

# **Licence conditions for a code of practice for the installation of smart electricity and gas meters**

## **Government response to consultation**

**April 2012**

Department of Energy and Climate Change  
3 Whitehall Place  
London  
SW1A 2AW

Telephone: 0300 060 4000  
Website: [www.decc.gov.uk](http://www.decc.gov.uk)

© Crown copyright 2012

Copyright in the typographical arrangement and design rests with the Crown.  
This publication (excluding logos) may be re-used free of charge in any format or medium provided that it is re-used accurately and not used in a misleading context. The material must be acknowledged as crown copyright and the title of the publication specified.

For further information on this publication, contact:  
Smart Metering Implementation Programme  
Department of Energy and Climate Change  
3 Whitehall Place  
London  
SW1A 2AW

Email: [smartmetering@decc.gsi.gov.uk](mailto:smartmetering@decc.gsi.gov.uk)

The response to consultation can be found on DECC's website: [www.decc.gov.uk](http://www.decc.gov.uk)

Published by the Department of Energy and Climate Change.

# Contents

<b>Summary</b> .....	<b>4</b>
<b>Chapter 1: smart meter installations and the Code of Practice</b> .....	<b>6</b>
The smart metering implementation programme .....	6
Context .....	6
Background .....	7
Conclusions .....	9
Other customer protections and activities .....	11
Next steps.....	12
<b>Chapter 2: the Government’s response to the consultation</b> .....	<b>13</b>
The structure and content of the licence condition .....	13
The meters covered by the licence conditions.....	15
Governance .....	16
Sales and marketing at the installation visit .....	17
The non-domestic market .....	20
<b>Annex 1: Consultation questions</b> .....	<b>22</b>
<b>Annex 2: List of respondents</b> .....	<b>23</b>
<b>Annex 3: Responses to the consultation</b> .....	<b>24</b>
<b>Annex 4: Licence conditions</b> .....	<b>31</b>
Electricity – domestic customers.....	31
Electricity – micro-business customers.....	39
Gas – domestic customers .....	44
Gas – micro-business customers.....	52

# Summary

This document is the Government's response to the consultation on licence conditions governing the installation of smart electricity and gas meters and, in particular, requirements underpinning a smart meter installation Code of Practice. The consultation was published on 18 August 2011 and closed on 10 November 2011.

**Chapter 1** describes the Smart Metering Implementation Programme and the background to the smart meter installation Code of Practice, and summarises the Government's final policy position.

**Chapter 2** considers the issues explored in the consultation, summarises the views of respondents and sets out the thinking behind the Government's conclusions. The key conclusions are that:

- Energy suppliers will be required, through licence conditions, to operate in line with a set of overarching objectives governing the way they interact with their domestic and micro-business customers when they install smart metering equipment. The overarching objectives are designed to ensure that the customer receives a good service throughout the installation process and knows how to use, and benefit from, the smart metering equipment.
- Suppliers will also be required, through licence conditions, to develop a smart meter installation Code of Practice, submit it to Ofgem for approval, and monitor its implementation. Developing, and working in line with, the requirements of the Code of Practice, will contribute to suppliers' compliance with the high-level objectives. Ofgem will be able to take enforcement action where suppliers are not compliant with the licence conditions.
- The process for establishing and maintaining the Code of Practice will be defined at a high level in licence conditions and, in areas that are of particular concern to the Government or consumers, more detailed requirements for the content of the Code of Practice will be specified. These include requirements: to provide energy efficiency advice related to the smart meter; not to charge domestic customers up-front for installation of standard smart metering equipment (including the in-home display); to identify and meet the needs of domestic vulnerable consumers; and on sales and marketing activities.
- We have developed our approach to sales and marketing at the installation visit, informed by responses to the consultation. Suppliers will be able to provide written marketing material without restriction, but may only carry out face-to-face marketing discussions during the visit with the prior consent of the customer. We have concluded that no sales should be allowed to be completed at the visit.
- The licence conditions will apply to smart meters that comply with the Smart Metering Equipment Technical Specification but we welcome suppliers' readiness to apply Code of Practice principles to the installation of other smart-type meters.

The Government welcomes the progress that suppliers are making in developing a Code of Practice, working through an interim steering group whose membership includes Consumer Focus. The interim steering group is aiming to produce a single Code of Practice covering both domestic and micro-business customers for submission to Ofgem for approval later in the year.

**Annex 1** lists the consultation questions, and **Annex 2** the respondents. In total, we received twenty-seven responses from consumer groups, suppliers, networks and other interested parties. **Annex 3** summarises these responses. Full copies of the non-confidential responses to the consultation are available on the DECC website: [www.decc.gov.uk](http://www.decc.gov.uk).

**Annex 4** contains the amended licence conditions, which will apply to all licensed electricity and gas suppliers. The Government expects to lay these conditions before Parliament in Summer 2012 with a view to their entering into force in late 2012.

# Chapter 1: smart meter installations and the Code of Practice

## The smart metering implementation programme

- 1.1 The Government's vision is for every home and smaller businesses in Great Britain to have smart electricity and gas meters. Domestic consumers will also be offered an In-Home Display. The roll-out of smart meters will play an important role in Britain's transition to a low-carbon economy and help us meet some of the long-term challenges we face in ensuring an affordable, secure and sustainable energy supply.
- 1.2 Consumers will have real-time information on their energy consumption to help them control energy use, save money and reduce emissions. There will be an end to estimated billing, and switching between suppliers will be smoother and faster, which will be beneficial to many customers. New products and services will be supported in a vibrant, competitive, more efficient market in energy and energy management. Suppliers will have access to accurate data for billing and to improve their customer service. They will also be able to reduce costs, for example by reducing call centre traffic, removing the need for a site visit to read meters and managing debt more efficiently. Energy networks will have better information upon which to manage and plan both current activities and the move towards smart grids, which support sustainable energy supply.
- 1.3 Smart meters will be installed over two implementation phases; the Foundation Stage and mass roll-out. During the Foundation Stage, which began in April 2011, the Government is working with industry, consumer groups and other stakeholders to ensure all the necessary groundwork is completed for mass roll-out. Mass roll-out will start in 2014 and be completed in 2019. The Foundation Stage is crucial to the successful mass roll-out of smart meters. Some consumers will receive smart meters during the Foundation Stage, as the energy companies start up their programmes in preparation for the mass roll-out. The majority of consumers will receive their smart meters during the mass roll-out.

## Context

- 1.4 Electricity and gas consumers are at the heart of the Programme. Smart meters will benefit energy consumers and, in turn, a positive consumer response to smart metering is critical to delivering the objectives of the Programme.

- 1.5 The installation visit will be an important element of the consumer experience of smart metering. A positive experience will make consumers more likely to engage with smart metering and will also help to give other consumers confidence in the installation process. Suppliers will be able to use the information they collect about customers' responses to the installation to inform their continuing approach to the roll-out.
- 1.6 One way of ensuring a positive experience is for the Government to set rules for energy suppliers around their approach to the installation process. The requirements on suppliers to provide a good standard of service and to develop a smart meter Installation Code of Practice are key elements of these rules. The Code of Practice is intended both to provide appropriate protection for consumers during the installation process and to facilitate the longer term changes in energy use that are needed to deliver programme benefits.
- 1.7 The Code of Practice will address the consumer experience throughout the smart meter installation process at both domestic and micro-business premises. It will ensure that consumers receive an appropriate standard of service, are treated fairly and transparently, and understand how they can use their smart metering equipment to improve the way in which they use energy. Satisfied, well-informed, confident consumers mean a more efficient roll-out, and one that maximises delivery of the Programme's objectives.

## Background

- 1.8 In March 2011, the Government concluded that energy suppliers should be required to develop and adhere to a licence-backed Code of Practice governing the installation of smart metering equipment<sup>1</sup>. The Code of Practice would complement, but not replicate, existing industry codes and consumer protections. This decision was followed, in August 2011, by a consultation on some outstanding policy questions and the draft licence conditions that would bring the policy into effect<sup>2</sup>. These conditions were designed to form part of the standard conditions of Supply Licences that are enforced by Ofgem, and would be made by the Secretary of State. This document responds to that consultation.
- 1.9 The aims that the Government set for the Code of Practice in March 2011 were that domestic and micro-business consumers should:
- understand what to expect from the installation prior to the visit
  - not be subjected to undue inconvenience during the installation process

<sup>1</sup> Ofgem / DECC, Response to Consultation on the Smart Metering Prospectus, March 2011. <http://www.decc.gov.uk/assets/decc/Consultations/smart-meter-imp-prospectus/1475-smart-metering-imp-response-overview.pdf>

<sup>2</sup> DECC, Licence conditions for a Code of Practice for the installation of smart electricity and gas meters: a consultation, August 2011. <http://www.decc.gov.uk/assets/decc/11/consultation/smart-metering-imp-prog/2545-smip-licence-conditions-consultation.pdf>

- understand how to use the smart meter and (for domestic consumers) 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 about their smart metering equipment or energy efficiency, and whom they may contact regarding problems
  - not be subjected to unwelcome sales activities on the day of installation (domestic consumers only);
  - not be charged upfront or one-off payments for the installation of a standard metering system and IHD (domestic consumers only)
  - if vulnerable, receive a level of service appropriate to their needs (domestic consumers only)
- 1.10 In addition, suppliers would be expected to gather and use customer feedback on the experience of the installation in a timely fashion to improve their installation processes.
- 1.11 The August 2011 consultation sought views on the proposed approach to embedding these aims in licence conditions and, in addition, on some outstanding policy issues:
- the regulation of sales and marketing activity at the smart meter installation visit
  - whether suppliers should develop a single Code of Practice to cover both domestic and micro-business premises, or whether separate Codes would be appropriate
  - whether the Code should apply to the installation of all meters with smart-type functionality, or only to those that met the obligations related to the mass roll-out of smart meters
  - the definition of the non-domestic premises that should fall within the scope of the Code of Practice
- 1.12 In parallel with DECC's consultation, the Energy Retail Association (ERA) consulted on a draft Code of Practice that it had developed with, and on behalf of, suppliers<sup>3</sup>. The Industrial and Commercial Shippers and Suppliers (ICOSS), which principally represents smaller non-domestic suppliers, subsequently consulted on a draft Code of Practice focusing on non-domestic customers<sup>4</sup>. Suppliers continue to work together through the Smart Meter Installation Code of Practice Interim Steering Group (SISG), which also includes Consumer Focus, to develop a strong, single Code for submission to Ofgem<sup>5</sup>.

<sup>3</sup> Energy Retail Association, Consultation on Smart Metering Installation Code of Practice, August 2011. <http://www.energy-retail.org.uk/resources/>

<sup>4</sup> Industrial and Commercial Shippers and Suppliers, Consultation on an Industrial and Commercial Metering Installation Code of Practice, December 2011. <http://www.icoss.org/index.php?mact=News,cntnt01,detail,0&cntnt01articleid=2&cntnt01returnid=58>

<sup>5</sup> Energy Retail Association, Smart Metering Installation Code of Practice Interim Steering Group, Terms of Reference, 2011. <http://www.energy-retail.org.uk/resources/>

## Conclusions

- 1.13 Having considered the responses to the consultation, the Government is now confirming its proposed approach to establishing the Code of Practice in some areas and has revised its approach in others. Chapter 2 sets out a fuller consideration of these issues. The Government's final position across all areas is summarised below.
- 1.14 Suppliers will be required to take all reasonable steps to operate in line with a set of overarching objectives in the way that they interact with their domestic and micro-business customers throughout the smart metering installation process. These objectives focus on: standards of conduct and service; fair and transparent behaviour; accuracy and completeness of information provided; and the avoidance of unwelcome sales and marketing activities at the installation visit. Developing, and working in line with, the requirements of the Code of Practice, will contribute to suppliers' compliance with the high-level objectives.
- 1.15 The high-level process for establishing and maintaining the Code of Practice will be defined in the licence conditions, and will include requirements that:
- suppliers collectively develop a Code of Practice covering the customer experience throughout the smart meter installation process. In developing the Code of Practice, suppliers must take into account the views of consumer groups and other interested parties.
  - suppliers submit the Code of Practice to Ofgem for approval, and adhere to it once it has been approved. If suppliers fail to submit an acceptable Code of Practice for approval, Ofgem will be able to direct changes to the submitted Code of Practice or designate another in its place.
  - suppliers put in place monitoring arrangements and procedures for reviewing and updating the Code of Practice, consulting consumer groups and seeking the views of their customers. Ofgem will also have the right to instigate changes to the Code of Practice once it is in operation.
  - Ofgem will monitor compliance and can take enforcement action if a supplier is not complying with its licence obligations.
- 1.16 The overarching objectives will be accompanied by more detailed requirements on some key areas that must be addressed in the content of the Code of Practice itself, including the provision of energy efficiency advice; not charging domestic customers up-front for installation of standard smart metering equipment (including the in-home display); identifying and meeting the needs of domestic vulnerable consumers; and on sales and marketing activities.
- 1.17 If the benefits of smart metering are to be realised, consumers need to understand why they are receiving smart metering equipment and how to make best use of the new technology, including how to use it to help

increase energy efficiency and optimise energy use. Suppliers will therefore be required to provide consumers with information and advice about their smart metering equipment and how they can use their IHD to improve their energy efficiency. They will also be required to point consumers to additional, impartial sources of information that might, for example, include generic information about the Green Deal programme. For some customers, such as micro-businesses, the installation visit itself may not be the most appropriate time for this discussion, or information may best be given in written form. The licence conditions give suppliers the necessary flexibility to tailor the provision of information to the customer's wishes.

- 1.18 There will be no restriction on the provision of written marketing material alongside verbal advice, as such material could help consumers understand the options available to them to improve their energy use. There will also be no restriction on the promotion of products and services for which there is no direct charge to the individual customer. This may be particularly relevant to customers who are, for example, eligible for measures under the Energy Company Obligation (ECO).
- 1.19 While the installation visit provides a key opportunity to engage consumers in energy-saving behaviour, consumers must not feel pressurised or uncomfortable during the visit. To help ensure that consumers fully understand, and are in control of, activities that take place in their home during the installation visit, suppliers will be required to gain consent prior to any domestic installation for face-to-face marketing activity. We define face-to-face marketing as discussion of branded products or service, or specific customer propositions. Discussion of generic energy efficiency products and services will not require prior consent. Consent could be secured in writing, by telephone or text, electronically on a web-form or email, or any other appropriate method that allows a freely given and specific indication of the customer's wishes. However, even where prior consent has been gained, if the customer wishes a marketing discussion to end, it must do so immediately.
- 1.20 To protect consumers' interests, and the reputation of the Programme, it is important that there should be no risk of mis-selling at the installation visit. To remove this risk, and further ensure that consumers do not feel pressurised or uncomfortable during the visit, suppliers will not be allowed to conclude any sale at the installation visit itself. The definition of a sale extends both to the making of an actual payment or to the conclusion of any contract that commits a customer to a future payment.
- 1.21 Through the Code of Practice, suppliers must also commit not to charge their customers any upfront or separate costs for a standard smart metering equipment, including the IHD. Under current arrangements, domestic customers pay for metering services – including installation and maintenance – over time through energy bills, and the same will apply to smart metering equipment. These rules would also apply in the event of any

requirement on suppliers to upgrade smart metering equipment that has already been installed.

- 1.22 It is important that vulnerable consumers are able to access, and benefit from, the roll-out of smart meters, and that suppliers make arrangements for those customers who might require specific help through the installation process. These customers include, but are not limited to, customers who are of pensionable age, disabled or chronically sick. Suppliers will have to identify, and meet the needs of, vulnerable domestic customers.
- 1.23 The rules on sales and marketing and vulnerable consumers will not apply to installations at micro-businesses, in line with the broader regulatory approach to business regulation. Nor will those on up-front charging, to allow the variety of charging mechanisms applied today for metering services in the non-domestic sector to continue to be used. The Government notes that Ofgem is currently considering the case more broadly across the energy market for strengthening the protections that apply to non-domestic customers and will consider whether there are broader implications for the licence conditions underpinning the Code of Practice in due course. While the licence conditions allow for suppliers to develop separate Codes of Practice for the domestic and micro-business sectors, the Government welcomes, and has encouraged, the work that is being taken forward by suppliers to produce a single document for submission to Ofgem.
- 1.24 The licence conditions will apply only to the installation of meters that comply with the Smart Metering Equipment Technical Specification (SMETS). However, the Government welcomes the readiness of individual suppliers voluntarily to work in line with the developing Code of Practice before the SMETS are finalised and the licence conditions take full effect.

## Other customer protections and activities

- 1.25 As noted above, the Code of Practice will complement other industry codes and consumer protections. Some of these are well-established: for example, the Guaranteed Standards of Performance<sup>6</sup> regulations set out service levels that must be met by network companies. Other areas are being progressed in parallel with the development of the Code of Practice. For example, Ofgem has recently put in place new regulations on remote disconnection and remote switching to prepay for domestic customers who receive smart and smart-type meters and is monitoring supplier activity in these areas in both the domestic and non-domestic market. The Spring Package also consulted on arrangements aimed at minimising the difficulties faced by customers with smart-type on change of supplier.

---

<sup>6</sup> As set out in the Electricity (Standards of Performance) Regulation 2010 and the Gas (Standards of Performance) Regulation 2005.

- 1.26 The Government is publishing two further consultations, which are available on the DECC website. A consultation on smart metering data access and privacy proposes that consumers should have a choice about who has access to their data, except where it is required for billing or to fulfil regulatory obligations, typically on a monthly basis. A consultation on the smart meter programme consumer engagement strategy explores a model for centralised communications activity to help all consumers understand how to use smart meters to better manage their energy consumption and expenditure.

## Next steps

- 1.27 This Government Response describes the policy positions as a result of the consultation process and the licence conditions in their current form are intended to accurately reflect those policy positions. Because of the EU notification process, there is an extended period between publishing this response and laying the modifications in Parliament. If, during this period, Government becomes aware of any material differences between the published policy position and the effect of the current draft licence conditions, Government may look to rectify this by modifying the conditions before laying them in Parliament. If any such drafting changes are made, they will be published and made available to stakeholders prior to the laying of the modifications.
- 1.28 The Government expects to lay the licence conditions before Parliament in Summer 2012, with a view to their entering into force in late 2012.
- 1.29 Suppliers will continue to develop the Code of Practice itself, and will need to submit it to Ofgem within one month of the licence conditions taking effect. We will continue to work with suppliers and Ofgem to facilitate the timely development of an appropriate Code of Practice and associated governance arrangements. It will be for Ofgem to determine how it should satisfy itself that the Code of Practice meets requirements and can be approved, and whether it should consult on the Code of Practice before approving it. In deciding its approach, the matters that Ofgem may consider include the degree to which suppliers have themselves consulted on the Code of Practice's content, and the extent to which they have reflected the views of consultees.

# Chapter 2: the Government's response to the consultation

## The structure and content of the licence condition

### Summary

The licence conditions governing the installation Code of Practice take the form of overarching objectives with which suppliers must comply, and an obligation to develop a Code of Practice. These objectives are accompanied by more detailed rules on Code of Practice governance and some specific aspects of the installation experience. The consultation sought views on the appropriateness of the overarching objectives. It also raised the question of whether there could or should be separate Codes of Practice for the domestic and micro-business sectors.

### Government consideration

- 2.1 Respondents addressed both the design and the content of the licence conditions. Some were uncomfortable with the proposed licence condition structure of overarching objectives accompanied by more detailed rules, and argued for a single set of rules against which it would be easier to measure and demonstrate compliance. Some suppliers were particularly concerned that a Code of Practice could be put in place and a supplier meet its terms, whilst still potentially being in breach of the overarching objectives in the licence condition. Other respondents were concerned that there might be asymmetry between the overarching objectives and the more detailed rules, with subjects appearing in one element of the conditions, but not in the other.
- 2.2 The Government notes that a range of approaches can be taken to structuring licence conditions. The structure proposed in this case is designed to promote best practice and prevent suppliers from narrowly interpreting and meeting the terms of a licence condition whilst failing to ensure appropriate levels of service and protection for consumers. This structure avoids specifying excessive detail in the licence condition and so enables the material in the Code of Practice itself to be more rapidly changed if circumstances require it. This is an approach that Ofgem has taken in other areas, including the Marketing Licence Condition. The Government will therefore maintain this approach.

- 2.3 Some respondents suggested that the overarching objectives be broadened by adding references to consumer protection, promoting energy-saving behaviour and vulnerability. The Government agrees that suppliers should address all of these areas, but considers that they are already appropriately covered in the proposed licence conditions. Consumer protection is embedded in Ofgem's principal objective and sets the context for the interpretation of all licence conditions. Behaviour change is reflected in the overarching objective around the provision of information to consumers, and supported by more detailed requirements for the content of the Code of Practice itself on provision of information about using the smart meter, including its uses in helping to improve energy efficiency. The needs of vulnerable consumers are also reflected in Ofgem's duties, and further supported by the detailed requirement for the Code of Practice itself to address the needs of vulnerable consumers.
- 2.4 Some respondents suggested that, as the Code of Practice is primarily designed to support the roll-out of smart meters, a sunset clause should be built into the licence conditions. The Government considers that it is more appropriate to leave Ofgem to make a judgment about the continuing relevance of the licence requirements at a suitable point towards the end of the roll-out, and to use its general powers to remove the licence conditions if it judges them no longer necessary.
- 2.5 Respondents made a range of other constructive comments about points of detail, many of which would be most properly reflected in the Code of Practice itself: the Government will bring these to the attention of suppliers. The Government has also made minor adjustments to the text of the licence conditions where it appeared that further clarification was required.
- 2.6 The draft licence conditions left open the scope for developing a single Code of Practice covering domestic and micro-business premises, or two separate Codes of Practice. The Government recognises the attraction in terms of clarity and accessibility of having a single Code of Practice covering both sectors. It welcomes the fact that domestic and non-domestic suppliers are working together in an interim Code of Practice steering group, and expect to submit a single document for Ofgem's approval.
- 2.7 The consultation also sought views on whether the drafting of the licence conditions fulfilled the policy intentions for the Code of Practice in other areas, including up-front charging, information provision, avoiding undue inconvenience, identifying and meeting the needs of vulnerable customers and complaint-handling. Respondents were broadly content that the licence drafting supported the policy intentions, and the Government has not made any material changes.

### Government decision

The Government will retain the proposed structure and content of the licence conditions, with minor amendments to provide greater regulatory certainty. The Government will work with suppliers and others to facilitate the development of a single Code of Practice across the domestic and micro-business sectors, whilst recognising that it will be for Ofgem to approve a submitted Code of Practice.

## The meters covered by the licence conditions

### Summary

The consultation sought views on whether the licence conditions should apply only to smart meters that complied with the Smart Metering Equipment Technical Specification (SMETS), or whether they should also encompass smart-type meters that are being installed before SMETS is finalised and compliant meters become widely available.

### Government consideration

- 2.8 Many respondents felt that the Code of Practice should be extended to cover smart-type meters, given that most customers would be unlikely to perceive any difference between a compliant and non-compliant smart meter installation, and that a customer's experience of the installation of either meter type could affect the attitudes of both the individual concerned and, in turn, wider groups of customers. There were mixed views on whether this should be delivered through licence conditions or on a voluntary basis.
- 2.9 The Government shares respondents' views on the importance of a good quality customer experience during the installation of both smart and smart-type meters, and welcomes the commitments from many suppliers in both the domestic and non-domestic sectors to apply the principles of the draft Code of Practice now, both to support a good customer experience during smart-type installations and to enable the content of the Code of Practice to be informed by direct experience and learning from those installations. The Government also notes that, in practical terms, the licence conditions governing the Code of Practice are now likely to enter into force at a time when SMETS-compliant meters are available and so few smart-type installations will be taking place. The Government has therefore decided that the licence conditions should apply only to smart meters that complied with the SMETS.

- 2.10 The Government has also considered, in light of responses to the roll-out consultation, how the Code of Practice provisions would apply where a smart meter was installed as an emergency replacement for a traditional meter given that, in such circumstances, safe and rapid restoration of supply would be likely to be the prime consideration for both the supplier and the customer. The broader circumstances around emergency replacement are considered in the Government's response to the consultation on the roll-out licence conditions. The installation Code of Practice licence conditions enable suppliers to tailor the content of the Code of Practice to take into account special circumstances.

### Government decision

The Government will apply the licence conditions to the installation of smart meters that are compliant with SMETS and that contribute to the delivery of the supplier's obligation to roll-out smart meters, and will work with suppliers to promote the voluntary application of the Code of Practice to other smart-type meters.

## Governance

### Summary

The consultation sought views on the rules setting out: the respective roles of Ofgem and suppliers in establishing and reviewing a Code of Practice; high-level principles on elements of governance; and the arrangements for monitoring and compliance.

### Government consideration

- 2.11 Respondents raised a range of points about process. Some sought greater clarity on Ofgem's criteria for approving the Code of Practice and its processes and standards for measuring compliance, while others proposed specific limits on the period within which Ofgem could consider modification proposals. The Government does not intend to set out further rules in this area. Ofgem will judge any proposed Code of Practice, and suppliers' compliance, against the content of the licence conditions and in accordance with its principal objective of protecting the interests of consumers. The

licence conditions include controls on the time within which Ofgem should respond to proposals, including those that require extended consideration. The Government does not propose to set further specific limits in the licence conditions.

- 2.12 Some respondents had concerns about whether some parties, in particular, consumer bodies and small suppliers, would have sufficient influence over the content and operation of a Code of Practice, and wished this issue to be addressed in the licence conditions. Conversely, others felt that the licence conditions should not prescribe individual elements of governance. The Government believes that it is necessary to provide suppliers and others with clarity about what it expects the internal governance arrangements that will support the Code of Practice to deliver, and has sought to set out a light-touch framework upon which suppliers can build. This framework embeds a role for consumer groups and all licensed energy suppliers in the development of a Code of Practice and the Government considers that this level of detail is appropriate for the licence condition itself. Ofgem will be able to take into account whether these parties have been appropriately involved in considering whether to approve a Code of Practice or modifications to it.

#### **Government decision**

The Government confirms the approach to establishing and reviewing the Code of Practice as set out in the draft licence conditions.

## **Sales and marketing at the installation visit**

### **Summary**

The consultation confirmed that the Government would not limit the provision of written marketing materials at the installation visit. It proposed that suppliers should be required to secure prior written consent to engage in either sales or face-to-face marketing during the installation visit.

### **Government consideration**

- 2.13 The regulation of sales and marketing at the smart meter installation visit drew extensive comment.

- 2.14 Some respondents considered that all sales and marketing activity should be banned at the installation visit, so that the visit could be focussed solely on installing the meter quickly, efficiently and safely with risks of mis-selling mitigated. Others argued that marketing should be permitted at the installation visit, but would support or accept a ban on completing sales at the visit. This was based around arguments that: delivery of energy efficiency advice could easily stray into marketing; marketing would support delivery of energy savings and programme benefits; and the ability to market would create a commercial incentive for suppliers to fulfil the energy efficiency advice requirements more thoroughly. However these respondents also considered that tightly restricting sales activities would represent a legitimate means of protecting consumer interests.
- 2.15 The Government recognises the risks both to individual consumers and to the wider reputation of the programme around sales activities at the installation visit, and the near-consensus of stakeholder views on this issue. It has therefore decided that no sales should be allowed to be completed at the installation visit itself - where a sale means either making a payment or entering into a contractual obligation to make a payment at a later date. This will be embedded in the licence condition.
- 2.16 The Government does not want to prevent marketing at the installation visit, recognising that for some consumers this could be a good opportunity to explore options for increasing their energy efficiency. However, the Government wishes to be confident that consumers fully understand, and are in control of, activities that take place in their home during the installation visit. As a result, suppliers will be required to seek consent from consumers before the installation visit for any face-to-face marketing activity.
- 2.17 Some respondents to the consultation argued that any consent regime should be based on oral, rather than written, consent. This was based on the very low response rates to written marketing campaigns, the costs of administering a written consent regime, and the fact that oral consent is widely used today both within the energy sector and across other sectors.
- 2.18 Recognising these issues, the Government has concluded that consent for any face-to-face marketing could be secured in writing, orally over the phone, electronically on a web-form or email, or any other appropriate method enabling a freely given, specific indication of the customer's wishes. However, even where prior consent has been gained, if the customer wishes a marketing discussion to end, it must do so immediately. These rules will be embedded in the licence condition.
- 2.19 Many respondents to the consultation emphasised the need for clarity on definitions of terms such as 'marketing', particularly when set against the requirement to provide energy efficiency advice.
- 2.20 For the purposes of these licence conditions, face-to-face marketing requiring prior consent is discussion of branded products and services and

specific customer propositions: for example, a home insulation package offered by company X.

- 2.21 It is possible that, following a discussion about generic energy efficiency products and services (for example the generic benefits of home insulation), some consumers will want to know more about a company's propositions even though they have not given prior consent for face-to-face marketing. In these circumstances, the licence conditions allow the installer to either: leave the consumer with written information, so that they can themselves initiate further contact with the company; or agree that their company will contact the consumer at a future date to follow-up the discussion.
- 2.22 The restrictions on marketing do not prevent the promotion or delivery of products and services for which there is no direct charge to the individual customer, such as those that a supplier offers under its ECO obligation, or other additional products that suppliers may offer to vulnerable consumers, such as carbon monoxide monitors. Indeed, we see such offers to vulnerable, and often hard-to-reach, households as an important additional benefit of the Programme, and one that should be encouraged.
- 2.23 The licence conditions will also require suppliers to be able to give details of sources of additional and impartial information about, or assistance with, energy efficiency measures. This could include, for example, any centrally produced information about programmes such as the Green Deal.
- 2.24 As with all aspects of the Code of Practice, suppliers will be required to maintain a record of their compliance with the licence conditions and to seek the views of their customers on their activities.
- 2.25 The Code of Practice itself will set out in detail the standards of service that suppliers will deliver at the installation visit. For example, the current draft Code of Practice recognises that, in most cases, forty-eight hours should elapse between a marketing discussion at an installation visit and the completion of a sale to allow consumers time to reflect. We also expect suppliers to be transparent about their approach to sales and marketing during the smart meter installation visit, both on those issues discussed above, and on other matters, such as whether they offer installers incentives for generating marketing leads. The overarching objective within the licence conditions to ensure that there are no unwelcome sales activities should ensure that, in developing the Code of Practice, suppliers consider the range of steps they may need to take to meet that objective.

### Government decision

Suppliers will not be allowed to complete any sales during the smart meter installation visit and will be required to gain consent prior to the installation visit for any face-to-face marketing. Suppliers will be required to stop any face-to-face marketing immediately at the customer's request. There will be no restrictions on the promotion or delivery of products and services for which there is no direct charge to the individual customer, or on the provision of written marketing material.

## The non-domestic market

### Summary

The consultation sought views on the definition of the non-domestic customer group that the licence conditions should apply to and whether the scope of the licence conditions for this group was captured appropriately. The licence conditions largely reflected those for the domestic sector, with the exception of provisions on sales and marketing, direct charging and vulnerable consumers.

### Government consideration

- 2.26 There was limited comment on non-domestic issues, and relatively limited concern amongst respondents about the policy approach and draft licence conditions.
- 2.27 Some argued for the extension of certain domestic protections – such as those around sales and marketing and direct charging for meters – to micro-businesses, and recommended that the Code of Practice also apply to small, as well as micro-businesses.
- 2.28 The Government notes the interest in extending protections given to the domestic sector to the non-domestic sector and that Ofgem is currently considering the case more broadly across the energy market for strengthening the protections that apply to non-domestic customers. The Government also notes that non-domestic customers may pay for metering or metering services in a variety of ways and not necessarily, as in the domestic sector, over a meter's life. In the interests of maintaining consistency across the regulatory landscape, and allowing current arrangements on charging to continue, the Government considers that it is not appropriate to introduce rules governing sales and marketing, or

charging for metering, for the non-domestic sector at this point. It may be appropriate to revisit these arrangements when Ofgem has concluded its consideration of this issue.

- 2.29 The Government does not propose to extend coverage to larger businesses and public sector customers, where the interactions between a supplier and a customer may be very different from those with micro-businesses. However, it notes and welcomes the interest of some suppliers in voluntarily applying a Code of Practice to larger businesses and, indeed, to multi-site customers.
- 2.30 Some respondents commented on the definition of a micro-business. The Government's intention is that the definition of a micro-business should mirror that used elsewhere in the supply licence and in the redress arrangements for electricity and gas customers. The draft licence conditions simply cross-refer to that definition.
- 2.31 One respondent noted that it might be preferable to offer businesses supporting material in advance of the installation, rather than orally during the visit. The Government recognises that the timing and duration of the installation visit will be important to small businesses. It expects the supplier to ensure that the customer has information that will facilitate energy efficiency, but the draft licence condition permits this to be in written or verbal form, and during or around the visit.

### Government decision

Suppliers will be required to develop and operate in line with a Code of Practice for micro-business customers, as defined elsewhere in the Supply Licence. The requirements will largely mirror those for the domestic sector, including the provision of energy efficiency advice, but excluding rules on upfront charging, sales and face-to-face marketing and vulnerable consumers.

# Annex 1: Consultation questions

Consultation Questions	
Q1	Are the overall objectives set out in the draft licence conditions appropriate?
Q2	Would the licence conditions as drafted effectively underpin: <ul style="list-style-type: none"> <li>a) the intended roles of Ofgem and suppliers in establishing and reviewing Code(s) of Practice for domestic and micro-business sites?</li> <li>b) an appropriate ongoing governance regime for the Code(s) of Practice?</li> <li>c) the intended arrangements for monitoring and compliance with Code(s) of Practice?</li> </ul>
Q3	Should the licence conditions underpinning a domestic Code of Practice also be applied to smart-type meters, or should the Government work with suppliers to secure voluntary application of Code of Practice provisions?
Q4	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?
Q5	Do you agree with our definitions of sales and marketing?
Q6	Do you agree that prior written consent should be required for any face-to-face marketing or sales activity during the installation visit?
Q7	Are any other measures required to protect consumers' interests in relation to sales and marketing during the installation visit?
Q8	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?
Q9	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?
Q10	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: List of respondents

Age Concern

Association of Meter Operators

British Gas

Cable and Wireless Worldwide

Carillion Energy Services

Citizens Advice Bureau

Consumer Focus

EDF Energy

Energy Retail Association

E.On Energy

Esta Energy Services and Technology Association

First Utility

Federation of Small Businesses

Good Energy

Haven Power

Information Commissioner's Office

Industrial and Commercial Shippers and Suppliers (ICoSS) Group

Ofgem

Ovo Energy

Northern Powergrid

P-P Services GB Ltd

RWE npower

Scottish Power

SSE

UK Power Networks

Wales and West Utilities Ltd

Which?

## Annex 3: Responses to the consultation

1. 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. 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. On 18 August 2011, the Government issued the consultation on a Code of Practice for the installation of smart electricity and gas meters, which closed on 10 November 2011. The consultation document sought views on new conditions that would be added to electricity and gas supply licences. These would require suppliers to meet objectives around the installation process, and included a requirement to develop and adhere to Code(s) of Practice governing the installation of smart meters at domestic and micro-business sites.
2. The consultation document was made available on the DECC website and emailed directly to a wide range of stakeholders who had previously shown an interest in the smart meter installation Code of Practice. A number of discussions were held with stakeholders during the consultation period, some bilateral and some in wider stakeholder such as the Programme's Consumer Advisory Group.
3. Responses to the consultation were directed to the email address ([smartmetering@decc.gsi.gov.uk](mailto:smartmetering@decc.gsi.gov.uk)) and a total of 27 responses were received. A breakdown by stakeholder group is provided below. A complete list of bodies who responded to the consultation is at Annex 2.

Groups	Number of Respondents
Energy suppliers	10
Energy networks	3
Other energy industry organisations	5
Communications and Technology	1
Consumer groups	5
Public body	2
Other	1
<b>Total</b>	<b>27</b>

4. We are grateful for the contributions that were submitted. This section summarises the responses to the consultation and full versions of the responses can be found on the DECC website at [www.decc.gov.uk](http://www.decc.gov.uk).

Summary of responses	
<b>Q1</b>	<b>Are the overall objectives set out in the draft licence conditions appropriate?</b>
	<p>Respondents commented on both the structure of the licence conditions and their content.</p> <p>Some respondents, including suppliers, were content with the overarching objectives as proposed. Others raised concerns about the proposed structure of the licence conditions, which saw overarching objectives accompanied by more detailed requirements for a Code of Practice. In particular, there were concerns about having a layer of broader objectives sitting above the requirements for the Code of Practice itself. This raised the possibility that developing and complying with a Code of Practice would not in itself satisfy the requirements of the overall objectives. In this context, some suppliers sought confirmation that compliance with a Code of Practice would constitute compliance with the licence conditions.</p> <p>On the specific content of the objectives, there were a number of detailed comments that sought to add greater definition. For example, some proposed that more functional objectives of the type set out in the Prospectus would be more appropriate than the proposed principle-based objectives that are more open to interpretation. Others sought more clarity on specific text in the proposed overarching objectives, such as how a ‘customer’s reasonable expectations’ might be defined, and what ‘complete’ information should comprise. There were also proposals for additional areas that should be added to the overarching objectives, such as explicit reference to the delivery of consumer benefits or greater detail around activities that should happen at any installation visit.</p>
<b>Q2</b>	<b>Would the licence conditions as drafted effectively underpin:</b>
	<p><b>a) the intended roles of Ofgem and suppliers in establishing and reviewing Code(s) of Practice for domestic and micro-business sites?</b></p> <p><b>b) an appropriate ongoing governance regime for the Code(s) of Practice?</b></p> <p><b>c) the intended arrangements for monitoring and compliance with Code(s) of Practice?</b></p>
	<p>There was broad agreement that the licence conditions as drafted effectively underpinned the policy intentions on these areas, and defined appropriate roles for suppliers and Ofgem. Within this, some specific issues were raised for consideration, which are discussed below.</p> <p>More generally, there was some concern that the licence conditions could be difficult for smaller suppliers to implement. Several commented on the important role of meter operators, who would be carrying out installations on behalf of suppliers, in providing confidence to suppliers that they would operate in line with the Code of Practice.</p> <p>Some respondents commented that the need for the Code of Practice should fall away when roll-out has been complete, and suggested that a sunset clause be</p>

	included within the licence conditions.
<b>2a</b>	<b>Would the licence conditions as drafted effectively underpin the intended roles of Ofgem and suppliers in establishing and reviewing Code(s) of Practice for domestic and micro business sites?</b>
	<p>While there was general agreement that suppliers should lead on the development of the Code of Practice, some respondents felt that Ofgem and DECC should take a more active role. For example, it was argued that they might take the lead on consultation on the initial version of the Code of Practice, and should be represented, along with Consumer Focus, on any Code of Practice steering group.</p> <p>Other comments raised included:</p> <ul style="list-style-type: none"> <li>• A desire for Ofgem to set out the criteria it would use in deciding whether to approve a Code of Practice</li> <li>• A request for more clarity on whether a separate Codes of Practice for the domestic and non-domestic sectors would be acceptable.</li> <li>• Concern over whether sufficient time controls on the modification process, including Ofgem's role, were defined.</li> <li>• A proposal that any Ofgem decision to require suppliers to make changes to the Code should be subject to appeal under section 173 of the Energy Act 2004</li> </ul>
<b>2b</b>	<b>Would the licence conditions as drafted effectively underpin an appropriate ongoing governance regime for the Code(s) of Practice?</b>
	<p>Broadly, respondents were content with the high-level requirements on governance set out in the draft licence conditions, with the detailed governance framework to be developed by suppliers as part of the development of the Code of Practice itself.</p> <p>Several respondents sought greater clarity on how Ofgem would make decisions on when to exercise its proposed powers to, for example, require a review of the Code of Practice or reject proposed modifications.</p> <p>Some stakeholders sought greater involvement in, and transparency around, modifications to the Code of Practice. For example, it was argued that there was a need for more clarity on how the views of meter operators and consumer groups other than Consumer Focus would be taken into account, and consumer groups should be able to raise compliance issues and concerns about the effectiveness of the Code of Practice itself with Ofgem.</p> <p>Other stakeholders highlighted the risk that smaller organisations, including smaller suppliers and consumer groups, would not be able to exercise appropriate influence over the development of the Code of Practice because they would not be able to commit the level of resource that larger suppliers might have available.</p>
<b>2c</b>	<b>Would the licence conditions as drafted effectively underpin the intended arrangements for monitoring and compliance with Code(s) of Practice?</b>

	<p>The need to monitor customer experiences, and compliance with the Code of Practice, was widely recognised. Some, including consumer groups, welcomed the inclusion of this as an explicit requirement in the licence conditions. Some others considered it unnecessary, arguing that suppliers would, as a matter of course, ensure that they were able to provide evidence of compliance with licence conditions.</p> <p>Several respondents noted that suppliers were already starting to develop a monitoring framework, alongside the development of the Code of Practice. Some highlighted the need to ensure that monitoring and auditing requirements were not disproportionately onerous and costly for smaller suppliers.</p>
<b>Q3</b>	<b>Should the licence conditions underpinning a domestic Code of Practice also be applied to smart-type meters, or should the Government work with suppliers to secure voluntary application of Code of Practice provisions?</b>
	<p>There was wide support for applying the Code of Practice to the installation of smart-type meters. This was for two broad reasons: the experience of early adopters of smart-type meters could have a strong influence on attitudes towards the smart meter roll-out, particularly as most consumers are unlikely to immediately distinguish between smart-type and smart meters; and to enable suppliers to become familiar with the operation of the Code of Practice.</p> <p>There were mixed views on whether the coverage of smart-type meters should be delivered on a voluntary basis, or included in the licence conditions.</p>
<b>Q4</b>	<b>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?</b>
	<p>There was general agreement that the licence conditions as drafted achieved the policy intent of ensuring that the costs of smart meter installations are recovered over time. Some suppliers considered that a point of detail such as this would sit more appropriately in the Code of Practice itself than in the licence conditions. On the other hand, some consumer groups wanted more detail in the licence condition itself to, for example, specify how suppliers should distribute costs across their customer base.</p> <p>Respondents also raised a number of wider points around costs. These included how consumers could be confident that the costs passed on to them through their bills were reasonable, and the need for clarity on where the costs of non-standard installations (for example, where access to the meter has been blocked by consumer actions) would sit.</p>
<b>Q5</b>	<b>Do you agree with our definitions of sales and marketing?</b>
	<p>Many respondents raised concerns about the proposed definitions of sales and marketing. Points raised included:</p>

	<ul style="list-style-type: none"> <li>• Some thought that the proposed approach of a single combined definition for sales and marketing was unclear.</li> <li>• Some queried how the proposed definitions aligned with existing regulation.</li> <li>• The boundaries between generic energy efficiency advice and marketing were considered unclear by some. In particular, suppliers were unclear how they could respond to consumer question in some scenarios</li> <li>• Some said it was unclear whether the definition was intended to include goods and services that were offered at no cost to the consumer, and argued that free products should be excluded.</li> </ul>
<b>Q6</b>	<b>Do you agree that prior written consent should be required for any face-to-face marketing or sales activity during the installation visit?</b>
	<p>The regulation of sales and marketing at the smart meter installation visit drew extensive comment.</p> <p>Some respondents considered that all sales and marketing activity should be banned at the installation visit, so that the visit could be focussed solely on installing the meter quickly efficiently and safely with risks of mis-selling mitigated. Small suppliers and consumer groups broadly sat in this category. Others argued that marketing should be permitted at the installation visit, but would support or accept a ban on completing sales at the visit. This was based around arguments that: delivery of energy efficiency advice could easily stray into marketing; marketing would support delivery of energy savings and programme benefits; the ability to market would create a commercial incentive for suppliers to fulfil the energy efficiency advice requirements more thoroughly - but that tight restriction on sales activities would be a legitimate protection of consumer interests. The large suppliers broadly sat in this category. Overall, there was near-consensus that sales activities should not be permitted at installation visits.</p> <p>Where sales or marketing was permitted, there was general support for a requirement for prior consent. Some respondents focussed on the objectives of any consent regime rather than the actual mechanism by which consent was gained, and some went further and argued that a consent regime restricted to written consent only was inappropriate. This was based on the very low response rates to written marketing campaigns, the costs of administering a written consent regime, and the fact that oral consent is widely used today both within the energy sector and across other sectors. Others supported a written consent requirement.</p>
<b>Q7</b>	<b>Are any other measures required to protect consumers' interests in relation to sales and marketing during the installation visit?</b>
	<p>Respondents made a range of other points on sales and marketing, including that:</p> <ul style="list-style-type: none"> <li>• Robust monitoring of suppliers' activities on sales and marketing should be carried out.</li> <li>• Commission or other incentives available to installers for marketing leads or sales activities could increase risks of inappropriate behaviours, and some</li> </ul>

	<p>argued that such incentives should not be allowed.</p> <ul style="list-style-type: none"> <li>• There should be a cooling-off period before marketing leads were followed up</li> <li>• Tariffs, especially time-of-use tariffs, should not be offered to customers at the installation.</li> <li>• Customers should be signposted to sources of independent advice</li> <li>• Consumers need to be aware of their rights, which could be enabled if the Code of Practice was made available to them</li> </ul>
<b>Q8</b>	<b>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?</b>
	<p>Respondents broadly agreed that the licence conditions complemented and supplemented existing rules in these areas appropriately.</p> <p>On vulnerability, there were varying views on the level of detail that should be specified in the licence conditions. Some respondents suggested that further detail should be set out in the licence condition itself, for example through a more detailed list of the groups whose needs should be identified and met. Other respondents argued that suppliers should have the flexibility to decide how best to deal with each particular circumstance of vulnerability and that, to allow obligations to develop with the roll-out, they should sit within the Code of Practice itself, rather than the licence.</p> <p>A range of broader comments were raised, such as how the programme can ensure that vulnerable consumers are able to access the benefits of the smart meter roll-out, and whether the smart meter roll-out could be used to improve suppliers' understanding more generally of their vulnerable customers.</p> <p>On undue inconvenience, some respondents highlighted that this phrase could be open to interpretation and sought guidance or clarification. Others had specific suggestions, such as that suppliers should offer customers 2-hour appointment windows for smart meter installations.</p>
<b>Q9</b>	<b>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?</b>
	<p>Respondents broadly agreed that a non-domestic Code of Practice should be focussed on the micro-business sector but made a number of points about the definition used in the draft licence conditions, including:</p> <ul style="list-style-type: none"> <li>• whether the text accurately reflected definitions found elsewhere in the Supply Licence and in the 2008 customer redress arrangements</li> <li>• whether the Programme's non-domestic market segmentation and rules</li> </ul>

	<p>might catch larger customers' sites</p> <ul style="list-style-type: none"> <li>• the lack of consistent supplier access to employee or turnover data - micro-businesses might not, therefore, be identified except at significant cost</li> <li>• the possibility, instead, of limiting applicability criteria to annual energy consumption data</li> <li>• the possible use of the definition developed by the EU Agency for the Cooperation of Energy Regulators (ACER).</li> <li>• the desirability of a clear distinction between home-based businesses and domestic customers, and the need to ensure that customers in this category were protected.</li> </ul> <p>Some saw the proposed coverage as a minimum and hoped that suppliers would extend application of the Code of Practice to larger businesses.</p>
<b>Q10</b>	<p><b>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?</b></p>
	<p>Comments raised by respondents on the drafting of the non-domestic licence conditions largely mirrored those on the domestic licence conditions. For example, there were some questions raised about whether some aspects of the draft licence condition would sit better in the Code of Practice itself, and for clarification of terms such as 'undue inconvenience'.</p> <p>There were mixed views on whether there should be a single Code of Practice for both the domestic and micro-business sectors, or two separate codes. And similarly, views were mixed on whether non-domestic and micro-business customers need to be given the same level of consumer protection as domestic customers, for example on sales and marketing.</p>

# Annex 4: Licence conditions

## Electricity – domestic customers

### **Condition CC: Smart Metering Installation and the Installation Code of Practice - Domestic Customers**

#### **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 Systems 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 Systems are conducted in a fair, transparent, appropriate and professional manner;
  - (c) Domestic Customers are given information about, and during, the installation of Smart Metering Systems which:
    - (i) is complete and accurate;
    - (ii) does not mislead them; and
    - (iii) informs them about the benefits of Smart Metering Systems and about what to expect in relation to the installation process; and
  - (d) Domestic Customers are not subject to unwelcome Marketing during any visit to their premises for the purposes of installing Smart Metering Systems.
- 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:

- (c) designate a Domestic Installation Code which shall apply for the purposes of this Condition; or
- (d) in the case of paragraph (b), issue a direction requiring the licensee and all other licensed electricity and gas suppliers of Domestic Premises to make such modifications to the Domestic Installation Code which has been submitted to it as are specified in the direction.

#### **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 Systems 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 provision, configuration, installation or operation of the Smart Metering System at Domestic Premises;

- (b) the replacement, modification or reconfiguration of the Smart Metering System 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 6(b) or paragraph 8 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 System 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 a Smart Metering System 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 System being installed, expressly requested the installation of enhanced equipment.
- 9 The Domestic Installation Code must include provisions which will ensure that the licensee and its Representatives will:
- (a) not make any Sales Transaction during a visit to install a Smart Metering System at any Domestic Premises;
  - (b) not undertake any Marketing during a visit to install a Smart Metering System unless the Domestic Customer has, in advance of the date of the installation visit, given his explicit consent to Marketing being undertaken during the installation visit; and
  - (c) cease any Marketing being undertaken in compliance with paragraph (b) immediately upon a request to do so made by the Domestic Customer or any member of his household.
- 10 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) 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 a Smart Metering System;
  - (b) provide for Domestic Customers to be given complete and accurate information and advice, which is in plain and intelligible language and which does not mislead them, about:
    - (i) the installation, purpose, features and advantages of Smart Metering Systems;
    - (ii) the use of Smart Metering Systems, including such information as will assist 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 and impartial information or assistance about improving the efficiency with which they use the electricity and/or gas supplied to them;
  - (c) 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 Systems;
  - (d) notify Domestic Customers of the Domestic Installation Code, of the provisions set out in it and of the licensee’s obligations under it; and
  - (e) retain, and produce to the Authority when requested to do so, documentary evidence sufficient to demonstrate (where given) a Domestic Customer’s consent to Marketing being undertaken during the installation visit.
- 11 The Domestic Installation Code may make further provision in relation to any matters that are designed to secure the achievement of the Objectives.
- 12 The Domestic Installation Code may provide for particular provisions, as specified in it, not to apply in such cases or circumstances as are specified or described in the Domestic Installation Code.
- 13 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 electricity or gas 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 electricity and gas 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 electricity and gas suppliers of Domestic Premises to make such modifications to any of the specified features as it may direct.

#### **Consultation on the Domestic Installation Code**

- 14 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**

- 15 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.
- 16 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

- 17 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 Systems; and
  - (b) together with all other licensed electricity and gas suppliers of Domestic Premises, review the Domestic Installation Code and the manner in which it has been operated with a view to determining, taking into account views received, whether any revisions should be made to it.
- 18 Where, within 30 working 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 working day period but that it will aim to do so within the timescale set out 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.
- 19 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; and
  - (b) made readily accessible, including by being published on and made readily accessible from its Website (if it has one).
- 20 The licensee shall give, free of charge and as soon as practicable following the request, a copy of the most up-to-date approved or designated (as the case may be) Domestic Installation Code to any person that requests it.

**Interpretation and Definitions**

- 18 In this Condition, any reference to Smart Metering System shall be read as incorporating a reference:
- (a) to any part of that system; 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 or any of its Representatives that:

- (a) take place with the simultaneous physical presence of:
  - a. the licensee or the Representative; and
  - b. a Domestic Customer or any member of his household; and
- (b) entail verbal communication with the Domestic Customer or any member of his household with the intention or effect of:
  - a. promoting the provision by the licensee or any other named person of any goods and services; or
  - b. promoting the availability to the Domestic Customer or member of his household of any goods or services specifically designed for or tailored to his requirements,

but for these purposes:

- (A) 'promoting' shall be taken to exclude the activity of agreeing or arranging, at the request of the Domestic Customer or a member of his household, any further communication with that person, at a date later than the date of the installation visit, in relation to the provision by

the licensee or any other named person of any goods or services; and

- (B) 'goods or services' shall be taken to exclude any goods or services which are to be provided free of charge.

**Sales Transaction**

means any transaction, whether in writing or otherwise, which involves a Domestic Customer or any member of his household:

- (a) paying a sum of money to any person in respect of the provision of goods or services; or
- (b) entering into a contract to pay a sum of money to any person in respect of the provision of goods or services.

## Electricity – micro-business customers

### **Condition DD: Smart Metering Installation and 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 Systems 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 Systems are conducted in a fair, transparent, appropriate and professional manner; and
  - (c) Micro Business Consumers are provided with information about, or during, the installation of Smart Metering Systems which:
    - (i) is complete and accurate;
    - (ii) does not mislead them; and
    - (iii) informs them about the benefits of the Smart Metering Systems 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:

- (c) designate an Installation Code which shall apply for the purposes of this Condition; or
- (d) in the case of paragraph (b), issue a direction requiring the licensee and all other licensed electricity and gas suppliers to make such modifications to the Installation Code which has been submitted to it as are specified in the direction.

#### 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 all 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 Smart Metering Systems; and
  - (b) provide for Micro Business Consumers to be given complete and accurate information and advice, which is in plain and intelligible language and which does not mislead them, about:
    - (i) the installation, purpose, features and advantages of Smart Metering Systems;
    - (ii) the use of Smart Metering Systems, including such information as will assist 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 may provide for particular provisions, as specified in it, not to apply in such cases or circumstances as are specified or described in the Installation Code.
- 8 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 electricity or gas 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 electricity and gas suppliers, 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 electricity and gas suppliers to make such modifications to any of the specified features as it may direct.

#### **Consultation on the Installation Code**

- 9 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**

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

#### **Review of the Installation Code**

- 12 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 Systems; and
  - (b) together with all other licensed electricity and gas suppliers, review the Installation Code and the manner in which it has been operated with a view to determining, taking into account views received, whether any revisions should be made to it.
- 13 Where, within 30 working 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 working day period but that it will aim to do so within the timescale 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.

- 14 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; and
  - (b) made readily accessible, including by being published on and made readily accessible from its Website (if it has one).
- 15 The licensee shall give, free of charge and as soon as practicable following the request, a copy of the most up-to-date approved or designated (as the case may be) Installation Code

to any person that requests it.

**Interpretation and Definitions**

16 In this Condition, any reference to Smart Metering System shall be read as incorporating a reference to any part of that system.

17 For the purpose of this Condition:

**Micro Business Consumer**

has the meaning given to it in Standard Condition 7A of the Standard Conditions for Electricity Supply Licences.

## Gas – domestic customers

### **Condition CC: Smart Metering Installation and the Installation Code of Practice - Domestic Customers**

#### **The Objectives and the duty to achieve them**

- 21 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 Systems 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 Systems are conducted in a fair, transparent, appropriate and professional manner;
  - (c) Domestic Customers are given information about, and during, the installation of Smart Metering Systems which:
    - (i) is complete and accurate;
    - (ii) does not mislead them; and
    - (iii) informs them about the benefits of Smart Metering Systems and about what to expect in relation to the installation process; and
  - (d) Domestic Customers are not subject to unwelcome Marketing during any visit to their premises for the purposes of installing Smart Metering Systems.
- 22 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**

- 23 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**).

24 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:

- (e) designate a Domestic Installation Code which shall apply for the purposes of this Condition; or
- (f) in the case of paragraph (b), issue a direction requiring the licensee and all other licensed electricity and gas suppliers of Domestic Premises to make such modifications to the Domestic Installation Code which has been submitted to it as are specified in the direction.

#### **Content of the Domestic Installation Code**

- 25 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 Systems at Domestic Premises.
- 26 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 provision, configuration, installation or operation of the Smart Metering System at Domestic Premises;
  - (b) the replacement, modification or reconfiguration of the Smart Metering System 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 6(b) or paragraph 8 of Condition BB,

- may be recovered from a Domestic Customer only in the circumstances described in either paragraph 7 or 8.
- 27 The circumstances described in this paragraph are that costs are borne by the licensee's Domestic Customers generally as an increment of charges for gas supplied to them.
- 28 The circumstances described in this paragraph are that:
- (a) the Smart Metering System 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 a Smart Metering System 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 System being installed, expressly requested the installation of enhanced equipment.
- 29 The Domestic Installation Code must include provisions which will ensure that the licensee and its Representatives will:
- (a) not make any Sales Transaction during a visit to install a Smart Metering System at any Domestic Premises;
  - (b) not undertake any Marketing during a visit to install a Smart Metering System unless the Domestic Customer has, in advance of the date of the installation visit, given his explicit consent to Marketing being undertaken during the installation visit; and
  - (c) cease any Marketing being undertaken in compliance with paragraph (b) immediately upon a request to do so made by the Domestic Customer or any member of his household.
- 30 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) 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 a Smart Metering System;
  - (b) provide for Domestic Customers to be given complete and accurate information and advice, which is in plain and intelligible language and which does not mislead them, about:

- (i) the installation, purpose, features and advantages of Smart Metering Systems;
  - (ii) the use of Smart Metering Systems, including such information as will assist 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 and impartial information or assistance about improving the efficiency with which they use the electricity and/or gas supplied to them;
- (c) 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 Systems;
- (d) notify Domestic Customers of the Domestic Installation Code, of the provisions set out in it and of the licensee's obligations under it; and
- (e) retain, and produce to the Authority when requested to do so, documentary evidence sufficient to demonstrate (where given) a Domestic Customer's consent to Marketing being undertaken during the installation visit.
- 31 The Domestic Installation Code may make further provision in relation to any matters that are designed to secure the achievement of the Objectives.
- 32 The Domestic Installation Code may provide for particular provisions, as specified in it, not to apply in such cases or circumstances as are specified or described in the Domestic Installation Code.
- 33 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 electricity or gas 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 electricity and gas 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 electricity and gas suppliers of Domestic Premises to make such modifications to any of the specified features as it may direct.

#### **Consultation on the Domestic Installation Code**

34 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**

35 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.

36 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**

37 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 Systems; and

- (b) together with all other licensed electricity and gas suppliers of Domestic Premises, review the Domestic Installation Code and the manner in which it has been operated with a view to determining, taking into account views received, whether any revisions should be made to it.

38 Where, within 30 working 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 working day period but that it will aim to do so within the timescale set out 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.

39 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; and
- (b) made readily accessible, including by being published on and made readily accessible from its Website (if it has one).

40 The licensee shall give, free of charge and as soon as practicable following the request, a copy of the most up-to-date approved or designated (as the case may be) Domestic Installation Code to any person that requests it.

### **Interpretation and Definitions**

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

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

22 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.

23 For the purposes of this Condition:

**Marketing**

means any activities of the licensee or any of its Representatives that:

- (c) take place with the simultaneous physical presence of:
  - a. the licensee or the Representative; and
  - b. a Domestic Customer or any member of his household; and
- (d) entail verbal communication with the Domestic Customer or any member of his household with the intention or effect of:
  - a. promoting the provision by the licensee or any other named person of any goods and services; or
  - b. promoting the availability to the Domestic Customer or member of his household of any goods or services specifically designed for or tailored to his requirements,

but for these purposes:

- (C) 'promoting' shall be taken to exclude the activity of agreeing or arranging, at the request of the Domestic Customer or a member of his household, any further communication with that person, at a date later than the date of the installation visit, in relation to the provision by the licensee or any other named person of any goods or services; and
- (D) 'goods or services' shall be taken to exclude any goods or services which are to be provided free of charge.

- Sales Transaction** means any transaction, whether in writing or otherwise, which involves a Domestic Customer or any member of his household:
- (c) paying a sum of money to any person in respect of the provision of goods or services; or
  - (d) entering into a contract to pay a sum of money to any person in respect of the provision of goods or services.

## Gas – micro-business customers

### **Condition DD: Smart Metering Installation and Installation Code of Practice – Micro Business Consumers**

#### **The Objectives and the duty to achieve them**

- 18 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 Systems 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 Systems are conducted in a fair, transparent, appropriate and professional manner; and
  - (c) Micro Business Consumers are provided with information about, or during, the installation of Smart Metering Systems which:
    - (i) is complete and accurate;
    - (ii) does not mislead them; and
    - (iii) informs them about the benefits of the Smart Metering Systems and about what to expect in relation to the installation process.
- 19 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**

- 20 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**).

- 21 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:
- (e) designate an Installation Code which shall apply for the purposes of this Condition; or
  - (f) in the case of paragraph (b), issue a direction requiring the licensee and all other licensed electricity and gas suppliers to make such modifications to the Installation Code which has been submitted to it as are specified in the direction.

#### Content of the Installation Code

- 22 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 all 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 Smart Metering Systems; and
  - (b) provide for Micro Business Consumers to be given complete and accurate information and advice, which is in plain and intelligible language and which does not mislead them, about:
    - (i) the installation, purpose, features and advantages of Smart Metering Systems;
    - (ii) the use of Smart Metering Systems, including such information as will assist 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.

- 23 The Installation Code may make further provision in relation to any matters that are designed to secure the achievement of the Objectives.
- 24 The Installation Code may provide for particular provisions, as specified in it, not to apply in such cases or circumstances as are specified or described in the Installation Code.
- 25 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 electricity or gas 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 electricity and gas suppliers, 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 electricity and gas suppliers to make such modifications to any of the specified features as it may direct.

#### **Consultation on the Installation Code**

- 26 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**

- 27 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.
- 28 The licensee must maintain a record of its performance against and compliance with the requirements of the Installation Code.

#### **Review of the Installation Code**

- 29 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 Systems; and
  - (b) together with all other licensed electricity and gas suppliers, review the Installation Code and the manner in which it has been operated with a view to determining, taking into account views received, whether any revisions should be made to it.
- 30 Where, within 30 working 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 working day period but that it will aim to do so within the timescale 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.

- 31 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; and
  - (b) made readily accessible, including by being published on and made readily accessible from its Website (if it has one).
- 32 The licensee shall give, free of charge and as soon as practicable following the request, a copy of the most up-to-date approved or designated (as the case may be) Installation Code

to any person that requests it.

**Interpretation and Definitions**

33 In this Condition, any reference to Smart Metering System shall be read as incorporating a reference to any part of that system.

34 For the purpose of this Condition:

<b>Micro Business Consumer</b>	has the meaning given to it in Standard Condition 7A of the Standard Conditions for Gas Supply Licences.
--------------------------------	--

© Crown copyright 2012  
Department of Energy & Climate Change  
3 Whitehall Place  
London SW1A 2AW  
[www.decc.gov.uk](http://www.decc.gov.uk)

**URN 12D/017**