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

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Consultation Response – Smart Meter Installation Code of Practice

RWE npower is pleased to have the opportunity to respond to this consultation. Our answers are attached, and we would like here to make some high level points;

The SMICOP – we have participated throughout with the Energy Retail Association in the construction of the SMICOP and endorse it fully.

Period of jurisdiction – The safeguards required in Foundation, Mass Rollout, and the tail of the programme are quite different. Accordingly we believe that, as originally envisaged by the ERA and its members, the SMICOP as it is currently drafted should be enforced by licence only for the Mass Rollout period following DCC go-live, and thereby have a sunset clause. It can be revisited in the run-up to the sunset date. Prior to mass rollout, then SMICOP with certain clauses omitted could apply.

Sales in the Foundation stage – There is a balance between making effective use of all consumer touchpoints to stimulate taking measures to reduce energy costs, and reducing the risk of programme stalling from a backlash from inappropriate activity at the home. At this point in the programme we believe that caution should prevail and that sales should be precluded at the installation visits.

This response is not confidential

Yours sincerely

[redacted]

RWE npower

Trigonos
Windmill Hill Business Park
Whitehill Way
Swindon
Wiltshire SN5 6PB

[redacted]

www.rwenpower.com

Registered office:
RWE Npower plc
Windmill Hill Business Park
Whitehill Way
Swindon
Wiltshire SN5 6PB

Registered in England
and Wales no. 3892782

Q1 - Are the overall objectives set out in the draft licence conditions appropriate?

Only during Mass Rollout post DCC go-live, however we support voluntary compliance during Foundation as promoted by ERA

SMICOP compliance - We believe that the objective should be on Suppliers to abide by the SMICOP itself and therefore that compliance with SMICOP assures compliance with the licence condition. As it stands there is room for ambiguity, so that a supplier who observes the SMICOP could find themselves non compliant on some other aspect relating to installation.

Programme tail - Licence should apply until the end of planned rollout including all customers in the 'programme tail' and then the Regulator in conjunction with Industry should review SMICOP in the light of the lessons learned during the SMIP and also based on the needs an Smart enabled customers in 2019.

Sunset clause - There should be a "sunset clause" or an objective in the licence to ensure a review of the SMICOP to ensure that it is fit for purpose for the Enduring Smart Landscape after Mass Rollout has completed. This will allow changes to be made if required to address any Supplier 'Business as Usual' issues as opposed to those encountered during the Legacy to Smart Installation. We believe that five years after DCC go-live would be a sensible date for the sunset of the licence condition. The code itself can adapt at that time.

Q2 - 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?

Broadly yes – but different codes may be required for domestic and microbusiness

Domestic customers - We broadly support the roles outlined

Microbusinesses – SMICOP should apply with some clauses omitted, for example provision of IHD is not mandated so no training required during installation visit.

Consumer needs – The needs of microbusiness consumers are quite different to domestic consumers, the protection requirement differs markedly, and the installation visit causes a different kind of disruption. This may merit a separate code. However, the code is very detailed, and maintenance of two consistent codes would be cumbersome. It is likely that in later versions of the SMICOP that distinction between domestic and microbusiness will be drawn on specific items, for example no IHD mandated for microbusiness

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

Yes

As the governance regime is indicated, we broadly support it and reserve a detailed opinion according to greater definition as it appears.

Evolution - It may be that as well as the evolution of the code, that the governance framework may need to evolve

Change control – This is one of the areas in which we expect that greater definition will appear – for example who can raise modifications, and the approvals and appeals process.

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

Yes

We support in principle, as the monitoring arrangements are indicated, and reserve a detailed opinion according to greater definition as it appears. As a general rule, we believe that clarity for suppliers is more effective than loosely worded compliance requirements that are subject to wide (unfettered) discretion on the part of the regulator.

Publication of monitoring results – We expect that results monitored will be published in summary, and thence opined on.

We feel that the wording of 'actively publicising' in section 8.6.1 is ambiguous. If publishing this information on the company website meets this then we support, as this will mirror our current approach to publicising the Billing Code of Practice, but if this can be used to suggest we should be carrying out additional, time consuming activities at cost then we would be less supportive. Perhaps the wording should be changed to something like 'will take reasonable steps…'

Q3- 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?

Yes- We support the code being applied to Smart-type meters

Period – Smart-type meters may not be installed after DCC go-live (other than for agreed meter variants) and hence a code would apply to these meters only in Foundation.

Broadly speaking, we would expect the installation of smart-type meters to be subject to the same requirements as meters known/expected to be compliant. The main customer facing issue relates to second installation, i.e. that of a smart meter. Depending on the customer type, this could be early after go-live or as late as 2019. Hence the main issue with smart-type meters is not the installation per se. We see no reason for an exemption/derogation for smart type meters.

Since we expect code observation to be voluntary in Foundation, we would hope and expect that any supplier installing smart-type meters voluntarily accedes to and complies with the code.

Differences for smart-type installations during Foundation - The key elements of the SMICOP for which smart-type installations may need to be omitted during the Foundation are; i) publication of results, as this phase of the programme has always been viewed as a testing and trialling period, ii) offering of the full set of energy

efficiency advice on installation as the content and scope of what DECC wishes Suppliers to offer may not be ready until the start of mass rollout.

Q4 (1)- Would the licence conditions as drafted effectively underpin the policy intention that the costs of the installation of smart meter systems should be reflected over time in customer's energy bills, with no upfront or one-off charges?

Yes

Exceptions- There will be circumstances during the pre-installation appointment process where the customer requests additional work to be carried out (at their their expense) on the day of the installation which is over and above what is required to complete the Smart System installation. For example, re-site of a meter, we would expect to be able to comply with this customer driven request without being in breach of licence.

Legacy issues – The smart meter installation will sweep up the numerous legacy issues with customer meters. Whilst we understand the policy intent to socialise the remedial costs, there will be circumstances where these may require customer charges. Examples might be where the customer has blocked access to the meter, for example, built into kitchen units. The experience of our Smart Metering trial installations is that 28% of aborted installations were because the customer had 'impaired access to the meter' on either a temporary or permanent basis.

In home configuration – We believe that where a customer requests a configuration (e.g. location of meter, IHD, or communications device) that does not fit the standard solution for the home, that this cost should not always be socialised, and that consumers should generally have a degree of choice in configuration, provided that functionality is not compromised. To provide this choice requires the ability of the supplier to charge. This facility exists for traditional metering.

Q4(2) Do you agree with our definitions of sales and marketing?

No

The common use of these terms does lend itself to broad definition, with one end of the spectrum (sales) reflecting consumer commitment to contract, and the other end (marketing) being the promotion of awareness of a brand and/or product or product range. A definition that is precise enough to enforce against is more elusive, and the use of the terms in the document could not be directly adopted in a precise and consistent definition. We believe that the terminology in SMICOP itself is sufficient clear and unambiguous.

Since it is our view that at this point that sales (i.e. commitment by the consumer) should be precluded and that some marketing (leave behind literature) should be allowed, then these definitions are important.

Advice – Whilst it is clear that advice cannot include sales, the degree to which marketing should be precluded will need careful definition. For example, it may appropriate to advise that generic measures (e.g. insulation) may be suitable, it may not be appropriate to give partial advice that is oriented to the product/service base of the supplier (or their agent). Similarly whilst we believe that "leave behind" literature

may be helpful, the policing of the bridging action between advice and the provision of branded product literature will require careful description.

Marketing – Marketing itself is subject to a range of definitions. We support the definition as documented in the SMICOP itself. We believe that "leave behind" literature does not constitute marketing, but that pro-active material conversation about prospective actions or purchases does constitute marketing if connected to branded literature.

For this phase of the programme, we have committed to no selling at the installation visit.

Q5- Do you agree that prior written consent should be required for any face-to-face marketing or sales activity during the installation visit?

Consent yes, but not necessarily written

The medium in which the customer can provide deemed consent has been the matter of some debate. As a result of this debate, it is our view that what is important is that consent is made and that the consent can be evidenced. We do not believe that extra barriers, such as writing, should be placed in front of the consumer. At the same time, we recognise that the relaxation from written consent contains risks. For example the standard format that is easy in written consent is less easy in verbal consent and may require a formal script that may be lengthy. Whilst it is quite possible following the verbal consent, to send to the consumer a consent form which does not need signing, we believe that such an approach is likely to be cumbersome, confusing, and very limited in its addition of consumer protection (as the consent is already recorded).

Q6 - Are any other measures required to protect consumers' interests in relation to sales and marketing during the installation visit

No

We are supportive of the requirement to restrict sales and marketing activity as part of the initial smart installation visit. Compliance with the SMICOP should be adequate to provide reassurance to customers and to engender the consumer confidence and trust that will ensure the successful rollout of smart meters to all customers. We do not believe that any other measures are required. In addition, as per our response to question 1, we believe that the restriction should be relaxed in respect of any visit other than the initial smart metering installation. A licence obligation to comply with the SMICOP, under appropriate governance, will facilitate more effectively any amendments that may be required to the code.

Q7 - 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?

Yes, broadly

Terminology – we have general reservations about terminology that allows unfettered discretion in enforcement and insufficient guidance to remove ambiguity for suppliers. We therefore believe that guidance from the regulator should be provided regarding circumstances of undue convenience, as we strongly believe that current obligations

such as GSOS payments for missed appointments serve to protect the customer. Additional obligations would effectively represent double jeopardy for Suppliers.

Undue inconvenience – we believe that emphasis on the positives rather than the negatives would be preferable, for example “Suppliers should use reasonable endeavours to achieve a successful installation”

Complaints – As noted in SMICOP, we believe that the CEAR Act contains sufficient definition for complaint handling, and that any further definition should be to contextualise the CEAR in the setting of smart meter installation and not to extend it.

Definition of vulnerable – We support the definition of vulnerable in SMICOP, which is the same as the one successfully applied in the disconnection safety net of the Energy Retail Association. This allows case by case definition. There exist various definitions and there is no agreement amongst consumer advocates and other stakeholders. Taking the broadest definition that would encompass the definitions of all stakeholders would define a high proportion (of the order of half) of households to be vulnerable. Such as definition would drive a one size fits all service and undermine the efforts of suppliers to help the most vulnerable, who need the support most. We recognise that there are data capture issues (identifying the customers) and data protection issues (storing information without consent in order to help the customer, whilst quite clearly using the information only for the express purpose of assistance).

The Priority Service Registers – This register have the primary function of identifying consumers who may need assistance when there is a disruption event (e.g. gas isolation). Suppliers and distribution networks build these in ad hoc ways, use them for different purposes, and do not share them. Whilst a national PSR may have some merits, we do not advocate wider use of PSRs without a significant rethink.

Priority Group/ Super Priority Group – Whilst the eligibility is quite clear, and there is a reasonable mapping between PG/SPG and vulnerability, suppliers are precluded in the interpretation of the Data Protection Act from accessing SP/SPG data directly.

Q8 -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?

No

For the purposes of Non-domestic customers, we believe that consumption levels that are consistent with the 2008 Redress order defining MicroBusinesses are sufficient.

This is on the basis that the volume of consumption will dictate the profile classes and therefore the type of metering arrangements and the mandate for Smart metering is grouped by metering type of profile class.

Q9 - Would the licence conditions as drafted effectively underpin the policy intentions with respect to non-domestic consumers on customer information and advice and undue inconvenience?

Yes, broadly

Terminology – we have general reservations about terminology as outlined in our response to Question 7 with regards terminology that allows unfettered discretion in enforcement and insufficient guidance to remove ambiguity for suppliers. We therefore believe that guidance from the regulator should be provided regarding circumstances of undue convenience, as we strongly believe that current obligations such as GSOS payments for missed appointments serve to protect the customer. Additional obligations would effectively represent double jeopardy for Suppliers.

Undue inconvenience – we believe that emphasis on the positives rather than the negatives would be preferable, for example “Suppliers should use reasonable endeavours to achieve a successful installation”