code(s) to Ofgem for approval within a month of the licence condition's coming into effect (or another date specified by Ofgem). This gives Ofgem the means to deal with suppliers that fail to meet the obligation. Once a Code has been approved, suppliers are required to make it available on their website, and in hard copy to anyone who requests it. If suppliers do not submit a Code, Ofgem will be able to designate one.

9. The new licence conditions underpinning the Code are expected to be in place in the first half of 2012. To give consumers early assurance, and to allow a Code to be tested thoroughly before formally coming into force, the Government would like to see those suppliers installing smart-type meters voluntarily operate in line with an appropriate Code later in 2011. In this context, the Government welcomes the progress that suppliers have already made, and in particular the draft Code that has been published for consultation by the Energy Retail Association in parallel with this document.

10. To ensure that a Code remains fit for purpose in the light of developments during the roll-out, the draft licence conditions outline minimum requirements for ongoing governance mechanisms. These include requiring suppliers to keep a Code under review, receive proposals for change both from individual suppliers and

Consumer Focus, consult Consumer Focus and other interested parties on any necessary amendments, and seek Ofgem's approval. Ofgem is then required to approve or reject proposed Code amendments, or signal its intention of considering them further, within 30 working days of receiving them from suppliers. Ofgem would not ordinarily be expected to propose Code changes. If that proved necessary, Ofgem could require suppliers to review a Code, or specific aspects of a Code, and direct them to modify the Code if necessary. The draft licence condition provides for this. A failure to respond to a direction from the Authority to modify the Code would be a breach of the proposed licence conditions.

11. We expect that, once the roll-out is complete, the need for a Code underpinned by licence conditions – as described at Chapter 1.3 above – will have been satisfied. If the circumstances at the end of the roll-out were such that Ofgem considered a Code no longer necessary, it could use its general powers to remove the licence conditions relating to the requirement to have a Code in place.

12. This approach gives Ofgem proper scope to influence the initial and developing content of a Code, drives suppliers to draft and agree a Code that sets appropriate minimum standards of service, gives suppliers certainty about the regulatory process and enables rapid implementation of improvements to a Code.

(c) Monitoring and compliance (CC 13-14)

13. Suppliers will be required to put in place arrangements for monitoring their performance against Code obligations, and to maintain a record of their compliance. This is partly to ensure that information is readily available to enable Ofgem to exercise its monitoring and enforcement functions. But suppliers are, in any case, likely to wish closely to monitor customers' experiences to ensure that their individual programmes for rolling out smart meters proceed as smoothly and rapidly as possible, as well as to enable them, if required, to demonstrate regulatory compliance.

14. It is important that a Code's monitoring and auditing arrangements are proportionate, and do not place unnecessary burdens on small suppliers or those with relatively small numbers of customers in a particular sector. For this reason the draft licence conditions do not define a generic monitoring and auditing regime. Similarly, it is important that, in developing monitoring and auditing arrangements, suppliers are mindful of the potential effects on small suppliers. The Government notes the value of independent verification arrangements, but these are matters for suppliers, in developing the Code(s) and in devising their own internal arrangements. The Government considers that this will help ensure that the arrangements are fit-for-purpose, and avoid the imposition of an undue burden on suppliers with small customer bases.

Consultation Question

- 2. Would the licence conditions as drafted effectively underpin:**
- a) the respective roles of Ofgem and suppliers in establishing and reviewing Code(s) of practice for domestic and micro-business sites?**
 - b) an appropriate ongoing governance regime for the Code(s) of Practice?**
 - c) the intended arrangements for monitoring and compliance with Code(s)?**

2.3 Specific requirements for the content of a domestic installation code of practice.

1. In considering the content of the Code(s), the Government has taken account of the fact that the broad approach to market regulation in the domestic sector differs from that in the non-domestic sector. In particular, sales and marketing rules and rules relating to the protection of vulnerable customers apply in the domestic, but not the non-domestic, sector. Charging arrangements for meters and their installation can also be different.

(a) Coverage: smart and smart-type meters

2. Since the Response was published, the Government has considered the range of meters that a Code would cover. Significant installation programmes are being proposed – and undertaken - by suppliers in the period before fully compliant smart meters are likely to be available for installation. Allowing for procurement, manufacture and delivery, we expect smart meters that fully comply with the technical specification defined by the programme (which we expect to be formally in place in 2012) to be available by the end of 2012. By that time, significant numbers of smart-type meters that may not fully meet the technical specification are likely to have been installed. Consumers receiving these meters will not usually be alive to the differences between compliant and non-compliant meters. However, the Government is also clear that smart-type meters are being provided by suppliers on a voluntary and commercial basis, rather than in response to a Government mandate.

3. It is important to both the consumer and the roll-out as a whole that high-quality service be offered during 2012, just as in 2015 or 2018. The Government would, therefore, welcome views on whether the licence conditions underpinning the Code should apply to both compliant smart meters and smart-type meters, or whether it would be more appropriate for suppliers to apply the Code to smart-type meters on a voluntary basis.

Consultation Question

3.	Should the licence conditions underpinning a domestic Code also be applied to smart-type meters, or should the Government work with suppliers to secure voluntary application of Code provisions?
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(b) Upfront charging (CC 6-8)

4. It is standard practice in the domestic sector for suppliers to recover the costs of meters and their installation over time, with costs being reflected in customers' energy bills. The Government expects suppliers to seek to recover the costs of smart meters and their installation in the same way, and considers that this approach is in the best interests of the programme as a whole. To ensure that consumers are not subject to one-off or upfront charges for the installation of a standard smart meter and IHD, this principle is embedded in the draft licence conditions. However, suppliers may charge where consumers choose to have a

metering system installed that exceeds the minimum technical specification required by the Programme.

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

(c) Customer information and advice (CC 9(c))

5. The primary purpose of an installation visit should be the safe, effective installation of a smart metering system. However, if the benefits of smart meters are to be realised, consumers need to understand why they are receiving a smart meter and how to make best use of the new technology, including how to use it to help increase energy efficiency and optimise energy use. Understanding how to interpret the information provided by an IHD in particular creates opportunities to prompt changes in behaviour. Achieving this understanding will require an investment of time by both by the customer and the supplier, but it is clear that this investment is necessary to help deliver the overall smart metering business case. The draft licence conditions therefore include requirements around provision of information and advice to customers, including signposting to additional sources of advice and information about energy efficiency.

6. Behaviour change leading to reduced energy use is one of the key benefits of smart metering. As part of the wider consumer engagement strategy, the Government is likely to wish to liaise closely with suppliers on provision of information – some of which may be centrally produced – about energy efficiency and related Government programmes. The Government is also considering the possibility of setting additional obligations on suppliers and other parties to support consumers in using their new metering equipment. Any such obligations would be subject to consultation, and, if implemented, would be expected to form part of a later tranche of regulatory changes.

(d) Sales and marketing (CC 9(a))

7. In the Response, the Government set out its position that there should be no sale at the installation without the customer's prior consent, and that, where customers had given consent, any sales activity should be conducted in a fair, transparent, appropriate and professional manner. The Government committed the Programme to working with suppliers, customer groups and other stakeholders on the definition of sales and marketing activities and on how suppliers should go about obtaining explicit prior consent from their customers. The Government also undertook to consider further with stakeholders whether and how restrictions should be applied to face-to-face marketing activities carried out during the installation visit, given the broader scope of the term "marketing". It did not

consider that any such rules should apply in the case of providing written marketing materials¹⁴.

8. The policy proposed here aims to support delivery of the objectives set out in the introduction to this chapter: ensuring that consumers have a positive experience of the installation process; protecting consumers from mis-selling; and facilitating changes in consumer behaviour.

Written marketing material

9. As described above, suppliers will be required to provide consumers with information and advice about smart metering and energy efficiency. Consumers may, as a result, be interested in finding out more about specific products and services. To facilitate this, the Government does not plan to place any restrictions on the provision of written and other advisory and marketing material during the installation visit.

Face-to-face marketing and sales

10. In considering what type of restrictions to place on face-to-face marketing and sales activity during an installation visit, the Government is mindful that suppliers will be seeking and receiving access to people's homes and that, as a basic principle, people should fully understand, and be in control of, the activities that will take place during that visit. Any activities that suppliers engage in during the visit are critical to the consumer experience and the reputation of the programme. Customers must not feel pressurised or uncomfortable during installation visits or be exposed to greater risks of mis-selling. At the same time, the visit provides a key opportunity to engage consumers in energy-saving behaviour.

12. Sales and marketing can be defined as discrete activities. Marketing can be defined as promotion of specific products and services. In practice this covers a broad spectrum of activities, blurring at one end into advice and at the other into sales, which can be defined as the purchase of products or services, or a commitment (such as the signing of a contract) to do so. But while sales and marketing can be separately defined in this way, the wide range of activities encompassed by 'marketing' means that such a distinction will not necessarily be made by a customer – either in terms of understanding what to expect of an installation visit, or in the personal experience of interacting with sales staff. The Government is therefore minded to take a cautious approach and apply the same restrictions to both sales and face-to-face marketing during the installation visit.

13. The Government does not think that it would be in the interests of either consumers or the programme to prohibit sales and face-to-face marketing activity altogether. Some consumers may want to use the time set aside for the installation visit to explore how wider energy-related products and services could bring them

¹⁴ The draft Installation Code of Practice, which is open for consultation in parallel with this document, was developed based on the position set out in the Response. It therefore requires no prior consent for marketing activity, and prior oral consent (for example by telephone) for sales activities. Subject to the conclusions of this consultation, we would the Code to be revisited to bring it into line with a finalised licence condition.

benefits. The Government is of the view that they should be able to make that choice where it is offered by suppliers, and indeed that this engagement would help to deliver the broader changes in energy use that are anticipated by the smart metering programme.

14. The key is to ensure that consumers fully understand what they are agreeing to when they arrange a smart meter installation visit, and that any decision to invite a salesperson into the home is fully informed. To ensure this, the Government considers that suppliers should be required to obtain prior consent from consumers before conducting either face-to-face marketing or sales activity during an installation visit, and is minded to require this prior consent to be written, whether in hard copy or electronically. This restriction would apply equally to all products and services, including enhanced IHDs and tariffs. Should the consumer, having given prior consent, change his mind during the installation visit itself, the draft licence condition also requires that sales and marketing activity cease immediately at the consumer's request.

15. As marketing can cover a wide spectrum of activities, we will consider further whether prior written consent is an appropriate and practical requirement in each such circumstance. For example, as noted above, we expect suppliers to provide energy efficiency advice as part of the installation visit. Or suppliers might, with the consumer's agreement, undertake questionnaires about energy use or carry out energy efficiency assessments. This may lead into discussions around areas in which the supplier offers other products. Such approaches would not necessarily constitute marketing, depending on the nature of the discussion. Consultees' views on this would help inform our thinking on the definition of marketing.

16. We do not intend that restrictions should extend to the provision of written marketing material, as discussed above, or to interactions such as a supplier's agreeing on request to arrange a subsequent visit.

17. The draft licence conditions do not set out any requirements on sales and marketing beyond that for written consent. We would be interested in views on whether existing consumer protection legislation, and the forthcoming Consumer Rights Directive, provide consumers with appropriate wider protections for marketing and sales activities within the home.

18. Particular concerns have been expressed about the sale of tariffs, especially time-of-use tariffs, during the installation visit. The marketing and sale of tariffs is already addressed in the Marketing Licence Condition, which will apply to any sales or marketing of tariffs undertaken during the smart meter installation.

Consultation Question	
4.	Do you agree with our definitions of sales and marketing?
5.	Do you agree that prior written consent should be required for any face-to-face marketing and sales activity during the installation visit?
6.	Are any other measures required to protect consumers' interests in relation to sales and marketing during the installation visit?

(e) Protecting vulnerable customers (CC 9(d))

19. Some consumers have particular needs. The Equality Impact Assessment included in the Impact Assessment suggests that those with the greatest potential to be adversely affected by a smart meter roll-out are those who are vulnerable by virtue of age, mobility or physical or mental disability. The draft licence conditions require the Code to put in place provisions to ensure that suppliers distinguish, and meet the needs of, vulnerable customers. They indicate groups of customers that may be particularly affected, although the list is not exclusive.

20. This will be one of a number of rules and measures dealing with the approach to vulnerable customers during the roll-out. These include existing rules, such as those within the Gas Act 1986, the Electricity Act 1989, the Equality Act 2010 and Condition 26 of the Supply Licence (which deals with services for specific customer groups). They also include possible new arrangements being considered through the Programme's consumer engagement strategy, such as the potential provision of additional advice and support. The Government will publish further information about the strategy in preparation for future tranches of regulatory changes.

(f) Avoiding inconvenience to customers (CC 9(b))

21. Achieving high levels of supplier access and customer satisfaction will be helped if customers are not unduly inconvenienced by the installation process. Both access and satisfaction could, for example, be influenced by the number of household visits, the standards of administration by suppliers and the professional standards of installers. The draft licence conditions therefore include a high-level requirement to ensure that consumers are not unduly inconvenienced: the Government does not propose to set detailed rules.

(g) Complaint-handling

22. Energy consumer complaints are dealt with through rules established under the Gas and Electricity (Consumer Complaints Handling Standards) Regulations 2008. Complaints about smart metering installation or operation will be dealt with under these Regulations. The Government does not propose to make bespoke arrangements in respect of smart metering.

Consultation Question

- 7. Would the licence conditions as drafted and/or existing rules deliver the policy intentions on customer information and advice, vulnerable consumers, avoiding undue inconvenience and complaint-handling?**

2.4 Specific requirements for the content of a non-domestic installation code of practice

1. This section describes the intentions of the specific requirements within the licence conditions that would underpin a Smart Meter Installation Code of Practice for smaller non-domestic sites. In some cases, these are similar to those for the domestic sector, whilst others are particularly tailored to the needs of the non-domestic market. In particular, the licence conditions do not address upfront charging, sales and marketing and vulnerable customers. Non-domestic customers are charged for meters and their installation in various ways, but often on a different basis to domestic customers. Rules on sales and marketing of energy and other goods and services do not apply to non-domestic customers. In addition, there is a wider and different range of suppliers in the non-domestic sector, which may have implications for the governance of the Code. The proposed licence conditions themselves are set out in Annex 2 and are referred to throughout the text.

(a) Customers covered by Code (DD 15)

2. The non-domestic sites that will receive smart meters in the future will vary greatly. Many will be small or micro-businesses. But others will be smaller sites of large, multi-site private and public sector organisations. It is likely that suppliers' relationships and interactions with these customers will differ significantly from their relationships with small businesses. For example, suppliers providing meters on a group basis will in many cases conduct their detailed dealings – including discussion of energy efficiency – at a group level, rather than with an individual at a particular site. The Government therefore proposes that the Code should apply to suppliers' dealings with those non-domestic customers that meet the definition of micro-businesses already used in gas and electricity regulation – that is a business with no more than 10 employees or their full-time equivalent, an annual turnover that does not exceed €2 million or consumes less than 50MWh of electricity a year or less than 200MWh of gas a year. This is a subset of the non-domestic premises that will receive smart meters during the roll-out and is a definition that is already used to govern access to statutory redress arrangements in the electricity and gas industries. This would be a minimum requirement; suppliers could choose voluntarily to apply the Code more widely. We recognise that suppliers may not know in all cases whether a customer falls into this category; here too, wide voluntary application of a Code would simplify matters for both suppliers and customers.

Consultation Question

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|----|---|
| 8. | Do you agree that, for the purposes of the non-domestic code, the sites to be covered should be defined as business with no more than 10 employees or their full-time equivalent, an annual turnover that does not exceed €2 million, or consumes less than 50MWh of electricity a year or less than 200MWh of gas a year? |
|----|---|

(b) Metering coverage

3. In section 2, we set out our views on the relationship of the Codes to smart-type domestic meters. The position in the non-domestic market is more complex. Whilst smart-type metering is likely to be close to that required under the technical specification, the range of metering available in the non-domestic sector is much wider. Advanced metering of varying degrees of sophistication has been installed at non-domestic sites for many years by a variety of parties. In the non-domestic sector, in the first instance we therefore propose that the licence conditions should only apply in respect of smart meters that comply with the technical specification. In the meantime, as in the domestic sector, the Government expects suppliers to apply the same high standards that will be encouraged under the Code to those customers with advanced meters.

(c) Customer information and advice (DD 5(b))

4. As in the domestic sector, if the benefits of smart meters are to be realised, it is essential that consumers understand why they are receiving a smart meter and how to make best use of the new technology, including how to use it to help increase energy efficiency and optimise energy use. The Government recognises that achieving this understanding will require an investment of time by both by the customer and the supplier, but it is also clear that this investment is necessary to help deliver the overall business case for the smart metering programme. The draft licence conditions therefore include requirements around the provision of information and advice to customers, including providing signposting to additional sources of advice and information about energy efficiency.

(d) Avoiding inconvenience to customers (DD 5(a))

5. As in the domestic sector, high levels of supplier access and customer satisfaction will be aided if customers are not unduly inconvenienced by the installation process. For small businesses, as for domestic customers, customer satisfaction could be influenced by the number of business visits, suppliers' standards of administration, and the professional standards of installers. In the non-domestic sector, there will additionally be a need for suppliers to ensure that, as far as possible, installations take into account customers' business processes and the need to avoid any undue interference with them. As in the domestic sector, the Government does not propose to set out detailed requirements in this area.

(e) Complaint-handling

6. Energy micro-business consumer complaints are dealt with through rules established under the Gas and Electricity (Consumer Complaints Handling Standards) Regulations 2008. Complaints about smart metering installation or operation will be dealt with under these Regulations. The Government does not propose to make bespoke arrangements in respect of smart metering.

9.	Would the licence conditions as drafted effectively underpin the policy intentions with respect to non-domestic consumers on customer information and advice and undue inconvenience?
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Annex 1

Digest of consultation questions

Consultation Question	
1.	Are the overall objectives set out in the draft licence conditions appropriate?
2.	Would the licence conditions as drafted effectively underpin: a) the intended roles of Ofgem and suppliers in establishing and reviewing Code(s) of practice for domestic and micro-business sites? b) an appropriate ongoing governance regime for the Code(s) of Practice? c) the intended arrangements for monitoring and compliance with Code(s)?
3.	Should the licence conditions underpinning a domestic Code also be applied to smart-type meters, or should the Government work with suppliers to secure voluntary application of Code provisions?
4.	Would the licence conditions as drafted effectively underpin the policy intention that the costs of the installation of smart meter systems should be reflected over time in customer's energy bills, with no upfront or one-off charges?
4.	Do you agree with our definitions of sales and marketing?
5.	Do you agree that prior written consent should be required for any face-to-face marketing or sales activity during the installation visit?
6.	Are any other measures required to protect consumers' interests in relation to sales and marketing during the installation visit
7.	Would the licence conditions as drafted and/or existing rules deliver the policy intentions on customer information and advice, vulnerable consumers, avoiding undue inconvenience and complaint-handling?
8.	Do you agree that, for the purposes of the non-domestic code, the sites to be covered should be defined as a business with no more

	than 10 employees or their full-time equivalent, an annual turnover that does not exceed €2 million, or consumes less than 50MWh of electricity a year or less than 200MWh of gas a year?
9.	Would the licence conditions as drafted effectively underpin the policy intentions with respect to non-domestic consumers on customer information and advice and undue inconvenience?

Annex 2

Electricity

Condition CC: Smart Metering Installation Code of Practice – Domestic

Customers [This condition will sit in Section B of the licence]

The Objectives and the duty to achieve them

- 1 The objectives of this Condition (the **Objectives**) are to ensure that:
 - (a) the licensee and any Representative provides and maintains a standard of service which helps to ensure that Domestic Customers' experience of the installation of Smart Metering Equipment at their premises meets their reasonable expectations;
 - (b) all activities undertaken by the licensee and any Representative in relation to the installation of Smart Metering Equipment are conducted in a fair, transparent, appropriate and professional manner;
 - (c) each Domestic Customer is given information about, and during, the installation of Smart Metering Equipment which:
 - (i) is complete and accurate;
 - (ii) does not mislead that Domestic Customer; and
 - (iii) informs that Domestic Customer about the benefits of the Smart Metering Equipment and about what to expect in relation to the installation process; and
 - (d) Domestic Customers are not subject to unwelcome sales or face-to-face marketing activities during any visit to their premises for the purposes of installing Smart Metering Equipment.
- 2 The licensee shall take all reasonable steps:
 - (a) to secure the achievement of the Objectives; and
 - (b) to avoid doing anything which jeopardises its ability to achieve the Objectives.

The Domestic Installation Code

3 The steps that the licensee must take to secure the achievement of the Objectives include, without limitation, taking such steps and doing such things as are within its power to:

- (a) together with all other licensed electricity and gas suppliers of Domestic Premises; and
- (b) by no later than one month after this Condition takes effect (or such later date as the Authority may direct) (the **relevant period**),

prepare and submit for approval to the Authority a document to be known as the Domestic Installation Code of Practice (**Domestic Installation Code**).

4 If:

- (a) the licensee, together with all other licensed electricity and gas suppliers of Domestic Premises, does not submit a Domestic Installation Code to the Authority within the relevant period; or
- (b) the Authority does not approve the Domestic Installation Code submitted to it,

the Authority may designate a Domestic Installation Code which shall apply for the purposes of this Condition.

Content of the Domestic Installation Code

5 The Domestic Installation Code must include provisions which set minimum standards of service for the installation, and activities relating to the installation, of Smart Metering Equipment at Domestic Premises.

6 The Domestic Installation Code must include provisions which ensure that any costs that the licensee seeks to recover from Customers in relation to:

- (a) the design, installation or operation of Smart Metering Equipment at Domestic Premises;
- (b) the modification or reconfiguration of Smart Metering Equipment at Domestic Premises in accordance with the duty at paragraph 9(b) of Condition AA; or
- (c) the provision of a replacement In-Home Display at Domestic Premises in accordance with the duty at paragraph 8(b) or paragraph 9 of Condition BB,

may be recovered from a Domestic Customer only in the circumstances described in either paragraph 7 or 8.

- 7 The circumstances described in this paragraph are that costs are borne by the licensee's Domestic Customers generally as an increment of charges for electricity supplied to them.
- 8 The circumstances described in this paragraph are that:
- (a) the Smart Metering Equipment installed at Domestic Premises exceeds the minimum requirements of the SME or IHD Technical Specification ('enhanced equipment');
 - (b) the Domestic Customer at the premises has first been given the option of having installed at his premises Smart Metering Equipment which is in conformity with but does not exceed the minimum requirements of the Technical Specification; and
 - (c) the Domestic Customer has, prior to the Smart Metering Equipment being installed, expressly requested the installation of enhanced equipment.
- 9 The Domestic Installation Code must make provision relating to the establishment and implementation of practices, procedures and arrangements by which the licensee and its Representatives will:
- (a) ensure that any Marketing:
 - (i) is not undertaken during a visit to install Smart Metering Equipment without the consent of the Domestic Customer which is given in advance of the date of the installation visit and in Writing; and
 - (ii) ceases immediately upon any request from the Domestic Customer or any member of his household;
 - (b) take all reasonable steps to ensure that no undue inconvenience is caused to Domestic Customers or other occupants of Domestic Premises as a result of any visit made to Domestic Premises for the purposes of installing Smart Metering Equipment;
 - (c) provide for Domestic Customers to be given clear and accurate information and advice about:
 - (i) the installation, purpose, features and advantages of Smart Metering Equipment;
 - (ii) the use of Smart Metering Equipment, including such information as will enable Domestic Customers to make informed judgments about the way in which they can improve the efficiency with which they use the electricity and/or gas supplied to them; and

- (iii) sources from which Domestic Customers may obtain additional information or assistance about improving the efficiency with which they use the electricity and/or gas supplied to them;
 - (d) identify and meet the needs of specific Domestic Customer groups – including in particular Domestic Customers (or occupants of the Domestic Premises) who are of Pensionable Age, disabled or chronically sick - in relation to the installation (and provision of information relating to the installation) of Smart Metering Equipment; and
 - (e) notify Domestic Customers of the Domestic Installation Code, of the provisions set out in it and of the licensee’s obligations under it.
- 10 The Domestic Installation Code may make further provision in relation to any matters that are designed to secure the achievement of the Objectives.
- 11 The Domestic Installation Code must set out procedures for its review and revision which shall, as a minimum, provide for:
 - (a) the making of proposals by:
 - (i) the licensee and any other licensed gas or electricity supplier of Domestic Premises; and
 - (ii) the National Consumer Council,for revisions to the Domestic Installation Code;
 - (b) a requirement to obtain the approval of the Authority to proposed revisions to the Domestic Installation Code; and
 - (c) the Authority:
 - (i) at any time to require the licensee, together with all other licensed gas and electricity suppliers of Domestic Premises, to review such features of the Domestic Installation Code as it may specify (‘the specified features’);
 - (ii) following such a review, to issue a direction requiring the licensee and all other licensed gas and electricity suppliers of Domestic Premises to make such modifications to any of the specified features as it may direct.

Consultation on the Domestic Installation Code

- 12 The licensee must:
 - (a) before submitting the Domestic Installation Code or any proposed revisions to it to

the Authority for its approval; and

- (b) in carrying out any review of the Domestic Installation Code,

consult with, and consider any representations made by, the National Consumer Council and any other person or body likely to be affected.

Compliance with the Domestic Installation Code

- 13 The licensee must take such steps and do such things as are within its power to comply with the Domestic Installation Code approved or designated (as the case may be) by the Authority.
- 14 The licensee must maintain a record of its performance against and compliance with the requirements of the Domestic Installation Code.

Review of the Domestic Installation Code

- 15 The licensee must from time to time:
- (a) take steps to obtain the views of Domestic Customers about the licensee's and its Representatives' activities and conduct relating to the installation of Smart Metering Equipment; and
- (b) together with all other licensed gas and electricity suppliers of Domestic Premises, review the Domestic Installation Code and the manner in which it has been operated with a view to determining whether any revisions should be made to it.
- 16 Where, within 30 days of the licensee submitting to the Authority the proposed revisions to the Domestic Installation Code, the Authority has not given:
- (a) its approval in Writing to the proposed revisions;
- (b) Notice to the licensee that it is withholding approval; or
- (c) Notice to the licensee that it is unable to reach a decision on whether to approve or withhold approval within the 30 day period and that it will do so by such later date as is specified in the Notice,

the proposed revisions submitted to the Authority shall be treated as having been approved by the Authority and incorporated into the Domestic Installation Code.

- 17 As soon as practicable following the Authority's approval or designation of the Domestic Installation Code (including following any revision to it), the licensee must take steps to ensure that an up-to-date copy of the approved or designated (as the case may be)

Domestic Installation Code is:

- (a) sent to the Authority and the National Consumer Council;
- (b) made readily accessible, including by being published on and made readily accessible from its Website (if it has one); and
- (c) given free of charge to any person who requests it.

Interpretation and Definitions

14 In this Condition, any reference to Smart Metering Equipment shall be read as incorporating a reference:

- (a) to any part of that equipment; and
- (b) to an In-Home Display.

15 In this condition, any reference to 'installation' shall be read, in the context of an In-Home Display, as incorporating a reference to the provision of that In-Home Display, and the words 'install' and 'installed' shall be construed accordingly.

16 For the purposes of this Condition:

Marketing

means any activities of the licensee that:

- (a) take place with the simultaneous physical presence of (i) the licensee or any Representative and (ii) a Domestic Customer or any member of his household;
- (b) entail verbal communication with the Domestic Customer or any member of his household for the purposes of promoting any goods or services to them,

and includes the activity of entering into or agreeing to vary the terms of contracts with any such person for the sale of any goods and services;

and for these purposes 'goods and services' shall be read as including (without limitation) the supply of electricity under a Domestic Supply Contract and the supply of gas under a 'Domestic Supply Contract' as defined in

standard condition 1 of a Gas Supply Licence.

Condition DD: Smart Metering Installation Code of Practice – Micro Business

Consumers

The Objectives and the duty to achieve them

- 1 The objectives of this Condition (the **Objectives**) are to ensure that:
 - (a) the licensee and any Representative provides and maintains a standard of service which helps to ensure that Micro Business Consumers' experience of the installation of Smart Metering Equipment at their premises meets their reasonable expectations;
 - (b) all activities undertaken by the licensee and any Representative in relation to the installation of Smart Metering Equipment are conducted in a fair, transparent, appropriate and professional manner; and
 - (c) each Micro Business Consumer is provided with information about, or during, the installation of Smart Metering Equipment which:
 - (i) is complete and accurate;
 - (ii) does not mislead that Micro Business Consumer; and
 - (iii) informs that Micro Business Consumer about the benefits of the Smart Metering Equipment and about what to expect in relation to the installation process.

- 2 The licensee shall take all reasonable steps:
 - (a) to secure the achievement of the Objectives; and
 - (b) to avoid doing anything which jeopardises its ability to achieve the Objectives.

The Installation Code

- 3 The steps that the licensee must take to secure the achievement of the Objectives include, without limitation, taking such steps and doing such things as are within its power to:
 - (a) together with all other licensed electricity and gas suppliers; and
 - (b) by no later than one month after this Condition takes effect (or such later date as the Authority may direct) (the **relevant period**),

prepare and submit for approval to the Authority a document to be known as the Installation Code of Practice (**Installation Code**).

- 4 If:
- (a) the licensee, together with all other licensed electricity and gas suppliers, does not submit an Installation Code to the Authority within the relevant period; or
 - (b) the Authority does not approve the Installation Code submitted to it,

the Authority may designate an Installation Code which shall apply for the purposes of this Condition.

Content of the Installation Code

- 5 The Installation Code must make provision relating to the establishment and implementation of practices, procedures and arrangements by which the licensee and its Representatives will:
- (a) take reasonable steps to ensure that no undue inconvenience is caused to Micro Business Consumers as a result of any visit made to their premises for the purposes of installing a Smart Metering Equipment; and
 - (b) provide for Micro Business Consumers to be given clear and accurate information and advice about:
 - (i) the installation, purpose, features and advantages of Smart Metering Equipment;
 - (ii) the use of Smart Metering Equipment, including such information as will enable Micro Business Consumers to make informed judgments about the way in which they can improve the efficiency with which they use the electricity and/or gas supplied to them; and
 - (iii) sources from which Micro Business Consumers may obtain additional information or assistance about improving the efficiency with which they use the electricity and/or gas supplied to them.
- 6 The Installation Code may make further provision in relation to any matters that are designed to secure the achievement of the Objectives.
- 7 The Installation Code must set out procedures for its review and revision which shall, as a minimum, provide for:
- (a) the making of proposals by:
 - (i) the licensee and any other licensed gas or electricity supplier; and
 - (ii) the National Consumer Council,

for revisions to the Installation Code;

- (b) a requirement to obtain the approval of the Authority to proposed revisions to the Installation Code; and
- (c) the Authority:
 - (i) at any time to require the licensee, together with all other licensed gas and electricity suppliers of Domestic Premises, to review such features of the Installation Code as it may specify ('the specified features');
 - (ii) following such a review, to issue a direction requiring the licensee and all other licensed gas and electricity suppliers of Domestic Premises to make such modifications to any of the specified features as it may direct.

Consultation on the Installation Code

8 The licensee must:

- (a) before submitting the Installation Code or any proposed revisions to it to the Authority for its approval; and
- (b) in carrying out any review of the Installation Code,

consult with, and consider any representations made by, the National Consumer Council and any other person or body likely to be affected.

Compliance with the Installation Code

9 The licensee must take such steps and do such things as are within its power to comply with the Installation Code approved or designated (as the case may be) by the Authority.

10 The licensee must maintain a record of its performance against and compliance with the requirements of the Installation Code.

Review of the Installation Code

11 The licensee must from time to time:

- (a) take steps to obtain the views of Micro Business Consumers about the licensee's and its Representatives' activities and conduct relating to the installation of Smart Metering Equipment; and
- (b) together with all other licensed gas and electricity suppliers, review the Installation Code and the manner in which it has been operated with a view to determining

whether any revisions should be made to it.

12 Where, within 30 days of the licensee submitting to the Authority the proposed revisions to the Installation Code, the Authority has not given:

- (a) its approval in Writing to the proposed revisions;
- (b) Notice to the licensee that it is withholding approval; or
- (c) Notice to the licensee that it is unable to reach a decision on whether to approve or withhold approval within the 30 day period and that it will do so by such later date as is specified in the Notice,

the proposed revisions submitted to the Authority shall be treated as having been approved by the Authority and incorporated into the Installation Code.

13 As soon as practicable following the Authority's approval or designation of the Installation Code (including following any revision to it), the licensee must take steps to ensure that an up-to-date copy of the approved or designated (as the case may be) Installation Code is:

- (a) sent to the Authority and the National Consumer Council;
- (b) made readily accessible, including by being published on and made readily accessible from its Website (if it has one); and
- (c) given free of charge to any person who requests it.

Interpretation and Definitions

14 In this Condition, any reference to Smart Metering Equipment shall be read as incorporating a reference to any part of that equipment.

15 For the purpose of this Condition:

Micro Business Consumer	has the meaning given to it in Standard Condition 7A.
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Gas

Condition CC: Smart Metering Installation Code of Practice – Domestic Customers [This condition will sit in Section B of the licence]

The Objectives and the duty to achieve them

- 1 The objectives of this Condition (the **Objectives**) are to ensure that:
 - (a) the licensee and any Representative provides and maintains a standard of service which helps to ensure that Domestic Customers' experience of the installation of Smart Metering Equipment at their premises meets their reasonable expectations;
 - (b) all activities undertaken by the licensee and any Representative in relation to the installation of Smart Metering Equipment are conducted in a fair, transparent, appropriate and professional manner;
 - (c) each Domestic Customer is given information about, and during, the installation of Smart Metering Equipment which:
 - (i) is complete and accurate;
 - (ii) does not mislead that Domestic Customer; and
 - (iii) informs that Domestic Customer about the benefits of the Smart Metering Equipment and about what to expect in relation to the installation process; and
 - (d) Domestic Customers are not subject to unwelcome sales or face-to-face marketing activities during any visit to their premises for the purposes of installing Smart Metering Equipment.
- 2 The licensee shall take all reasonable steps:
 - (a) to secure the achievement of the Objectives; and
 - (b) to avoid doing anything which jeopardises its ability to achieve the Objectives.

The Domestic Installation Code

- 3 The steps that the licensee must take to secure the achievement of the Objectives include, without limitation, taking such steps and doing such things as are within its power to:

- (a) together with all other licensed electricity and gas suppliers of Domestic Premises; and
- (b) by no later than one month after this Condition takes effect (or such later date as the Authority may direct) (the **relevant period**),

prepare and submit for approval to the Authority a document to be known as the Domestic Installation Code of Practice (**Domestic Installation Code**).

4 If:

- (a) the licensee, together with all other licensed electricity and gas suppliers of Domestic Premises, does not submit a Domestic Installation Code to the Authority within the relevant period; or
- (b) the Authority does not approve the Domestic Installation Code submitted to it,

the Authority may designate a Domestic Installation Code which shall apply for the purposes of this Condition.

Content of the Domestic Installation Code

5 The Domestic Installation Code must include provisions which set minimum standards of service for the installation, and activities relating to the installation, of Smart Metering Equipment at Domestic Premises.

6 The Domestic Installation Code must include provisions which ensure that any costs that the licensee seeks to recover from Customers in relation to:

- (a) the design, installation or operation of Smart Metering Equipment at Domestic Premises;
- (b) the modification or reconfiguration of Smart Metering Equipment at Domestic Premises in accordance with the duty at paragraph 9(b) of Condition AA; or
- (c) the provision of a replacement In-Home Display at Domestic Premises in accordance with the duty at paragraph 8(b) or paragraph 9 of Condition BB,

may be recovered from a Domestic Customer only in the circumstances described in either paragraph 7 or 8.

7 The circumstances described in this paragraph are that costs are borne by the licensee's Domestic Customers generally as an increment of charges for electricity supplied to them.

8 The circumstances described in this paragraph are that:

- (a) the Smart Metering Equipment installed at Domestic Premises exceeds the minimum requirements of the SME or IHD Technical Specification ('enhanced equipment');
- (b) the Domestic Customer at the premises has first been given the option of having installed at his premises Smart Metering Equipment which is in conformity with but does not exceed the minimum requirements of the Technical Specification; and
- (c) the Domestic Customer has, prior to the Smart Metering Equipment being installed, expressly requested the installation of enhanced equipment.

9 The Domestic Installation Code must make provision relating to the establishment and implementation of practices, procedures and arrangements by which the licensee and its Representatives will:

- (a) ensure that any Marketing:
 - (i) is not undertaken during a visit to install Smart Metering Equipment without the consent of the Domestic Customer which is given in advance of the date of the installation visit and in Writing; and
 - (ii) ceases immediately upon any request from the Domestic Customer or any member of his household;
- (b) take all reasonable steps to ensure that no undue inconvenience is caused to Domestic Customers or other occupants of Domestic Premises as a result of any visit made to Domestic Premises for the purposes of installing Smart Metering Equipment;
- (c) provide for Domestic Customers to be given clear and accurate information and advice about:
 - (i) the installation, purpose, features and advantages of Smart Metering Equipment;
 - (ii) the use of Smart Metering Equipment, including such information as will enable Domestic Customers to make informed judgments about the way in which they can improve the efficiency with which they use the electricity and/or gas supplied to them; and
 - (iii) sources from which Domestic Customers may obtain additional information or assistance about improving the efficiency with which they use the electricity and/or gas supplied to them;
- (d) identify and meet the needs of specific Domestic Customer groups – including in particular Domestic Customers (or occupants of the Domestic Premises) who are of

Pensionable Age, disabled or chronically sick - in relation to the installation (and provision of information relating to the installation) of Smart Metering Equipment; and

- (e) notify Domestic Customers of the Domestic Installation Code, of the provisions set out in it and of the licensee's obligations under it.
- 10 The Domestic Installation Code may make further provision in relation to any matters that are designed to secure the achievement of the Objectives.
- 11 The Domestic Installation Code must set out procedures for its review and revision which shall, as a minimum, provide for:
- (a) the making of proposals by:
 - (i) the licensee and any other licensed gas or electricity supplier of Domestic Premises; and
 - (ii) the National Consumer Council,for revisions to the Domestic Installation Code;
 - (b) a requirement to obtain the approval of the Authority to proposed revisions to the Domestic Installation Code; and
 - (c) the Authority:
 - (i) at any time to require the licensee, together with all other licensed gas and electricity suppliers of Domestic Premises, to review such features of the Domestic Installation Code as it may specify ('the specified features');
 - (ii) following such a review, to issue a direction requiring the licensee and all other licensed gas and electricity suppliers of Domestic Premises to make such modifications to any of the specified features as it may direct.

Consultation on the Domestic Installation Code

- 12 The licensee must:
- (a) before submitting the Domestic Installation Code or any proposed revisions to it to the Authority for its approval; and
 - (b) in carrying out any review of the Domestic Installation Code,
- consult with, and consider any representations made by, the National Consumer Council and any other person or body likely to be affected.

Compliance with the Domestic Installation Code

- 13 The licensee must take such steps and do such things as are within its power to comply with the Domestic Installation Code approved or designated (as the case may be) by the Authority.
- 14 The licensee must maintain a record of its performance against and compliance with the requirements of the Domestic Installation Code.

Review of the Domestic Installation Code

- 15 The licensee must from time to time:
- (a) take steps to obtain the views of Domestic Customers about the licensee's and its Representatives' activities and conduct relating to the installation of Smart Metering Equipment; and
 - (b) together with all other licensed gas and electricity suppliers of Domestic Premises, review the Domestic Installation Code and the manner in which it has been operated with a view to determining whether any revisions should be made to it.
- 16 Where, within 30 days of the licensee submitting to the Authority the proposed revisions to the Domestic Installation Code, the Authority has not given:
- (a) its approval in Writing to the proposed revisions;
 - (b) Notice to the licensee that it is withholding approval; or
 - (c) Notice to the licensee that it is unable to reach a decision on whether to approve or withhold approval within the 30 day period and that it will do so by such later date as is specified in the Notice,

the proposed revisions submitted to the Authority shall be treated as having been approved by the Authority and incorporated into the Domestic Installation Code.

- 17 As soon as practicable following the Authority's approval or designation of the Domestic Installation Code (including following any revision to it), the licensee must take steps to ensure that an up-to-date copy of the approved or designated (as the case may be) Domestic Installation Code is:
- (a) sent to the Authority and the National Consumer Council;
 - (b) made readily accessible, including by being published on and made readily accessible from its Website (if it has one); and

- (c) given free of charge to any person who requests it.

Interpretation and Definitions

18 In this Condition, any reference to Smart Metering Equipment shall be read as incorporating a reference:

- (a) to any part of that equipment; and
- (b) to an In-Home Display.

19 In this condition, any reference to 'installation' shall be read, in the context of an In-Home Display, as incorporating a reference to the provision of that In-Home Display, and the words 'install' and 'installed' shall be construed accordingly.

20 For the purposes of this Condition:

Marketing

means any activities of the licensee that:

- (c) take place with the simultaneous physical presence of (i) the licensee or any Representative and (ii) a Domestic Customer or any member of his household;
- (d) entail verbal communication with the Domestic Customer or any member of his household for the purposes of promoting any goods or services to them,

and includes the activity of entering into or agreeing to vary the terms of contracts with any such person for the sale of any goods and services;

and for these purposes 'goods and services' shall be read as including (without limitation) the supply of gas under a Domestic Supply Contract and the supply of electricity under a Domestic Supply Contract as defined in standard condition 1 of an Electricity Supply Licence.

Condition DD: Smart Metering Installation Code of Practice – Micro Business

Consumers

The Objectives and the duty to achieve them

- 1 The objectives of this Condition (the **Objectives**) are to ensure that:
 - (a) the licensee and any Representative provides and maintains a standard of service which helps to ensure that Micro Business Consumers' experience of the installation of Smart Metering Equipment at their premises meets their reasonable expectations;
 - (b) all activities undertaken by the licensee and any Representative in relation to the installation of Smart Metering Equipment are conducted in a fair, transparent, appropriate and professional manner; and
 - (c) each Micro Business Consumer is provided with information about, or during, the installation of Smart Metering Equipment which:
 - (i) is complete and accurate;
 - (ii) does not mislead that Micro Business Consumer; and
 - (iii) informs that Micro Business Consumer about the benefits of the Smart Metering Equipment and about what to expect in relation to the installation process.

- 2 The licensee shall take all reasonable steps:
 - (a) to secure the achievement of the Objectives; and
 - (b) to avoid doing anything which jeopardises its ability to achieve the Objectives.

The Installation Code

- 3 The steps that the licensee must take to secure the achievement of the Objectives include, without limitation, taking such steps and doing such things as are within its power to:
 - (a) together with all other licensed electricity and gas suppliers; and
 - (b) by no later than one month after this Condition takes effect (or such later date as the Authority may direct) (the **relevant period**),

prepare and submit for approval to the Authority a document to be known as the Installation Code of Practice (**Installation Code**).

- 4 If:
- (a) the licensee, together with all other licensed electricity and gas suppliers, does not submit an Installation Code to the Authority within the relevant period; or

- (b) the Authority does not approve the Installation Code submitted to it,

the Authority may designate an Installation Code which shall apply for the purposes of this Condition.

Content of the Installation Code

- 5 The Installation Code must make provision relating to the establishment and implementation of practices, procedures and arrangements by which the licensee and its Representatives will:

- (a) take reasonable steps to ensure that no undue inconvenience is caused to Micro Business Consumers as a result of any visit made to their premises for the purposes of installing a Smart Metering Equipment; and

- (b) provide for Micro Business Consumers to be given clear and accurate information and advice about:

- (i) the installation, purpose, features and advantages of Smart Metering Equipment;

- (ii) the use of Smart Metering Equipment, including such information as will enable Micro Business Consumers to make informed judgments about the way in which they can improve the efficiency with which they use the electricity and/or gas supplied to them; and

- (iii) sources from which Micro Business Consumers may obtain additional information or assistance about improving the efficiency with which they use the electricity and/or gas supplied to them.

- 6 The Installation Code may make further provision in relation to any matters that are designed to secure the achievement of the Objectives.

- 7 The Installation Code must set out procedures for its review and revision which shall, as a minimum, provide for:

- (a) the making of proposals by:

- (i) the licensee and any other licensed gas or electricity supplier; and

- (ii) the National Consumer Council,

for revisions to the Installation Code;

- (b) a requirement to obtain the approval of the Authority to proposed revisions to the Installation Code; and
- (c) the Authority:
 - (i) at any time to require the licensee, together with all other licensed gas and electricity suppliers of Domestic Premises, to review such features of the Installation Code as it may specify ('the specified features');
 - (ii) following such a review, to issue a direction requiring the licensee and all other licensed gas and electricity suppliers of Domestic Premises to make such modifications to any of the specified features as it may direct.

Consultation on the Installation Code

8 The licensee must:

- (a) before submitting the Installation Code or any proposed revisions to it to the Authority for its approval; and
- (b) in carrying out any review of the Installation Code,

consult with, and consider any representations made by, the National Consumer Council and any other person or body likely to be affected.

Compliance with the Installation Code

9 The licensee must take such steps and do such things as are within its power to comply with the Installation Code approved or designated (as the case may be) by the Authority.

10 The licensee must maintain a record of its performance against and compliance with the requirements of the Installation Code.

Review of the Installation Code

11 The licensee must from time to time:

- (a) take steps to obtain the views of Micro Business Consumers about the licensee's and its Representatives' activities and conduct relating to the installation of Smart Metering Equipment; and
- (b) together with all other licensed gas and electricity suppliers, review the Installation Code and the manner in which it has been operated with a view to determining

whether any revisions should be made to it.

12 Where, within 30 days of the licensee submitting to the Authority the proposed revisions to the Installation Code, the Authority has not given:

- (a) its approval in Writing to the proposed revisions;
- (b) Notice to the licensee that it is withholding approval; or
- (c) Notice to the licensee that it is unable to reach a decision on whether to approve or withhold approval within the 30 day period and that it will do so by such later date as is specified in the Notice,

the proposed revisions submitted to the Authority shall be treated as having been approved by the Authority and incorporated into the Installation Code.

13 As soon as practicable following the Authority's approval or designation of the Installation Code (including following any revision to it), the licensee must take steps to ensure that an up-to-date copy of the approved or designated (as the case may be) Installation Code is:

- (a) sent to the Authority and the National Consumer Council;
- (b) made readily accessible, including by being published on and made readily accessible from its Website (if it has one); and
- (c) given free of charge to any person who requests it.

Interpretation and Definitions

14 In this Condition, any reference to Smart Metering Equipment shall be read as incorporating a reference to any part of that equipment.

15 For the purpose of this Condition:

Micro Business Consumer	has the meaning given to it in Standard Condition 7A.
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