

SMART METERS PROGRAMME STRATEGY AND CONSULTATION ON INFORMATION REQUIREMENTS FOR MONITORING AND EVALUATION

May 2012

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The consultation can be found on DECC's website:

www.decc.gov.uk/en/content/cms/consultations/sm_evaluation/sm_evaluation.aspx

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Executive Summary

This document sets out the Government's approach to monitoring and evaluating the roll-out of smart metering in Great Britain. It is aimed both at industry parties involved in the roll-out, and at other parties who will have an interest in information about the roll-out's preparation, progress and impacts.

The document has two parts: Part One (the Monitoring and Evaluation Strategy) describes the Government's objectives, general approach and plans; Part Two (consultation on implementing the Strategy) seeks views on the arrangements for collecting information from suppliers and network operators for monitoring and evaluation purposes.

The Smart Metering Implementation Programme (the Programme) aims to roll-out smart metering to every home in Great Britain and around 2 million smaller businesses by the end of 2019. The Government is responsible for putting in place the regulatory framework that will underpin the roll-out and ensure that it is delivered in line with consumers' interests, while energy suppliers will be responsible for delivering the roll-out. Monitoring and evaluation are essential components of the framework, providing feedback to both Government and stakeholders on progress and outcomes:

- During the Foundation Stage of the Programme, which runs until late 2014, monitoring and evaluation will inform our assessment of suppliers' readiness for mass roll-out and help us to understand the requirements for consumer engagement to deliver benefits and inform an early review;
- Once mass roll-out is underway, monitoring will inform regular reporting of progress, costs incurred, and the delivery of benefits. Risks and opportunities may also be identified which require further action;
- Towards the end of mass roll-out we will evaluate the Programme's overall success and provide lessons for the future. We intend to carry out a comprehensive post implementation review in around 2018/19.

We will use monitoring and evaluation to meet the following objectives:

- Inform the ongoing development of the approach to consumer engagement;
- Monitor the capability and readiness of industry participants for the start of mass roll-out;
- Track progress towards completion;
- Manage the full range of costs and benefits attributable to smart metering.

Effective **consumer engagement** will be critical to the success of the Programme both in terms of achieving access and delivering consumer benefits, in particular energy saving. Monitoring consumer attitudes to smart metering and its impacts on energy use will be important in helping us to refine our approach to consumer engagement in Foundation Stage and beyond. We have worked to identify a robust method of measuring impacts on energy consumption which we will implement going forward, and expect to carry out consumer research looking both at energy saving and wider consumer attitudes and benefits. To inform

our understanding of consumer engagement, we also expect to collect information on suppliers' individual strategies and approaches to consumer engagement; data on the progress of installations and consumer responses; and interactions with other energy efficiency policies.

We will collect information on industry's **capability and readiness** for the start of mass roll-out. We will use Annual Supplier Reports to gather a high level overview of key activities, and challenge these where necessary. The roll-out trajectories will also be consolidated and shared with other industry parties to assist them in their own planning.

As roll-out progresses we will track progress towards **completion** including collecting information which will enable us to identify any operational or wider issues which the Programme may need to address. Recognising the strong public interest in the Programme we will look to collect information at a sufficient degree of geographical detail and broken down by consumer group so that we can provide transparency about where smart meters are being rolled out and ensure that no particular customer groups are being left behind. Ofgem will also be looking to monitor progress towards completion given its role in monitoring and, where appropriate, enforcing suppliers' compliance with their licence obligations.

Overall the Programme is anticipated to deliver over £18.6 billion of gross benefits against a gross cost of around £11.5 billion – giving a net projected benefit of around £7.2 billion. We will put in place arrangements to manage **costs and benefits** to provide assurance to stakeholders and enable us to take action if the benefits are not being delivered in line with expectations. Although produced via a separate process, we will use the impact assessments as the starting point for tracking benefits and are prioritising the largest benefit areas. During the rest of Foundation Stage we will continue to review the impact assessments and will put in place arrangements for monitoring other benefits so that we are able to track the full range of benefits attributable to the Programme once the impact assessment process has concluded.

Given competitive pressures in the retail market, and the action Government and Ofgem are taking to promote competition, we expect suppliers to pass through the net savings from smart metering to consumers. The information we collect on costs and benefits will enable us to assess impacts on consumer bills, and inform wider policy.

Given the strong public interest in smart metering we are committed to producing regular reports on the Programme's progress towards delivery, and on the associated costs and benefits once mass roll-out has started. In particular, we envisage publishing an annual progress report together with quarterly statistical updates and other evaluation reports. Our approach to reporting will ensure transparency alongside protecting commercial confidentiality and the need to protect personal data. In some areas such as supplier costs and efficiency savings reporting will be at an aggregate industry level.

The consultation section in Part Two focuses on the data and information that Government will need from suppliers and network operators, and the licence obligations that we propose to place on them to require them to provide this information. In summary, Part Two proposes that:

- The Government use its powers under section 88 of the Energy Act 2008 as amended to introduce licence conditions that would require suppliers and network operators to submit relevant information and data as and when requested. The detailed information and data requirements would be set out in Information Requests.

- For energy suppliers, two types of Information Requests are envisaged. An Annual Supplier Report would be requested from larger suppliers to provide the Programme with an overview of planned roll-out profiles through to 2019, alongside progress to date. It would include key milestones, the capability to deliver those milestones, consumer engagement plans, and information on costs and efficiency savings. Regular Monitoring Data requests, envisaged to be quarterly for the larger suppliers and annually for smaller domestic and non-domestic suppliers, would collect data on installation-related activities (e.g. the number of meters and in-home displays (IHDs) installed) by fuel type, location, and customer segment (e.g. pre-payment customers), as well as data required to enable tracking of supplier efficiency savings.
- The Government will use the information provided to it to inform its decision making and understanding of how roll-out is progressing. It also intends to report publicly on progress at a high-level, using aggregated and anonymised data in the most part, and seeking consent from suppliers if it wishes to publish supplier-specific information which they have provided.
- To support Ofgem's role in ensuring that suppliers comply with the obligation to complete roll-out in 2019, the consultation proposes that it should be given new powers to require suppliers to submit roll-out plans to them, against which Ofgem can monitor compliance.

The licence conditions would be expected to come into effect around the end of 2012. In the meantime, the Programme will continue to seek some information from suppliers on a voluntary basis and welcomes the constructive engagement in this process to date.

Introduction and general information on the consultation

Introduction to smart metering

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 IHD. 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.

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. Pre-payment meter customers are expected to pay for their energy use in new, more convenient ways. 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 better manage debt. Energy networks will have better information upon which to manage current and plan future activities and the move towards smart grids which support sustainable energy supply.

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 mass roll-out. The majority of consumers will receive their smart meters during mass roll-out.

The Government is putting in place the regulatory framework for mass roll-out. Some elements of the framework will come into effect during the Foundation Stage, recognising that smart meters are being installed in this period, that suppliers and others are engaging with consumers, and preparations are being made for mass roll-out. The arrangements for monitoring and evaluation form part of this.

Structure of this document

Part One describes the overall framework for monitoring and evaluation, while Part Two consults on the arrangements for collecting data from suppliers and network operators, including draft licence conditions.

Within Part One, section 1 sets out the context, objectives and approach. The following sections address the various objectives of the strategy in turn. Section 2 covers the requirements for information on consumer engagement, including our plans for an early evaluation of consumer

impacts. Section 3 describes the arrangements for monitoring suppliers' capability and readiness and their progress towards completion. Section 4 sets out how we will monitor the costs and benefits of the Programme and ensure they are delivered. Section 5 sets out how we will report on the Programme's progress and benefits, in terms of published outputs, and Section 6 sets out the approach to evaluating the Programme.

Within Part Two section 7 describes the overall regulatory approach and proposals for collecting data; section 8 the proposed approach to Ofgem's regulatory oversight and data collection; Section 9 the approach to data collection and handling; sections 10 and 11 respectively the contents of the Annual Supplier Report and Regular Monitoring Data; and Annexes A and B the draft licence conditions on energy suppliers and network operators.

Purpose of this consultation

In this consultation document the Government is seeking views on a proposed framework for collecting monitoring and reporting information from energy suppliers and network operators in relation to the roll-out of smart meters. This includes proposals about the way in which this information will be requested, as well as the scope, content and timing of these monitoring and reporting requests. This consultation also includes draft licence conditions for comment. The Government would welcome views from all interested parties.

Issued: 31 May 2012

Respond by: 27 July 2012

General Enquiries about this consultation should be directed to:

Smart Metering Implementation Programme

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How to respond

Your response will most useful if it is framed in direct response to the questions posed, though further comments and evidence are also welcome. The consultation closes on 27 July 2012. Responses should be clearly marked Smart Meters Programme: Strategy and consultation on information requirements for monitoring and evaluation (May 2012). Responses and any enquiries related to the consultation, should be addressed to:

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Territorial extent

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

Additional copies

You may make copies of this document without seeking permission. An electronic version can be found at www.decc.gov.uk/en/content/cms/consultations/sm_evaluation/sm_evaluation.aspx

Other versions of the document in Braille, large print or audio-cassette are available on request. This includes a Welsh version. Please contact us under the above details to request alternative versions.

Confidentiality and data protection

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

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

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

Quality assurance

This consultation has been carried out in accordance with the Government's Code of Practice on consultation, which can be found at www.bis.gov.uk/files/file47158.pdf. If you have any complaints about the consultation process (as opposed to comments about the issues which are the subject of the consultation) please address them to:

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

What happens after the consultation

Responses should be submitted by 27 July 2012. The Government will consider responses to the consultation and make any appropriate amendments to the draft licence conditions. The Government will also, in light of the responses, develop and issue the Information Requests to suppliers. It is envisaged that the licence conditions will be laid before Parliament and come into effect towards the end of 2012.

Full list of consultation questions

In all cases, respondents are asked to explain their answers fully and provide evidence to support their arguments where possible.

Section 8 – Regulatory proposals

Consultation Question	
1.	Do the licence conditions as drafted, deliver the set policy intentions set out above – for example, to create a consistent, predictable and proportionate framework for monitoring and reporting? Do any specific areas of the draft licence conditions need amendment or clarification to deliver this policy, and if so, how should they be amended?
2.	Is there a need for any consequential changes to existing licence conditions or codes to ensure that the proposed requirements on suppliers or network operators work as intended?
3.	What are your views on this proposed approach to the scope, frequency and timing of the content of Information Requests?

Section 9 – Ofgem’s oversight of smart meter roll-out obligations

Consultation Question	
4.	Do you have any comments on the proposed framework for the provision of suppliers’ plans and reporting information to Ofgem? Are there any alternative approaches that might better achieve the aims of the framework?
5.	Do you have any comments on the appropriate format of, and interval between, the interim milestones?
6.	Do you have any comments on which elements of the above approach would be appropriate for smaller suppliers?
7.	Do the licence conditions as drafted effectively implement the proposed framework described in this section?

Section 10 – Data collection and handling

Consultation Question	
8.	<p>What are your views on the options for different geographical granularity of data collection for:</p> <ul style="list-style-type: none"> • Monitoring the roll-out of smart meters • Tracking the impact of smart meters on consumer's energy use for a sample of consumers • Understanding the benefits and costs incurred?
9.	<p>What are your views on this approach to the publication of aggregated and supplier-specific information?</p>
10.	<p>What are your views on the assumptions about the cost burden on suppliers of collecting and reporting on these data and information requirements? What could DECC do to minimise costs further?</p>

Section 11 – Annual Supplier Report

Consultation Question	
11.	<p>What are your views on the information that large domestic suppliers should provide to Government on an annual basis?</p>

Section 12 – Regular monitoring data

Consultation Question	
12.	<p>What are your views on the information that suppliers should provide to the Government on a regular reporting cycle?</p>

Part One – The Monitoring and Evaluation Strategy

1. Context, objectives and approach

Monitoring and evaluation provides an essential feedback loop to inform decisions by Government and other parties on smart metering implementation and its benefits. Our work in this area will deliver evidence to inform policy decisions (including on consumer engagement); assurance that the roll-out has been fully prepared for and can be successfully completed; assessments of progress and benefits during the mass roll-out period; and accountability for the delivery of the Programme’s objectives. This strategy has been developed to ensure that robust and timely information is available to Government and other parties to support these aims.

Monitoring and evaluation context

- 1.1. Smart metering is a major national programme: one of the largest and most complex investment programmes undertaken by the energy industry, involving every household in Great Britain plus around 2 million smaller businesses and public sector premises. It is projected¹ to cost around £11.5billion, with gross economic benefits of over £18.6billion and net benefits of around £7.2billion by 2030. In a Programme of such breadth, duration and complexity, information will be needed for a range of purposes.
- 1.2. Given the Government’s overall accountability for the Programme, responsibility for monitoring and evaluation, including setting the framework for supplier reporting and benefits management, rests with the Government. Energy suppliers will be carrying out their own monitoring and internal reporting to help them ensure they are meeting regulatory obligations and delivering their commercial objectives. This will generate much of the information that will be needed by the Government.
- 1.3. Ofgem has responsibility for monitoring and, where appropriate, enforcing licensees’ compliance with licence obligations and will therefore also need to collect relevant information from suppliers.

¹ DECC Smart Metering impact assessments
http://www.decc.gov.uk/en/content/cms/consultations/cons_smip/cons_smip.aspx

- 1.4. Monitoring and evaluation are core elements of Government policy development as set out in central HMT guidance². Monitoring is the regular collection of information to track performance, progress and the delivery of objectives. This includes identifying risks and issues which emerge so that action can be taken, monitoring preparations and progress, and measuring impacts (in particular, costs and benefits).
- 1.5. Evaluation is a formal process using monitoring and other information to report on how the policy has been delivered, and what its impacts have been. DECC's internal specialists manage monitoring and evaluation activities taking account of the specific features of each policy, under DECC's Evaluation Board.
- 1.6. Where policies are delivered through formal Programme arrangements, such as is the case for the Smart Metering Implementation Programme, then additional guidance from the Office of Government Commerce (OGC) sets out formal benefits management processes to be followed. The approach to Benefits Management is described further in Section 4.

Objectives for monitoring and evaluation

- 1.7. The Government has developed its approach to monitoring and evaluation for smart metering to meet the following objectives:
 - To ensure that sufficient evidence about consumer impacts and the effectiveness of different approaches to **consumer engagement** is available, to inform the ongoing development of the approach to consumer engagement including an early review before the end of the Foundation Stage;
 - To monitor the **capability** and readiness of industry participants to meet their roll-out obligations ahead of mass roll-out;
 - To track progress towards **completion**;
 - To manage the full range of **costs and benefits** attributable to the Programme and report on the achievement of the business case.
- 1.8. In addition, there are two broader objectives which our strategy must meet:
 - To publish sufficient information on the Programme's progress and benefits, to enable Parliament and other stakeholders to scrutinise and engage with the Programme;
 - To carry out a comprehensive evaluation of the overall success of the Programme in delivering its objectives, to inform future policy development.

²HMT Treasury Appraisal and Evaluation in Central Government July 2011 http://www.hm-treasury.gov.uk/d/green_book_complete.pdf; http://www.hm-treasury.gov.uk/d/magenta_book_combined.pdf

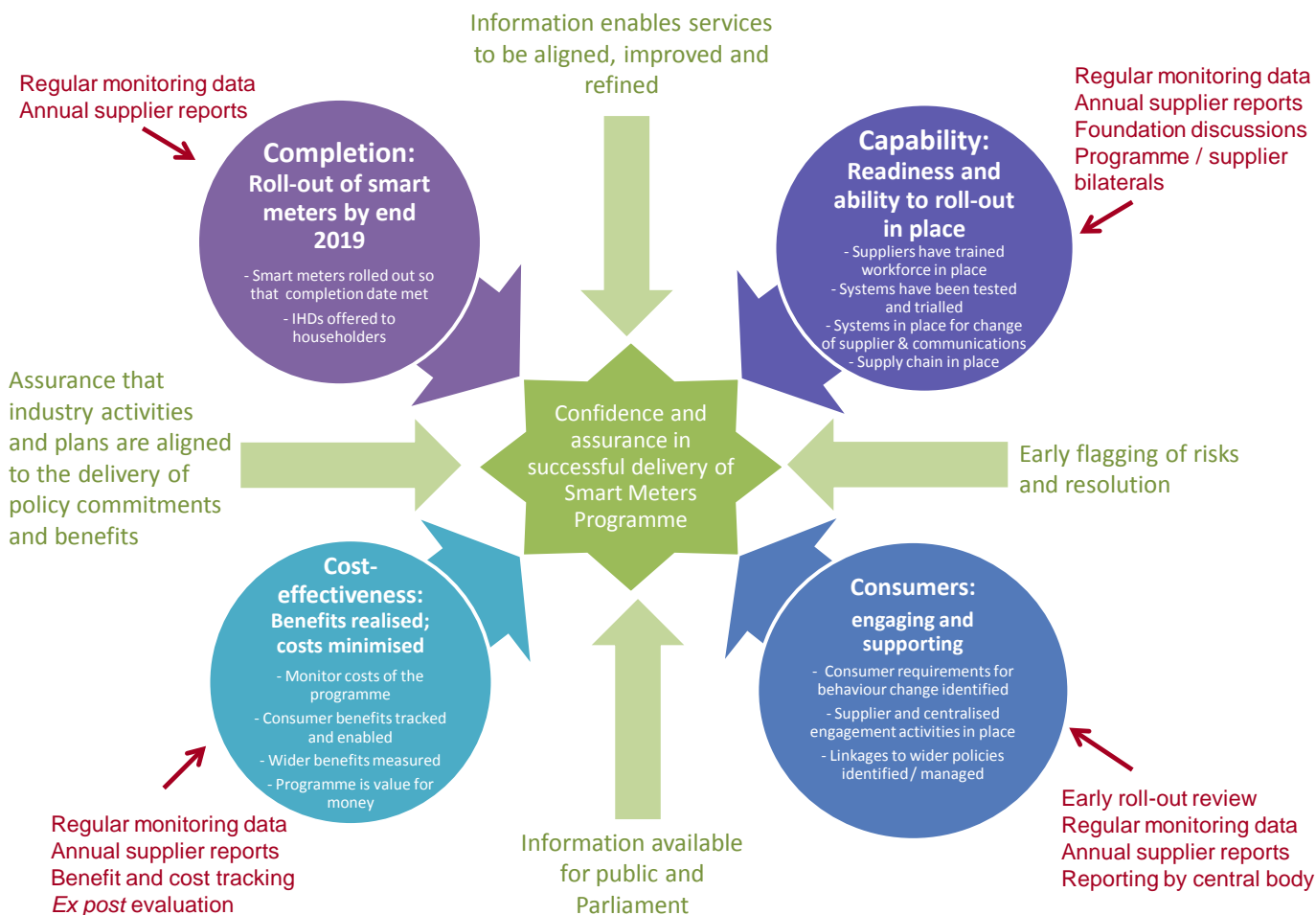
Key phases of the Strategy

- 1.9. During the rest of the Foundation Stage a strong focus will be on preparing appropriate metrics, establishing systems for collecting information, and collecting initial data which can be used as a 'baseline' against which progress can be measured. We will also be learning from 'early mover' activities and assessing suppliers' readiness for mass roll-out. Early evaluation will be carried out to improve our projections and inform the development of the Consumer Engagement Strategy (CES).
- 1.10. Once mass roll-out is underway, monitoring will inform regular reporting of progress, costs incurred, and the delivery of benefits. This will enable us to review the projections made in the impact assessments and give accountability for the overall cost effectiveness of the Programme. Risks and opportunities may also be identified which require further action. As noted above, Ofgem will also require information to inform its role, including the proposed obligation on suppliers to take all reasonable steps to complete roll-out by end of 2019.
- 1.11. Towards the end of the roll-out, a Post-Implementation Review will be carried out, based on our monitoring and evaluation work. This will consider the overall success of the policy in delivering its objectives and its wider impacts. Evidence will be needed to understand the interactions between smart metering and other energy and climate change policies and programmes. By looking at the effectiveness of policy in meeting its objectives, Government can learn lessons which will inform future policy development.

The framework for monitoring and evaluation

- 1.12. We plan to implement this strategy through a series of information and data collection and reporting activities, which collectively will meet the objectives described above. These arrangements will be developed and managed to avoid duplication of data collection and minimise burdens on suppliers, who will be the primary source for much of the data. In addition, we will draw on other sources of information, such as consumer surveys conducted by DECC, from the proposed consumer engagement delivery body, and discussions between DECC's and suppliers' programme management offices (PMOs).
- 1.13. Through Part Two of this document we are consulting on the proposed requirements on suppliers and network operators for data collection and reporting under section 88 of the Energy Act 2008 as amended. For supplier data we envisage a combination of Annual Supplier Report and Regular Monitoring Data. Our overall approach during Foundation Stage and the early part of mass roll-out is illustrated in Figure 1 overleaf.

Figure 1: Schematic of Monitoring and Evaluation Framework



2. Understanding Consumer Engagement

Monitoring and evaluation of consumer engagement will provide the Government, suppliers and other stakeholders with relevant and timely information on which to act. This includes information on consumer attitudes, and the approaches being taken by suppliers to engaging their customers and their impacts. This section describes these requirements, the proposed sources of information and our approach to delivering them, looking separately at the requirements during Foundation and mass roll-out.

Requirements for information on consumer engagement

- 2.1. The Government has emphasised the importance of consumer engagement and the need to put consumer benefits and protection at the Programme's heart. It has recently published its CES³ for consultation.
- 2.2. The Government's conclusions on the CES consultation will be published in the Autumn. However we recognise that consumer engagement with smart meters is a complex area in which the progressive development of approaches informed by evidence on consumer attitudes and "what works" will be necessary. The Government has committed⁴ to carry out a review of the approach to roll-out before the end of Foundation Stage, in order to establish whether any further policy steps are necessary.
- 2.3. Energy suppliers are developing their individual approaches, and are already carrying out a range of trials and early mover installations. Information from monitoring and evaluation can help to inform suppliers and other stakeholders about the benefits of different approaches to consumer engagement.
- 2.4. Under the approach to central delivery outlined in the CES consultation, the proposed central body would also have important needs for information, to enable it to develop, implement and refine its engagement approaches.
- 2.5. Specific areas (covered in more detail below) where information will be required are:
 - Consumers' awareness and attitudes to smart metering and how these evolve over time;
 - Progress of installations and consumer responses – including take-up of smart meters and IHDs, and responses to key consumer policies such as on privacy and data access and sales and marketing;

³ DECC Smart Metering Implementation Programme consumer engagement strategy consultation document, April 2012, <http://www.decc.gov.uk/assets/decc/11/consultation/smart-metering-imp-prog/4897-consumer-engagement-strategy-con-doc.pdf>

⁴ DECC Smart Metering Implementation Programme response to Prospectus consultation overview document, March 2011, <http://www.decc.gov.uk/assets/decc/Consultations/smart-meter-imp-prospectus/1475-smart-metering-imp-response-overview.pdf>

- Suppliers' plans for consumer engagement – including both individual activity and the activities of any central delivery body;
 - Consumer impacts and drivers, in particular consumer experience of smart meter installations and subsequent changes in energy consumption, and how these vary by approach to consumer engagement and customer segment;
 - Development of smart products and services (including by third parties) and interactions with other policies such as Green Deal.
- 2.6. We will monitor and evaluate consumer engagement for both domestic and non-domestic consumers. Similar types of information are likely to be needed for both market segments, but taking account of the critical differences between the two.
- 2.7. Our detailed proposals as set out in this document are designed to address these requirements. As part of our commitment to publish regular reports as set out in Section 5 we will summarise this consumer information across the roll-out. Government, industry and stakeholders will thereby have a clear picture of the evolution of consumer support, the general approaches being taken by suppliers to consumer engagement and the impact this is having.

Monitoring and Evaluation of Consumer Engagement During Foundation

- 2.8. Our main activities during Foundation Stage will be as set out below. Our aim is to draw together all of this information in the second half of 2013, as the basis for a review of the overall approach to consumer engagement before mass roll-out starts in late 2014.

Consumers' awareness and attitudes to smart metering

- 2.9. To provide evidence in this area we already have undertaken qualitative research with householders, including some who have already had smart-type meters installed. This research has explored awareness, acceptance and attitudes, including potential concerns, towards smart meters. Results from this initial work have been published on the DECC website⁵.
- 2.10. This research will be followed up with a 6-monthly quantitative survey which will track changing levels of awareness and attitudes throughout Foundation Stage and allow us to monitor effectiveness of early engagement. As further measures are put in place as part of the CES, the quantitative survey will provide a means of tracking progress. We would expect to work closely with the proposed central delivery body, which may carry out its own surveys.
- 2.11. In addition, other organisations may carry out related surveys, which could provide additional evidence for the Programme. For example, we will work with Ofgem and Consumer Focus on how our respective consumer surveys can complement each other, and avoid unnecessary duplication and minimise burdens.

⁵ DECC Research report: Smart Meters: research into public attitudes, May 2012, <http://www.decc.gov.uk/assets/decc/11/tackling-climate-change/smart-meters/5424-smart-meters-research-public-attitudes.pdf>

Progress of installations and consumer responses

- 2.12. As set out in Part Two, we intend to monitor installations of smart meters and IHDs on a quarterly basis during the Foundation Stage. Reports will be published of high-level information tracking the development of the roll-out profile and statistics on levels of acceptance of IHDs. This will provide further evidence about levels of customer support.

Suppliers' plans for consumer engagement

- 2.13. Suppliers will have obligations to deliver energy efficiency advice as part of the installation visit. Understanding suppliers' plans will be important in developing the overall consumer engagement strategy and identifying where more action may be needed by Government.
- 2.14. As part of the proposed Annual Supplier Report, suppliers will be asked to provide DECC with information on their approaches to consumer engagement to promote acceptance and behaviour change. This could include the high-level customer journey, tailored approaches for specific customer segments, and the potential involvement of third parties.
- 2.15. We will discuss with suppliers what level of information should remain confidential to the Programme, what can be shared with any central delivery body, and what can be published at supplier or aggregate level without infringing confidentiality.

Early evaluation of consumer impacts and drivers

- 2.16. Evidence from the evaluation of 'early mover' installations, trialling and other research will be used to help assess whether suppliers' engagement plans are likely to be sufficient to deliver the Programme objectives, and to inform subsequent policy decisions.
- 2.17. To inform our approach to evaluating consumer impacts we commissioned a review of lessons from the Energy Demand Research Project⁶ and held a stakeholder workshop⁷. Building on this, our 'Smart Meters Evaluation Data Framework – consumer impacts' scoping project (SMED)⁸ has refined and prioritised the set of evaluation questions we will aim to have initial answers on by the end of Foundation Stage and these are listed below.

Foundation: consumer impacts and evaluation questions

- What is the customer experience of smart meters?
- Which components of the smart meter roll-out are associated with positive customer experience?

⁶ The Energy Demand Research Project (EDRP) was a major project co-funded by the Government to provide information on consumers' responses to a range of forms of feedback, including smart meter-based interventions. See: <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=21&refer=Sustainability/EDRP>

⁷ AECOM: DECC smart meters evaluation and consumer benefits measurement workshop September 2011 www.decc.gsi.gov.uk/en/content/cms/tackling/smart_meters/sup_res/sup_res.aspx

⁸ To be published at www.decc.gsi.gov.uk/en/content/cms/tackling/smart_meters/sup_res/sup_res.aspx

- Which components of a) the smart meter roll-out and b) of the CES have been more effective than others in reducing energy consumption?
- How do the components of a) the smart meter roll-out and b) the consumer engagement strategy and their effects on energy consumption vary for vulnerable groups (e.g. low income consumers and those on the Priority Service Register)?
- Have smart meters influenced the take-up of measures associated with other policy initiatives?

2.18. We are currently establishing the arrangements which will deliver the necessary evidence. These arrangements will have two main components:

- a) Early assessment of emerging impacts
- b) Learning through testing and trialling

a) Early assessment of emerging impacts

- 2.19. A consistent and robust statistical analysis is required to distinguish the impacts of smart meters from other factors and other variables. We will therefore commission this analysis centrally.
- 2.20. As set out in Section 12, the Government proposes to require suppliers to provide Government with key data to allow Government to construct a robust sample of households with smart meters, and a control group without smart meters. In this work, the Government will seek to better understand whether and how impacts differ according to consumer characteristics and consumer engagement approaches. Initially, Government will gather data on early impacts and test the evaluation approach on domestic consumer installations by asking suppliers for key data on a voluntary basis ahead of licence conditions coming into force. In parallel, Government will refine its approach to evaluating the impacts on non-domestic consumers in time for the longer-term evaluation which will begin alongside mass roll-out in 2014.
- 2.21. To enable Government to understand how perceptions and impacts differ according to key consumer characteristics and allow Government to control for other factors (to be sufficiently confident any impacts are due to the smart meter intervention and not something else), Government will collect data on a range of variables including key socio-demographic characteristics, housing tenure, size and type, etc. The SMED project has proposed the likely sources of such data, as much will not be held by energy suppliers.
- 2.22. In addition to understanding energy saving impacts, the Programme intends to look at measuring other important consumer benefits which are not quantified in the impact assessment. For example, consumer confidence in understanding and managing their energy consumption and greater convenience from not having to have meters read or correct estimated bills, and customer satisfaction and engagement with the energy industry. This is likely to require the collection of new data, for example via surveys and qualitative research.
- 2.23. Inevitably there will be some limitations on the level of analysis that we can conduct during Foundation Stage as suppliers' plans will still be developing and not all elements of the consumer engagement strategy will be in place. However, an early assessment of the emerging impacts will be of value in refining the consumer engagement approach. It will also enable the Programme to test and refine the methodology to ensure there is a robust approach to evaluation for mass roll-out.

b) Learning through testing and trialling

2.24. The early assessment described above will provide some information on the effectiveness of different suppliers' approaches during Foundation Stage. Suppliers are conducting their own trials which the Programme will be able to learn from. The Programme has discussed their plans with them and checking them against the areas identified in the CES where the Programme needs to learn more. Where gaps remain, the Programme will work with stakeholders on how to fill them.

Development of Smart Products and Services

2.25. As described in the CES, the Programme anticipates suppliers and third parties will develop a range of products and services using smart meter functionality for both domestic and non-domestic consumers, many of which will support consumer benefits such as energy saving. Government will seek to learn about the value of such approaches during Foundation Stage, whilst recognising that evaluating their wide availability will be a task for the mass roll-out phase.

2.26. This phased approach also applies to monitoring and evaluating time-of-use tariffs and other approaches to demand-side response, where we will initially collect evidence from suppliers' trials (including projects under the Low Carbon Networks Fund) rather than seeking to carry out our own evaluation.

Monitoring and Evaluation of Consumer Engagement During Mass Roll-out

2.27. During the mass roll-out period, Government will monitor progress and results to:

- Provide assurance that consumer benefits are being delivered;
- Continue to build an understanding of the effectiveness of different approaches; and
- Track wider market developments linked to smart metering (such as time of use tariffs).

2.28. We would expect any central delivery body to have an important role in monitoring consumer engagement and it could potentially take on responsibility for some of the activities undertaken by DECC during Foundation Stage, either before or after mass roll-out starts.

2.29. The monitoring and evaluation activities during mass roll-out are expected to include the areas set out below.

Consumers' awareness and attitudes to smart metering

2.30. The survey activity outlined above will continue during the mass roll-out period to enable us to track consumer awareness and attitudes. As the market evolves we will want to extend this, to track awareness of time of use tariffs, for example.

Progress of installations and consumer responses

- 2.31. Once mass roll-out is underway, a range of parties will want access to timely and accurate information on progress, including levels of acceptance of smart meters and uptake of IHDs. Significant differences from expectation, for example differential uptake of IHDs between different consumer segment, may then require further investigation.
- 2.32. Government will also want to monitor how consumers are responding to the choices presented to them around sales and marketing and privacy and data access. This will enable the Programme to confirm that the policy approaches taken in these areas have struck the right balance between consumer protection and benefits delivery, and whether these policies remain appropriate going forward.

Suppliers' plans for consumer engagement

- 2.33. Our approach to monitoring suppliers' plans will be developed in the light of decisions on the proposed central delivery body. In particular, the CES consultation has asked whether the central delivery body should have access to suppliers' detailed plans on roll-out, to help it design and implement central activities.

Evaluation of consumer impacts and drivers

- 2.34. Building on the findings of the early assessment described above, we will develop the detailed approach to ongoing evaluation of consumer impacts before the start of mass roll-out. As the market develops we will look at how to develop the methodology set out, for example, to include evaluating load shifting in response to time of use tariffs.

Development of smart meter products and services.

- 2.35. As noted above the emergence of a market for new products and services utilising smart meters will be key to delivery of many of the benefits. Over the course of mass roll-out the Programme will look at how best to track these developments including commissioning specific research if necessary.

3. Capability for Delivering Mass Roll-out and Completion Monitoring

While responsibility for delivery of smart metering rests with industry, Government has a clear interest to ensure that the Programme is on track. Information on suppliers' plans will enable Government to assess industry readiness for mass roll-out. Tracking the early experience of roll-out will allow any operational issues to be identified and resolved. Then as roll-out progresses, information on numbers of meters installed by geographic area and customer segment will provide transparency for stakeholders.

Requirements for information on capability and completion

- 3.1. The roll-out of smart meters to all homes and smaller businesses is a major logistical challenge involving visits to over 30 million homes and smaller businesses, and significant changes to industry processes and systems. While responsibility for delivery rests with industry, Government has a clear interest in having accurate and timely information in order to understand the readiness of suppliers to deliver roll-out, and the actual progress on the ground towards meeting their obligations.
- 3.2. Information on industry **capability and readiness** is important in order to:
 - Enable key Programme decisions to be taken based on an informed understanding of supplier readiness. For example, decisions on when the DCC should go-live, and when the new and replacement obligation should come into effect will depend, to a large extent, on the readiness of the suppliers to move from the Foundation Stage to mass roll-out;
 - Ensure more generally that there is alignment between supplier plans and Programme activities;
 - Provide early identification of risks and issues relating to operational delivery enabling them to be resolved ahead of mass roll-out;
 - Provide assurance to Government and other stakeholders that industry has the necessary arrangements in place to deliver the roll-out, including providing more detailed trajectories for use by other industry players (such as network operators) in their own planning;
 - To inform our work to manage the Programme's benefits.
- 3.3. Information on progress towards **completion** will be important in order to:
 - Provide ongoing evidence of any risks and issues relating to operational delivery where Government action may be required;
 - Provide ongoing assurance to Government and wider stakeholders that the Programme is on track to meet the 2019 completion date, and to inform our work to manage the Programme's benefits;
 - Enable the Government to report on progress and plans to interested parties, including Parliament, consumer groups, and the wider public. As the Programme will touch every single household in Great Britain, as well as many small businesses, it is essential that

the Government is transparent about what is happening and why. Central to this will be information on how many meters have been installed and where, including a breakdown by the types of consumer (e.g. prepayment user).

Approach to monitoring of industry capability and readiness

- 3.4. The ability of suppliers to meet their roll-out obligations will be highly dependent on a range of factors, including having trained staff in the right place to install meters and in front-line customer service, having supply chains in place for meters and IHDs, and having appropriate consumer engagement plans. Suppliers will also need to make changes to their back office systems and processes to enable them to capture and use the additional information provided by smart meters.
- 3.5. The Government is already engaging with suppliers and other industry parties through regular PMO to PMO meetings and other fora. This has been invaluable in providing an initial understanding of respective plans and highlighting potential issues. As the Programme moves towards mass roll-out, the intention is to put this onto a formal setting for larger suppliers by requiring them to submit an Annual Supplier Report which will set out at a high level their roll-out plans including the steps they are taking to ensure readiness for go-live. Further details are included in Part Two.
- 3.6. Information from the plans will also help other parties to align their services and timelines. For example, the training academies will need to gear up to train new installers in line with the projected profiles, meter manufacturers will want to understand the likely future demand for meters, and network operators will need to consider where and when installation activity is occurring to deploy their resources. Information on roll-out trajectories will also be needed to inform procurement activity for data and communications services. Specific requests for data may be needed to feed into this process on a timely basis.
- 3.7. The Programme recognises that suppliers' plans will evolve over time as lessons are learned and suppliers' build their understanding of the most effective way to roll-out smart meters. There is no one right way to meet the roll-out obligation, and each suppliers plans will be different. The Government will therefore be keen to understand the context for different suppliers' plans and to test and challenge the assumptions. This will continue to be done through regular bilateral and PMO to PMO meetings.
- 3.8. Government recognises the commercial sensitivity associated with supplier plans and would not expect to publish the information that it collects on supplier plans, other than high level conclusions or with supplier consent.
- 3.9. Alongside this, the Foundation Stage will be a critical time to start building up data on numbers and types of meters being installed and what operational issues are being experienced. This data collection will enable early public reporting, as well as helping to provide the feedback loop into the Programme to ensure that lessons are learned and reflected in suppliers' plans.
- 3.10. Technical readiness and end-to-end testing is a critical element of the Foundation Stage, and the assessment of readiness for mass roll-out. The data collected from suppliers for monitoring and evaluation purposes will provide one part of the evidence base on which

more detailed discussions can take place, particularly focusing on the technical, system and process preparation required.

Approach to monitoring of progress towards completion

- 3.11. Another focus is assessing progress towards completion – in particular looking at actual installation activity on the ground and the percentage of customers that have a smart meter and IHD.
- 3.12. To help in identifying potential issues the Government will be looking to compare suppliers' actual installation levels against their projections as well as collecting data on operational problems encountered, consumer refusals etc. Where potential issues are identified we may want to collect further information to help inform decisions about whether any further Government action is needed to help address the problem.
- 3.13. As noted above transparency will be important and to this end the Government will also be looking to collect data at a level of geographical detail and broken down by different customer segment to enable us to report publicly on progress in some detail and ensure that no particular customer segments are being left behind in terms of the roll-out.
- 3.14. To obtain this information from suppliers the Government will again use the two key formats– the Annual Supplier Report and regular monitoring data submissions. As set out in Part Two, it is anticipated that the DCC, once established, will be able to provide a high level check of data on the numbers and types meters being rolled out, and numbers that are adopted and enrolled and communicating with the DCC. However the DCC will not hold the full range of data and information required.
- 3.15. The Programme will also need to continue to work closely with Ofgem during mass roll-out. As the information requirements of both DECC and Ofgem evolve, the balance of data collection may also shift over time. However, as DECC is ultimately responsible for overseeing the delivery of the smart meter benefits case, it will still need to understand – and report on – progress towards completion as part of the wider reporting that it is committed to.

Phasing

- 3.16. The focus of the information gathered during the Foundation Stage will be on industry's plans and their capability to deliver those plans with a particular focus on suppliers who are central to delivery. However the Foundation Stage also provides an opportunity to test out the approaches to data collection that will be used to monitor progress through mass roll-out and to provide initial evidence on the practical experience of roll-out.
- 3.17. As the Programme moves into mass roll-out, the focus will switch to monitoring progress towards completion, tracking the numbers of meters installed and providing more detailed breakdowns of where they are being installed and any issues encountered. However tracking suppliers' plans remains important through this period to ensure that they have the necessary skilled resources and supply chains in place to enable them to ramp up to meet the 2019 completion date.

4. Managing Benefits and Costs

Monitoring and reporting on the benefits and costs of the Programme will inform benefits management and provide essential feedback to the Programme and accountability to stakeholders. We will use the impact assessments published by the Programme as our starting point for tracking against projections of costs and benefits. We have prioritised the largest and most significant cost and benefit areas in our work to date. By the end of Foundation Stage the Programme plans to have arrangements in place for tracking the full range of quantified costs and benefits.

Approach to benefits management

- 4.1. The Programme is expecting to deliver benefits of over £18.6 billion against cost of around £11.5 billion – a net projected benefit of around £7.2 billion. It is essential that the Programme has robust arrangements in place to manage these benefits, both to maximise their realisation and to provide transparency to stakeholders about the achievement of the Programme's objectives.
- 4.2. The Programme's approach to benefit management draws on best practice in programme and project management⁹. Benefits management is a formal process, intended to ensure there is a robust framework in place to actively manage benefit realisation throughout the Programme and in the longer term.
- 4.3. The starting point for benefits management is robust, evidence-based analysis of the expected economic impacts. This is provided by the smart meter impact assessments, which model the predicted costs and benefits and their timing, in order to arrive at a projection of the Programme's lifetime costs and benefits. The Programme will continue to review the available evidence to inform the modelling assumptions, until the impact assessments are finalised towards the end of Foundation Stage.
- 4.4. Building on the impact assessments, the benefit management process will then ensure that the full range of benefits and costs have been identified and described, and that means of tracking them are established. Regular benefit and cost reporting once mass roll-out has started will enable the costs and benefits to be tracked and, over time, the net economic impact to be quantified (including an assessment of the bill impacts on consumers).
- 4.5. The Programme has covered all of the costs in the impact assessment and the large majority of projected benefits in our preparatory work to date. The rest of this Section describes how the Programme will develop metrics for these, and develop a baseline (or starting position) during Foundation Stage against which to measure change. There is a close relationship between the evidence and assumptions contained in the impact assessments, and the supporting metrics which will be used to measure and evaluate outcomes. The Programme will ensure consistency between these two perspectives.

⁹ BIS Understanding Programme Management November 2011 <http://www.bis.gov.uk/assets/biscore/corporate/docs/g/10-1256-guidelines-for-programme-management.pdf>

- 4.6. At this stage, not all benefits have been quantified. This includes some consumer benefits, and work is also ongoing in other areas such as Smart Grids. The work set out in Section 2 will enable us to develop a better understanding of wider consumer benefits and potentially to quantify them as discussed below. These additional benefits will be integrated into the benefit management work as they are identified, including any additional monetised benefits, to give a full picture as to what the Programme is delivering to consumers.
- 4.7. In line with best practice, formal programme documentation for benefits management will include:
- The overall strategy setting out the system for managing benefits;
 - The benefits register detailing each identified benefit;
 - Profiles for each individual benefit setting out its delivery trajectory, the measurement regime, risks, dependencies and the stakeholders who will deliver the benefit;
 - The plan for benefits realisation which will draw together all materials to set out in detail (process, timelines etc.) the ongoing framework for managing programme benefits.
- 4.8. These key elements of the management approach will be developed during the course of the Foundation Stage. Benefits management is a critical ongoing process and the Programme will design and implement a system that will enable the benefits to be managed during mass roll-out and in the enduring state from 2019 once smart meter roll-out is complete.
- 4.9. The long term benefits management strategy will focus on regular reporting with the twin objectives of:
- Providing transparency over whether the Programme is delivering benefits as projected and that costs remain on track; and
 - Providing feedback to key stakeholders who are in a position to take action if either costs escalate or benefits are not on target to be realised.

Monitoring benefits

- 4.10. The impact assessments set out the overall Programme benefits, broken down by who is the initial beneficiary, across both domestic and non-domestic customer sectors.
- 4.11. Consumers will benefit directly from reductions in energy consumption. In addition, competition in the energy market and network price control arrangements will ensure that savings across the energy supply chain are also ultimately passed through to consumers. Energy market sectors are kept under close review as part of wider policy and regulatory arrangements, and the Government and Ofgem are taking steps¹⁰ to promote more effective competition in the energy market. The introduction of smart metering is itself expected to further strengthen competition.

¹⁰ In particular, through the Retail Market Review, Ofgem has proposed a range of measures aimed at encouraging and helping consumers to engage in the market.

- 4.12. The Government has committed to reporting annually on the benefits of smart meters to consumers to provide transparency and help build confidence. Information on detailed supplier costs and efficiency gains collected through our benefits monitoring will provide strong evidence on the net cost to suppliers of smart metering and hence of the projected impacts on energy prices and consumer bills.
- 4.13. Direct consumer benefits, supplier efficiency savings and carbon benefits contribute over 90%¹¹ of total projected gross benefits from the Programme. The Programme's initial work on monitoring the financial benefits of the Programme has focused on these benefits, however ultimately the Government will track the full range of quantified benefits identified in the impact assessments. In addition, the Programme will put mechanisms in place during Foundation Stage to monitor any additional quantified benefits, for example on Smart Grids.

Supplier efficiency gains

- 4.14. The impact assessments have identified seven benefit areas¹² where suppliers will make efficiency savings from the roll-out of smart metering. The supplier efficiency gain projections have been developed and updated via the impact assessments through consultation and modelling. The Programme will continue to update these projections during Foundation Stage.
- 4.15. Suppliers are fully incentivised by commercial pressures to realise these efficiency savings, which lie within their control. However, it is important that we track the realisation of such benefits, both to provide assurance to wider stakeholders and to help in identifying any regulatory or other barriers to the delivery of these benefits.
- 4.16. To measure these supplier efficiency gains the Programme has developed, informed by discussions with suppliers, a set of proposed metrics that track the avoided costs of certain activities that will be more efficient or not required at all due to the installation of smart meters. These will provide a comprehensive picture of how supplier efficiency savings are being achieved, and enable the Government to report on the actual levels of savings realised. The proposed approach is described in Section 11.

Direct consumer benefits

- 4.17. Consumer benefits (for domestic and non-domestic customers) include both the direct benefits consumers obtain through the installation of smart metering in terms of energy savings, and the projected energy cost reductions through supplier efficiency gains described above. Using the approach described in Section 2 the Programme will track energy savings against the Programme plan, and build our understanding of how this key consumer benefit is being realised. The Programme will also use the findings to influence the CES, taking further action where necessary.

¹¹ Carbon benefit measurement is derived directly from consumer energy saving benefits using standard DECC methods for valuing carbon savings.

¹² Avoided site visits; customer switching; reduced customer enquiries (including overheads); reduced cost of debt handling; reduced cost of PPM; reduced theft; remote meter management

- 4.18. In addition to energy savings, the Programme expects consumers will also benefit from having greater control of their energy usage, more accurate (not estimated) bills, and service improvements, particularly for pre-payment meter customers. Consumer groups have made the point¹³ that these benefits represent an important part of the overall improvements for consumers and our interim consumer engagement activity is increasingly focusing on positioning these as key consumer benefits in the Programme's communications. The Programme's strategy will be to manage the quantified energy saving consumer benefit, but also to identify, and quantify where possible, these other benefits.
- 4.19. There will also be a range of other benefits that could be categorised as consumer benefits – such as more tailored tariff options, a more competitive market, better customer satisfaction, fewer complaints, less time waiting in for a meter read visit etc. which will form the overall narrative around the benefits the Programme hopes to deliver and which in most cases would hope to be able to track and monitor.

Other benefits and disbenefits

- 4.20. There are a number of other benefits (identified as network or generation) in the current impact assessments. The Programme will put arrangements in place to track these before the end of Foundation Stage in 2014. The Programme will also ensure that a system is in place to identify any disbenefits as they occur and have arrangements where possible to manage these. Further consideration will also be given to the monitoring of any wider benefits enabled by smart metering not quantified in the smart meters impact assessments (e.g. Smart Grids).

Monitoring costs

- 4.21. The costs of the Programme will be tracked on a regular basis, building up a comprehensive evidence base from the end of Foundation Stage. Nearly 60% of total Programme costs will result from the procurement and ongoing operation of the smart meter equipment and the installation of smart meters. The Programme will monitor these costs as part of the regular reporting from suppliers. Other costs, such as those of the DCC, will be available to the Programme through the procurement process and will be compared against those projected.
- 4.22. The projections for costs in the impact assessments are based on industry figures for smart meters and have been extensively discussed and tested with stakeholders and industry experts. Cost information collected through the monitoring exercise will be compared with these projections. This will enable the Programme to report regularly and transparently on the cost elements of the programme.
- 4.23. Again, this should help to reassure stakeholders that the business case for smart metering remains sound, giving regular opportunity for industry and Government to take any mitigating actions if elements of costs or benefits vary from projections.

¹³ CSE, The smart metering programme: a consumer review, November 2011

http://www.cse.org.uk/downloads/file/smart_metering_programme_consumer_review_for_Which.pdf

5 Summary of Planned Outputs

The Government will publish information on the Programme's progress and benefits, to enable Parliament and other stakeholders to scrutinise and engage with the Programme. Key outputs will include a DECC annual report summarising available information at that point on progress, plans, costs and benefits. Quarterly updates, in particular on progress and key statistics; and research and other evaluation outputs will also be published when they become available.

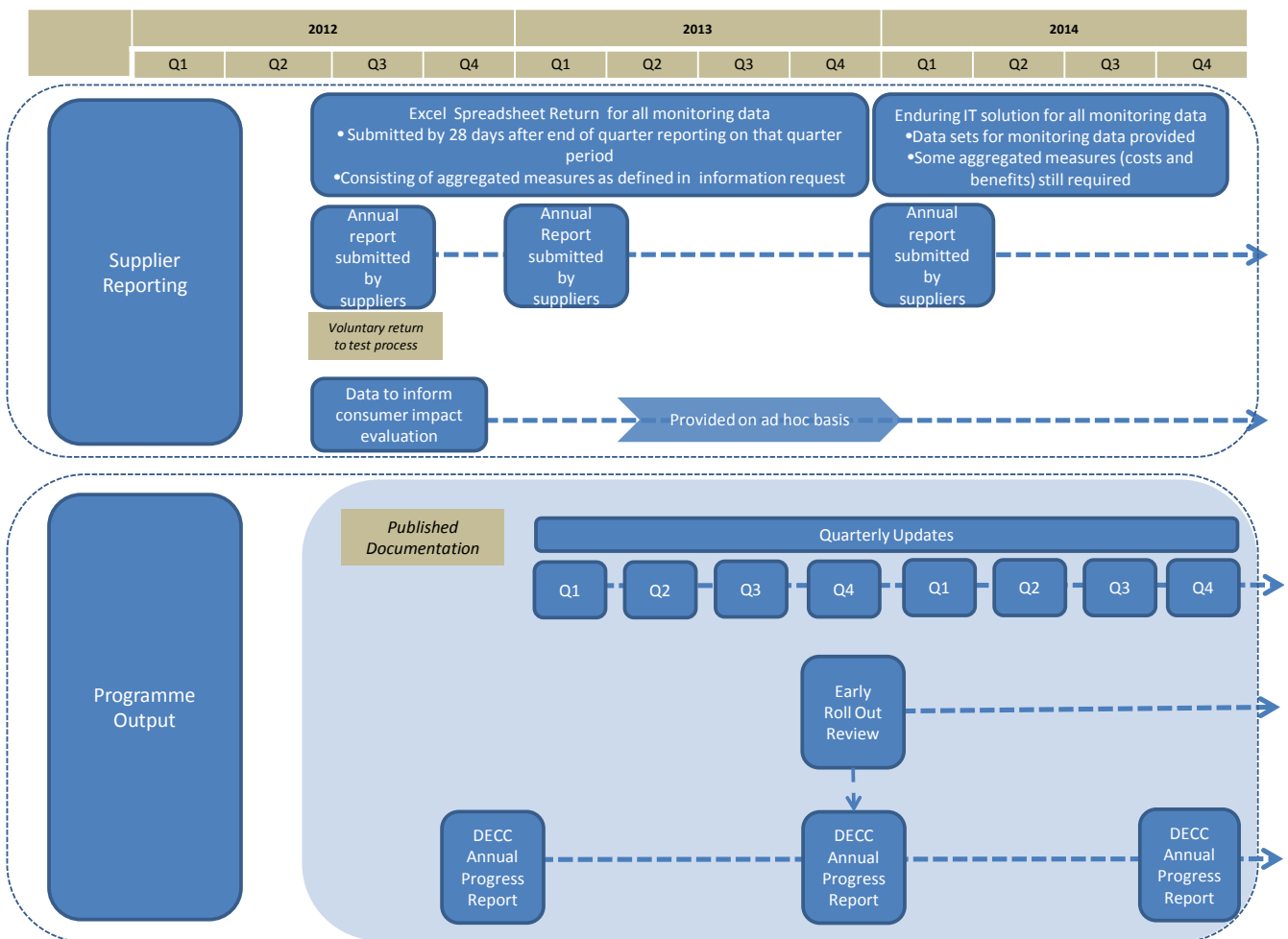
- 5.1. Information collected as set out in the above sections will be disseminated through different levels of reporting to provide transparency and accountability, subject to the need to maintain commercial confidentiality and protect any personal data. More detail on the proposed reporting arrangements is in Part Two. Figure 2 below summarises the planned reporting arrangements during the Foundation Stage.
- 5.2. The DECC annual progress report will draw together data and information gathered from suppliers and other sources, and include an update on progress, plans, costs and benefits. The precise content will build over time:
 - The Programme expects to publish the first annual progress report towards the end of this year. This will provide a general update on progress, and initial aggregated information from suppliers on numbers of installations and roll-out plans;
 - The Programme expects the second annual progress report in 2013 also to contain an update on consumer engagement, following the early roll-out review described below;
 - By the time of the third annual progress report in 2014, the Programme expects to include reporting on consumer, supplier and other costs and benefits;
 - Annual progress reporting will continue throughout the mass roll-out period.
- 5.3. The early roll-out review will give a first indication of what impact smart meters are having on consumers' energy consumption and whether any further interventions are required. This will draw on data from suppliers who are installing smart meters ahead of mass roll-out. Not all elements of the regulatory framework and consumer engagement strategy will be in place at this point, but there will still be valuable lessons on what works best in engaging consumers to use smart meters. The key conclusions from this review are currently planned to be published in the 2013 annual report.
- 5.4. The Programme will also publish a series of quarterly updates: these will be brief summaries of progress to date (e.g. number of meters installed) with the addition of other information relevant to the smart meter roll-out. The first of these statistical reports is proposed for publication in the first quarter of 2013.
- 5.5. All statistical reporting will be in line with best practice principles as set out in the UK Statistics Authority's Code of Practice¹⁴ (2009). This will ensure that there is sound

¹⁴ UK Statistics Authority Code of Practice for Official Statistics <http://www.statisticsauthority.gov.uk/assessment/code-of-practice/code-of-practice-for-official-statistics.pdf>

scientific method in the analysis of data and assured quality of outputs enabling an evidence base that will serve all aspects of public interest in the Programme.

- 5.6. As set out in Section 6 we will develop the necessary evidence to evaluate the overall success of the policy in delivering its objectives and its wider impacts through the Post-Implementation Review. This is currently planned to be published in 2018/2019.
- 5.7. The Programme will also publish a series of ad hoc evaluation reports throughout roll-out, to provide timely feedback on progress and emerging findings.

Figure 2: Overview of the reporting cycle during the Foundation Stage



6. Evaluating the Programme

In the longer-term, the Programme will evaluate the overall success of the Programme in delivering its objectives and its wider impacts, leading to a Post-Implementation Review, currently scheduled for 2018/19. This review will describe the wider impacts on consumers, suppliers, the network and the energy market in general as well as the overall economic impact of the Programme.

- 6.1. As set out in Section 2, the Programme's short-term focus for evaluation is to understand how effectively benefits are being delivered for different types of consumers and to understand the impacts of a range of different interventions, through the early assessment and learning through testing and trialling. The Programme is interested in a range of benefits including energy saving and consumer experience and satisfaction. The evaluation work will enable the Programme to identify where further action may be needed to help ensure these benefits are delivered.
- 6.2. In the longer term, the Programme intends to carry out a comprehensive evaluation of the overall success in delivering its objectives, to inform future policy development. This includes both evaluation of specific impacts (for example on energy saving, customer service, industry cost savings) and the net economic impact of the Programme. It will also include its success in delivering broader objectives such as support for other DECC policies (such as the Green Deal) and promoting competition in all relevant markets.
- 6.3. An overall evaluation, culminating in a Post Implementation Review will be carried out at a late stage of the mass roll-out (currently scheduled for 2018/19) in order to provide a thorough and consolidated account of the Programme's overall impacts and success. The precise methodology will be developed in 2013 and the approach the Programme designs will need to be sufficiently flexible to address questions and issues as they emerge. Data collected as part of monitoring will provide a large part of the evidence required for this evaluation.
- 6.4. In terms of the impacts on domestic and non-domestic consumers, we expect to address a wider range of questions in this longer-term evaluation than will be covered in the early assessment. A proposed list of consumer impact evaluation questions has been developed through the SMED project, and this is being used to inform the design of the consumer impacts evaluation process (the first phase of which will take place during the Foundation Stage). Further questions will be identified covering both other areas of impacts, and the process of how the Programme was delivered.
- 6.5. In line with best practice in policy evaluation, the Post Implementation Review is expected to be supported by both process and impact evaluations of the Programme.
 - The **process evaluation** will provide an understanding of how the Programme has been implemented and delivered. The process evaluation will identify factors that have helped or hindered programme effectiveness, and may provide information on early stages of mass roll-out to allow further refinements to the approach in the later stages. Reports will be published and the evidence on best practice will be helpful in informing delivery on the ground.

- The **impact evaluation** will answer the question of what difference the Programme has made. It will assess the Programme's outcomes and identify how far these are attributable to the smart meters policy. Evaluating impacts on consumers and attributing these to smart meters is complex and being able to construct robust comparison groups will be integral to our approach. The impact evaluation will build upon the trials conducted and the project to baseline and provide an early assessment of consumer impacts during the Foundation Stage (described in Section 2).
- 6.6. The findings from the process and impact evaluations will be published. They will inform the Programme's annual progress reports as well as the Post-Implementation Review report itself.

Part Two - Consultation on the requirements for monitoring and evaluation

7. Introduction to consultation

Information requirements from energy suppliers and networks

- 7.1. This section of the document seeks views on the information that Government proposes to collect from suppliers and network operators, and the licence obligations that would underpin that. The intention to require suppliers to report on progress and plans via licence conditions was set out in the Prospectus Response in March 2011¹⁵.
- 7.2. Broadly, where information is required regularly and/or in a consistent format from energy suppliers or network companies, it is intended that the provision of this information will be required under licence conditions. For energy suppliers, two types of Information Requests are envisaged: an Annual Supplier Report and Regular Monitoring Data:
- The Annual Supplier Report would be requested from larger suppliers (those with more than 250,000 domestic customers) to provide the Programme with an overview of their overall strategy for the delivery of smart meters to their domestic and non-domestic customers. This would include the planned roll-out profile through to 2019, and progress to date; supporting evidence on capability to deliver these plans including readiness for mass roll-out; consumer engagement plans; and information on costs, efficiency savings and benefits delivered.
 - Regular Monitoring Data requests would collect data from all suppliers on installation-related activities, such as the number of meters and IHDs installed. This would be collected in sufficient detail to allow progress to be tracked by fuel, geographic locations, and customer segment (e.g. customers on pre-payment meters), and would include data required to enable tracking of supplier efficiency savings. It is envisaged that this would be collected quarterly from larger suppliers, and annually from smaller suppliers.
- 7.3. The Programme welcomes the constructive engagement to date by energy suppliers and others in providing information on a voluntary basis to help build and update the impact assessments, and to inform the requirements for the DCC and the communications

¹⁵ DECC / Ofgem, Smart Metering Implementation Programme, Response to Prospectus Consultation, March 2011 <http://www.decc.gov.uk/assets/decc/consultations/smart-meter-imp-prospectus/1479-rollout-strategy-smart-metering.pdf>

service providers. It is anticipated that the Programme will continue to ask suppliers for some information on a voluntary basis, particularly to inform the procurement processes and consumer impacts evaluation before the proposed licence conditions come into effect at the end of 2012.

Ofgem's information requirements

7.4. The policy and regulatory framework for the smart meter roll-out is being developed by Government. Certain aspects of this framework will be implemented through licence conditions and, as with existing obligations, licensees will be responsible for ensuring that they comply with any new obligations relating to the roll-out. The Gas and Electricity Markets Authority (the Authority) is the gas and electricity regulator in Great Britain and is supported by the Office of Gas and Electricity Markets (Ofgem¹⁶). Ofgem has an important role to play in relation to the smart meter roll-out and is responsible for ensuring that consumers' interests remain protected during the transition to smart meters and on an enduring basis. It is also responsible for monitoring and, where appropriate, enforcing licensees' compliance with licence obligations. This consultation therefore also includes proposals for the provision of information, including suppliers' plans for the roll-out, to Ofgem for the purposes of carrying out its role in regulating the roll-out.

Next steps

- 7.5. This consultation will close on 27 July 2012. Following the consultation, the Government will consider the responses and update the licence conditions. It will also publish a response document, summarising the responses received and the decisions taken in relation to the licence conditions.
- 7.6. The licence conditions are expected to be laid before Parliament in Autumn 2012 and to come into force before the end of the year. It is likely that the first formal Information Requests will be issued at the end of 2012 or early 2013, with the first formal submissions from suppliers being received in early 2013.

¹⁶ Ofgem is the executive arm of the Gas and Electricity Markets Authority (GEMA) and references in this document to Ofgem as the regulator should be read to include GEMA (referred to as "the Authority" in the draft licence conditions).

8. Regulatory proposals

It is proposed that the Government uses its powers under section 88 of the Energy Act 2008 (as amended) to introduce licence conditions that will require suppliers and network operators to submit relevant information and data to Government through a series of Information Requests.

Principles underpinning the approach to data collection

- 8.1. The Programme considers that there are four broad principles related to the monitoring and reporting covered by the licence conditions and it will aim to adhere to these as far as possible to:
- Maintain as much continuity as possible in relation to the data and information required from suppliers so that requests only change where necessary over time;
 - Collect only information and data that is needed by the Programme for the objectives set out in the Strategy;
 - Align requests for information where possible, to provide consistency and reduce the administrative burden. For example, where information on smart metering might be required under industry codes, the Programme will aim to ask for data in the same format as would be required under those codes, and to seek consent, as appropriate, to share information to reduce separate reporting requirements;
 - Make provision for the safe and secure transfer and holding of data, including ensuring that commercially sensitive information is handled appropriately, and that the collection and use of any personal data are consistent with the Programme's data access and privacy policy proposals, and with data protection legislation.
- 8.2. To ensure that these principles are considered throughout the roll-out process, the Programme will continue to have discussions with stakeholders, in particular suppliers and Ofgem. The use of licence conditions will help to formalise and clarify these requests and enable the principles to be upheld.

Mandating data and information provision by energy suppliers

- 8.3. As set out in the Government's response to the smart meters Prospectus document¹⁷, the Government intends to use licence conditions to require suppliers to report on their roll-out progress and plans, and specifically that larger suppliers will submit plans for delivering roll-out; and all suppliers will provide regular monitoring information on their progress.
- 8.4. Under licence conditions, suppliers would be required to submit information to the Government in a consistent and predictable format. This would enable Government to

¹⁷ DECC / Ofgem Smart Metering Implementation Programme: Response to Prospectus Consultation, Overview Document, March 2011 <http://www.decc.gov.uk/assets/decc/Consultations/smart-meter-imp-prospectus/1475-smart-metering-imp-response-overview.pdf>

analyse and aggregate data across suppliers, and to make comparisons over time. It will also enable suppliers to develop systems to respond efficiently to known information requirements. This would provide a more stable reporting environment than relying solely on voluntary requests for information, as these have a potential disadvantage that responses may not be submitted at all, and – if they are – there is a higher risk of inconsistencies in terms of timings of responses and of suppliers' interpretations of the data request.

- 8.5. The Government intends to introduce licence conditions under powers set out in section 88 of the Energy Act 2008 as amended. Draft licence conditions are attached at Annex A. They set out the broad framework under which the Secretary of State or Ofgem could ask for information, and require suppliers to comply with Information Requests would set out the detailed data and information requirements.

Information requests to energy suppliers

- 8.6. The licence conditions are drafted to give the Secretary of State powers to issue Information Requests specifying in detail the content, format and timing of the information required, while providing flexibility to amend the requests as information needs change over time.
- 8.7. Broadly it is proposed that there would be two main types of Information Request, which are described in more detail in Sections 11 and 12:
- An Annual Supplier Report, which would be required to be submitted to the Secretary of State by suppliers with over 250,000 domestic customers.
 - A set of Regular Monitoring Data which would be required from all suppliers.
- 8.8. As far as possible, the Secretary of State will maintain continuity on the content of the Information Requests so that suppliers can plan and so that the Programme can track the data over time. For this reason, the Programme intends only to issue Information Requests when changes are required, rather than issuing a new set of Information Requests each year. If changes are needed, the Programme would, where possible, give suppliers good notice before the new information is required to be collected.
- 8.9. Alongside the Information Requests, the Programme will continue to engage with suppliers and other stakeholders to discuss and obtain information on a range of issues. For example, the Annual Supplier Report is expected to provide the context for more frequent and detailed bilateral meetings on readiness during the Foundation Stage. If, however, the Secretary of State requires additional information and this is not forthcoming on a voluntary basis, then additional Information Requests may be issued.

Requirements on larger and smaller energy suppliers

- 8.10. The Programme is keen to ensure that information on the roll-out of smart meters is collected from all suppliers, but intends to ensure that the monitoring and evaluation framework is proportionate – both in terms of the burden that this places on suppliers and

the additional value of the information that it receives. Taking both of these factors into account, the Programme plans to request less, and less frequent, information from suppliers with fewer customers.

- 8.11. However, it should be noted that all suppliers are subject to the roll-out obligations and wider requirements set out in other licence conditions and industry codes (such as the Smart Energy Code). Ofgem has existing powers that it can use to gather information, including where it appears to Ofgem that there may be, or may have been, a breach of any licence condition or relevant statutory requirement, and such information is required for any purpose connected with its enforcement functions.
- 8.12. The Programme has considered whether some aspects of data collection could be carried out by the DCC. However, it is not envisaged that the DCC will hold the range of data and information required by the Programme to monitor and evaluate a successful roll-out. The DCC's primary function is to convey energy use data and other metering data between the smart metering system at the consumers' premises and authorised users of the DCC services, such as energy suppliers. The DCC will log all the meters adopted and enrolled into its services, and which supplier is responsible for which metering system, but it will not store wider information about the installation visit, customer choices, provision of IHDs, energy use trends or costs and benefits. It may also not hold information about all smart meters, if these meters are not able to be enrolled with the DCC.
- 8.13. Nevertheless, the draft DCC licence does include conditions relating to the provision of information to the Government and Ofgem to enable them to perform their functions. It is therefore anticipated that the DCC, once established, will be able to provide a high level check of data on the numbers and types meters being rolled out, and numbers that are adopted and enrolled and communicating with the DCC. Whilst not all smart meters installed may be instantly enrolled with the DCC, the enrolment process will enable the high-level numbers and types of meters being installed in the domestic sector to be captured. Where non-domestic meters are also enrolled by the DCC, this process will provide a quality assurance check. However, it will not be possible to gain an independent check on non-domestic meters that are not registered with the DCC.
- 8.14. The DCC is not therefore seen as a solution to the range of the Programme's monitoring requirements in the short or medium term. The Government will continue to investigate where specific data requirements might be met in part by the DCC in the future.

Annual Supplier Report

- 8.15. As set out in the Prospectus Response¹⁸, the Programme will require only larger suppliers to submit an Annual Supplier Report. This is in recognition that these companies supply the vast majority of customers and avoid placing disproportionate burdens on small suppliers. Larger suppliers are defined, for these purposes, as those with more than 250,000 domestic customers.

¹⁸ DECC / Ofgem Smart Metering Implementation Programme: Response to Prospectus, Roll-out Strategy, March 2011 <http://www.decc.gov.uk/assets/decc/Consultations/smart-meter-imp-prospectus/1479-rollout-strategy-smart-metering.pdf>

- 8.16. The Programme would, however, welcome information from smaller suppliers (both domestic and non-domestic) on their roll-out plans and strategies on a voluntary basis.

Regular monitoring data

- 8.17. As also set out in the Prospectus Response, all suppliers, both large and small, and those covering the domestic and smaller non-domestic market, will be required to submit regular monitoring data to the Government, which is expected to cover installation activity and operational metrics relating to costs and efficiency savings.
- 8.18. The Government proposes that larger suppliers (with more than 250,000 domestic customers) should submit monitoring data on a quarterly basis, and that smaller suppliers should only submit this data on an annual basis. Smaller suppliers would only be required to complete a tailored sub-set of the monitoring data. This recognises the fact that data collection and submission for small suppliers is likely to be a proportionately more costly activity compared to larger suppliers (in terms of setting up the reporting processes), and also that any data supplied by the smaller suppliers will have less of an impact on the overall evaluation of roll-out.
- 8.19. It is proposed that smaller domestic suppliers would not be required to provide sampling data for consumer evaluation purposes, but that smaller non-domestic providers will be required to provide sampling information.

Summary of proposed requests in licence conditions

	Annual Supplier Report	Regular monitoring data
Large suppliers	Required	Required to submit monitoring information on a quarterly basis for both domestic and non-domestic roll-out. Required to submit customer information to enable sampling for consumer evaluation purposes
Small domestic suppliers	Could provide on a voluntary basis	Required to submit monitoring information on an annual basis. May be asked to provide customer information for consumer evaluation purposes on a voluntary basis.
Small non-domestic suppliers	Could provide on a voluntary basis.	Required to submit monitoring information on an annual basis. Required to submit customer information to enable sampling for consumer evaluation purposes.

Mandating data and information provision by network operators

- 8.20. The evaluation of the costs and benefits of the Programme also needs to take account of the impacts on network companies. To ensure that any information is both requested and submitted in a consistent and predictable format, draft licence conditions that would

enable the Secretary of State to request information from gas transporters and electricity distributors are attached at Annex B.

- 8.21. It is likely that this information would only be required from the start of mass roll-out. The Programme will keep this under review as it develops its understanding of this area, for example, exploring with network companies the information they already collect for regulatory purposes in order to minimise the administrative burden where possible.

Duration of licence obligations

- 8.22. The Programme intends to collect Regular Monitoring Data from suppliers through to the roll-out completion date and potentially beyond, in order to track and evaluate the full impact of roll-out, including costs and benefit realisation. The draft licence conditions provide for this on-going data collection while giving the power for the Secretary of State to turn off the ability to issue Information Requests at some point in the future. It is not yet possible to determine when an appropriate level of monitoring and reporting will have taken place, but the Government will consider (at least once) before 2019 what a suitable end date or alternative arrangements might be, and this is specified in the draft licence conditions.
- 8.23. It is anticipated that the Post-Implementation Review in 2018/19 will provide a key point at which the monitoring requirements can be re-evaluated and to establish what information is needed beyond the completion date. It is expected that any information collected beyond 2019 will be at a significantly lower level than that needed during mass roll-out. This provides an opportunity for the Government to consider when its data collecting requirements might end, and to communicate this to stakeholders.

Next steps for information required from energy suppliers

- 8.24. Government and suppliers will need to work together during the Foundation Stage to ensure that the right quality and quantity of data is collected. It is also recognised that suppliers will need to build, adapt and maintain data collection systems and processes to deliver the monitoring and evaluation information that the Programme requires.
- 8.25. Recognising this, and also that activity on the ground during the Foundation Stage will be relatively limited, it is proposed that the requests for information develop over time. Suppliers will be asked to provide a high-level cut of data to the Government on a voluntary basis in Summer 2012. This will not only provide useful information to the Programme but will help suppliers and the Government refine the Information Requests and the process of defining, collecting and analysing the returns.
- 8.26. Following the consultation, the Government will finalise the Information Requests and it is expected that the first set would be sent to suppliers in late 2012 or early 2013. The first formal submission of monitoring data is expected to be required for submission in April 2013 (covering January – March 2013). The first Annual Supplier Report would be required to be submitted in Spring 2013 covering progress made in 2012 as well as plans through to the completion date in 2019.

Summary of reporting requirements and timeline

Timing	Licence conditions and Government publications	Annual Supplier Report	Regular Monitoring Data
May 2012	Draft Licence Conditions issued in consultation.	Larger suppliers issued with request to produce an Annual Supplier Report on a voluntary basis.	Suppliers issued with request to complete a shortened Regular Monitoring Data template on a voluntary basis.
July 2012	Consultation closing date.		
Quarter 3 2012		Annual Supplier Report submitted.	Regular Monitoring Data submitted. Data submitted on voluntary basis to construct samples for consumer impact evaluation.
Quarter 4 2012	Licence conditions laid in Parliament. Government publishes an annual progress report. Licence conditions come into force.	Information Request issued for first Annual Supplier Report for March 2013.	Information Requests issued. Request for household energy consumption data on a voluntary basis.
Quarter 2 2013			Annual Supplier Report submitted. Submission of Q1 Quarterly Monitoring Data.
Quarter 3 2013			Submission of Q2 Quarterly Monitoring Data.

Consultation Questions

1.	<p>Do the licence conditions, as drafted, deliver the policy intentions set out above – for example, to create a consistent, predictable and proportionate framework for monitoring and reporting?</p> <p>Do any specific areas of the draft licence conditions need amendment or clarification to deliver this policy , and if so, how should they be amended?</p>
2.	<p>Is there a need for any consequential changes to existing licence conditions or codes to ensure that the proposed requirements on suppliers or network operators work as intended?</p>
3.	<p>What are your views on this proposed approach to the scope, frequency and timing of the content of Information Requests?</p>

9. Ofgem's regulatory oversight of smart meter roll-out obligations

As the regulator of the gas and electricity markets in Great Britain, Ofgem has an important role to play in protecting the interests of consumers during the transition to smart meters, and on an enduring basis. It is also responsible for monitoring and, where appropriate, enforcing suppliers' compliance with licence conditions, including any new obligations relating to smart metering.

As Ofgem's role differs from that of Government, it has different information requirements relating to the roll-out. Whilst the primary purpose of this consultation is to outline the Government's approach to monitoring and evaluation of the roll-out, a secondary purpose is, if practicable, to ensure that Ofgem has the appropriate tools to regulate the roll-out effectively. This section describes the proposed approach, which has been developed following Ofgem's advice to Government.

- 9.1. The main roll-out obligation will require suppliers to take all reasonable steps to install smart meters in domestic and smaller non-domestic premises by the end of 2019 (subject to a limited number of exceptions). This gives suppliers the discretion to plan their own individual roll-out in a way that is most efficient for them, subject to meeting the end date. It is important for suppliers to be accountable for their progress towards completion, and for their high-level progress to be transparent to Government, Ofgem and other stakeholders, with appropriate regulatory oversight along the way.
- 9.2. The March 2011 Prospectus Response set out that larger suppliers would need to provide plans capable of fulfilling their obligation to complete the roll-out to Ofgem; to report each year on progress against those plans; and to update the plans each year. The key addition to that framework proposed here is inclusion in suppliers' plans of a series of self-determined interim milestones. The format of these milestones would be set in the licence, to provide certainty to suppliers about the requirements. Each supplier would be able to set their own individual milestones based on their plan for the roll-out. Once set, suppliers would be expected to meet these milestones.
- 9.3. Ofgem stated it will issue an open letter shortly after this consultation is published. This will provide more information on how the approach described in this section might work in practice. The letter will be published on the Ofgem website¹⁹ and is intended to help inform stakeholders' responses to this consultation.

Outline of the proposed framework

- 9.4. The proposed framework has three main components:
 - Suppliers would be required to provide a single plan to Ofgem for fulfilling their roll-out obligations (the 'baseline' plan);

¹⁹ www.ofgem.gov.uk

- Suppliers' baseline plans would be required to contain a specific series of interim milestones indicating the percentage of their domestic and smaller non-domestic customers who will have a smart meter by set dates. These percentages would be set by suppliers themselves and once submitted, suppliers would be expected to meet them;
- Suppliers would report to Ofgem on progress against their baseline plan.

Baseline plan and reporting against the plan

- 9.5. The draft licence conditions require suppliers to provide a baseline plan to Ofgem, by a date specified by Ofgem. This baseline plan would set out how suppliers intend to meet their roll-out obligations and would cover the period from the date of submission until 31 December 2019. Ofgem has indicated that it would expect the submission date to be around the start of mass roll-out, and that it will set out further detail on how the date might be determined.
- 9.6. The baseline plans are intended to demonstrate that suppliers can meet their obligation to install smart meters by the completion date, and will need to contain sufficient supporting evidence to do so. Ofgem would consult on the supporting evidence required in the baseline plan.
- 9.7. We recognise that suppliers' plans will change and evolve during mass roll-out. Ofgem has indicated that the baseline plan is intended to be sufficiently high-level that changes at an operational level should not substantively affect it. Submitting baseline plans around the start of mass roll-out would also permit suppliers to take into account learning during Foundation Stage. However, the draft licence conditions would allow suppliers to re-submit the baseline plan where Ofgem considers it to be appropriate. Whilst it would be for Ofgem to consider each case on its merits, this could – for example – permit extraordinary or unforeseen events to be accounted for. A revised plan would be expected to show how the supplier would take all reasonable steps to complete the roll-out by the end of 2019.
- 9.8. In addition, it is proposed that the baseline plans would contain a series of interim milestones setting out suppliers' progress towards the roll-out obligation. These would be set by suppliers themselves in line with their plan for the roll-out. The aim of including such milestones in the plan is to set out clear, measurable steps towards the completion date, whilst recognising that suppliers are best-placed to determine their own most efficient roll-out profile.
- 9.9. Specifically, current thinking is that the interim milestones should link directly to the roll-out obligation, and would therefore be the percentage of a supplier's domestic and smaller non-domestic customers who will have a smart meter by a set date. The accompanying draft licence conditions provide for these milestones to be annual, i.e. included in the plan for each year from the date of submission of the plan until 2019, but Government and Ofgem would welcome views as to whether other intervals might be appropriate. Once submitted, suppliers would be required to meet these milestones.
- 9.10. It is recognised that suppliers' progress could be affected by factors primarily outside their control. Views on the proposal that the milestones would be absolute percentages (i.e.

X%), rather than including potential variations directly would be welcomed. External factors materially affecting a suppliers' roll-out could be explained in suppliers' progress reports to Ofgem or used as the basis for a supplier making a request to Ofgem to re-submit a plan.

- 9.11. Another option would be for suppliers to submit milestones with a tolerance attached (e.g. X +/-Y%). However, it is not clear what an appropriate degree of tolerance would be, and how the tolerance could be set to capture changes to suppliers' plans whilst achieving the aims of the framework. Views are welcomed as to whether milestones that encompass a limited range of values would provide suppliers with an appropriate degree of flexibility within the framework, and if so, how tolerances might be determined. The link between the format of interim milestones and the main roll-out obligation will also need to be considered further.
- 9.12. The draft licence conditions require suppliers to report to Ofgem on their progress against the baseline plan, in a manner and format that Ofgem will specify. Ofgem has indicated that it would intend such reports to be on an annual basis, and would first consult on the timing and format of such reports.
- 9.13. The draft licence conditions give Ofgem the discretion to apply all, or parts of, the framework to only certain suppliers. For example, this could mean that smaller suppliers would be asked for less supporting evidence in their baseline plan than larger suppliers. While it is important that all suppliers meet their roll-out obligations, the importance of not placing a disproportionate reporting burden on smaller suppliers is recognised, and we are seeking views through this consultation on which elements of the framework might be appropriate for such suppliers.
- 9.14. The draft licence conditions also make provision for information related to the smart meter roll-out to be provided to Ofgem upon request for the purposes of monitoring suppliers' compliance with any smart meter-related licence conditions. The Government will continue to work with Ofgem to help ensure that, where possible, unnecessary duplication is minimised, recognising that both DECC and Ofgem are likely to need information for different purposes. These purposes are set out in the draft licence conditions, and we would welcome views on the potential implications – if any – of the proposed framework for having separate licence conditions for DECC and Ofgem to require information from suppliers.

Consultation Questions

4.	Do you have any comments on the proposed framework for the provision of suppliers' plans and reporting information to Ofgem? Are there alternative approaches that might better achieve the aims of the framework?
5.	Do you have any comments on the appropriate format of, interval between, and status of any interim milestones?
6.	Do you have any comments on which elements of the above approach would be appropriate for smaller suppliers?
7.	Do the licence conditions as drafted appropriately implement the proposed framework described in this section?

10. Data collection and handling

This section outlines the proposed Programme-wide approach to the collection and handling of data. This includes data collection, geographical granularity of data, confidentiality and security procedures, and the potential costs of collecting this data. In receiving information and data, the Government recognises its responsibility to ensure that there are appropriate systems in place to handle and safeguard data. The Government is also mindful that reporting requirements and the burden of data provision need to be proportionate.

Data collection and handling

Data collection processes

- 10.1. The Programme will establish robust and secure systems and processes for receiving, holding and validating information provided by suppliers as part of a quality assurance process. This will run throughout the reporting lifecycle.
- 10.2. The Programme will ensure that a secure means of data transfer is provided (such as a File Transfer Protocol, use of the existing Oil and Gas Portal, or a secure courier service), appropriate to the level of sensitivity of the data, e.g. whether it is personal or commercially sensitive. The data will be hosted in a secure environment, in line with Cabinet Office guidance on Data Handling Procedures in Government. Once data is received, it will be checked to ensure that it meets the Government's requirements. If necessary, suppliers may be asked to verify or re-submit data.

Handling personal and commercially sensitive data

- 10.3. Some of the data that the Programme collects may be classed as personal or commercially sensitive. It is essential that the Programme provides appropriate protection for sensitive data and complies fully with both the Data Protection Act 1998 and the Data Handling Procedures in Government guidance.
- 10.4. Under the Data Protection Act 1998, 'personal data' is broadly defined to mean data that relates to a living individual who can be identified from that data or from that data and other information. Such data is given particular protections under the Data Protection Act. The Programme may collect data that might be considered to be personal and, if so, appropriate processes will be established to protect the data, such as limiting access to a few named individuals, and ensuring that any analysis is reported at an aggregated level to ensure anonymity.
- 10.5. The Programme will be collecting information from suppliers which in some cases may be commercially sensitive, for example on costs and efficiency savings related to roll-out. Existing restrictions, set out in section 105 of the Utilities Act 2000, prevent the Government from disclosing data provided under a mandate (such as an Information Request) where it relates to an individual supplier's business and the supplier has not given consent for disclosure. This restriction extends to Freedom of Information

Requests. Requests for environmental information are dealt with under the Environmental Information Regulations 2004. Under this legislation, there is an exception from the duty to disclose information where the information is confidential or commercially sensitive, although this is considered on a case by case basis in accordance with the public interest.

Reporting and dissemination

- 10.6. The Programme intends to publish an annual progress report and quarterly updates on progress and will, as soon as possible, adopt a consistent approach to reporting to enable comparisons over time. The Programme intends to publish the methodologies adopted in any statistical analysis and reporting.
- 10.7. The Programme intends only to publish data provided by suppliers on an aggregated and anonymised basis, unless individual suppliers have given explicit consent for the publication of individual information. The Programme will consider whether and when it would be appropriate to seek such consent as we approach mass roll-out – for example, it may be in the public interest to publish some high-level information from individual supplier's plans and progress to date during mass roll-out. Ofgem has powers to publish such information, and we will work with it and suppliers to keep this issue under review.

Costs to energy suppliers

- 10.8. The Programme assumes that suppliers will be actively monitoring and evaluating the roll-out of smart meters to customers within their own companies, for example to maximise efficiency savings and inform their customer communications. The data requirements of the Programme's monitoring and evaluation strategy are likely to represent a subset of the data that suppliers are already collecting, or planning to collect.
- 10.9. It is also anticipated that there is limited additional resource needed to fulfil these requirements. In light of existing allowances for industry set-up costs at this point in time, no amendments to the cost estimates have been made. The updated impact assessment that will be published shortly will therefore not set out a specific quantified cost allowance for monitoring efforts and data submissions.
- 10.10. However, the Programme would appreciate input as to whether the collection of data will impose a significant administrative burden on energy suppliers. It is acknowledged that energy suppliers will need to update their internal data collection systems for the 'smart' world, but this is not an additional cost solely for the monitoring and reporting element and is already captured in the impact assessments through the assumed IT costs.

Geographical granularity of data to be collected on smart meter installations

- 10.11. The Programme is considering at what level of geographical granularity to collect data from suppliers on their smart meter installation plans and progress with delivery. Decisions will be informed by the principles for data collection set out in Section 8, with the purpose for which the data is to be collected a key consideration.

- 10.12. The Programme has identified three broad options for the level at which installation data could be collected:
- **Meter level.** Each electricity and gas meter has a unique identifier known, respectively, as the Metering Point Administration Number (MPAN) and the Meter Point Reference Number (MPRN). The MPAN/MPRN allows the meter to be identified by industry systems and processes, for example for billing purposes.
 - **Postcode level.** Postcodes provide location information, with the first part of a postcode (e.g. E5, NE2) dividing Great Britain into 3000 areas, and the full postcode (e.g. E5 8AL, NE2 4LL) dividing Great Britain into some 1.75 million areas.
 - **Distribution Network Operator (DNO) area.** The electricity network in Great Britain is divided into 14 DNO areas, which have well understood boundaries. The equivalent boundaries for the gas distribution network areas are less clearly defined, and so are not included as an option.

Plans for smart meter installations

- 10.13. Suppliers are currently sharing their emerging plans with the Programme at a DNO level, which is sufficient to inform the development of DCC services, give high-level assurance of deliverability and, when aggregated, provide wider stakeholders with an indication of levels of smart meter installation across broad areas of the country.
- 10.14. The Programme is minded to continue to collect supplier's forward plans at DNO level, and would welcome views on this proposition. Some stakeholders may find it helpful to see more detailed geographical information, however suppliers' plans for delivering installations will develop through Foundation and are likely to continue to change at a geographical level throughout mass roll-out. It is therefore considered more appropriate for individual suppliers to take responsibility for sharing information about, for example, any geographical targeting of installations, directly with relevant parties.

Progress and impact of smart meter installations

- 10.15. As a minimum, in order to understand whether suppliers are delivering in line with their plans, the Programme will need to collect data on progress at the same level as the planning information.
- 10.16. Beyond this, the Programme will need to understand, and be able to report on, the delivery of smart meters to different customer groups. This is both to understand if there are any barriers to delivery for some groups of customers that need to be tackled, and to be responsive to the information needs of stakeholders who are involved in the roll-out of smart meters. For example, data needs to be able to be aggregated to a range of geographic levels (e.g. local authority, constituency, urban/rural) and interrogated to show how the roll-out is reaching potentially vulnerable customers, such as those on pre-payment tariffs. This reporting needs at least postcode level data. Reporting linked at meter-level of smart meter installation data and customer data, such as whether the customer was on pre-payment tariff, would allow for a more sophisticated understanding of the reach of the Programme.

- 10.17. The ability to link data on smart meter installations to other datasets would allow fuller analysis and understanding of consumer experiences and impacts, and will inform decisions on levels on granularity. For example, data on smart meter installations collected at postcode level could be linked to output area data to support understanding of the distribution of smart meters across different sectors of the population, while meter-level reporting would enable cross-analysis with DECC's energy efficiency data framework (NEED²⁰) and support evaluation of the impacts of smart metering within other programmes such as the Green Deal.
- 10.18. We are continuing to assess how such analysis might be conducted to evaluate roll-out progress and consumer impacts. Should issues emerge from any analysis, understanding of the causes and potential solutions would be best supported by more granular data.
- 10.19. In terms of in-depth evaluation of smart metering, the impact on consumer energy use is a key area and, as noted, the Programme intends to establish representative sample groups of customers with and without smart meters and track their energy use. For this sample, suppliers would need to provide meter-level information about the smart meter installation and associated key data items (e.g. postcode) and an ongoing report on monthly or quarterly energy usage at individual meter points. The sample would need to be drawn from a wide population of customers using meter-level data to enable the Programme to identify a representative group.
- 10.20. Considering these various needs, three broad options for data collection have been identified. They provide progressively less granular information and so progressively restrict the ability of the programme to be responsive to information needs. Views are welcome on the relative merits of these options, and in particular from suppliers on the relative costs of reporting in each of these formats:
- Suppliers to report at meter-level when a smart meter has been installed, and provide a number of linked data items such as full postcode, whether an IHD was installed, and whether the customer was on a pre-payment tariff.
 - Suppliers to report at meter level when a smart meter has been installed, and to provide a count of other data items separately, such as pre-payment/credit and whether an IHD was installed, by partial or full postcode area.
 - Suppliers to provide a count of smart meter installations and other data items at postcode, DNO or national level.

Data to be collected on supplier efficiency savings

- 10.21. To monitor supplier efficiency savings, the Programme expects to need metrics that indicate the costs of specific activities and, separately, the volume of those activities for both the Smart and legacy populations at the supplier level. The Programme is developing the detailed methodology in consultation with suppliers, particularly recognising that some average costs may not be easy for suppliers to quantify discretely

²⁰ National Energy Efficiency Data-framework: report on the development of the data-framework and initial analysis. DECC. June 2011. <https://www.decc.gov.uk/assets/decc/11/stats/energy/energy-efficiency/2078-need-data-framework-report.pdf>

or in line with a prescribed methodology. To monitor supplier costs incurred during the Programme, supplier level information would be required on capital and installation costs.

Consultation Questions

8.	What are your views on the options for different geographical granularity of data collection for: <ul style="list-style-type: none">• Monitoring the roll-out of smart meters• Tracking the impact of smart meters on consumer's energy use for a sample of consumers• Understanding the benefits and costs incurred?
9.	What are your views on the assumptions about the cost burden on suppliers of collecting and reporting on these data and information requirements? What could DECC do to minimise costs further?
10.	What are your views on the proposed approach to the publication of aggregated and supplier-specific information?

11. Annual Supplier Report

Background

11.1. The Annual Supplier Reports are intended to provide the Programme with a high-level snap-shot of suppliers plans and progress for delivering the roll-out of smart meters, providing the context for interpretation of regular monitoring data and more detailed engagement with the Programme on specific issues. Both qualitative and quantitative information would be requested. The Report is expected to have five sections, and a brief description of each is set out below:

- Roll out strategy overview
- Roll out trajectory and progress
- Readiness and capability
- Consumer engagement
- Cost and benefit information.

Overview of data requested

Roll-out strategy overview

11.2. The Programme needs to understand the broad strategic approach that each supplier is taking to delivering the smart meter roll-out as the context for the information that they will provide on plans and progress. Suppliers would be asked to describe their high-level approach for roll-out to domestic and smaller non-domestic customers to enable the Programme to interpret each supplier's activity in those areas set out in more detail in other sections of the report.

Roll-out trajectory and progress

11.3. The Programme needs to understand suppliers' plans for roll-out, and then to build an understanding of whether suppliers are delivering in line with these plans. This information will form a critical part of the Programme's own development of services and functions, and will enable the Programme to build confidence that the roll-out will be completed in 2019.

11.4. In this section of the Report, suppliers would be asked to provide quantitative data on their planned roll-out profiles for domestic and non-domestic customers, with an accompanying narrative to report on how their progress to date compares against their previous plan and how they have revised their plans in response to other factors.

Supplier readiness and capability

11.5. The Programme needs to understand the overall preparedness of the industry to move through the Foundation Stage to mass roll-out, and to understand where the key dependencies lie, in order to support successful delivery of the Programme as a whole.

The Programme will also be looking to build confidence that suppliers' roll-out projections are realistically capable of being delivered.

- 11.6. To have this understanding, the Programme intends to ask for a high-level overview of suppliers' plans for building people, systems, process and commercial capabilities and for implementing the internal business changes that will be required to enable delivery during Foundation and mass roll-out. Suppliers may be required to include their key milestones and activities on an overview plan, using standard assumptions of Programme deliverables where appropriate.

Consumer engagement

- 11.7. Ensuring successful consumer engagement during the roll-out of smart meters is central to the delivery of the roll-out and the realisation of the benefits. The Programme aims to build awareness of and support for smart metering and help consumers use smart metering to better manage their energy consumption and expenditure.
- 11.8. In order to inform co-ordinated consumer engagement activity, as well as to monitor progress in this area, the consumer engagement section would describe each supplier's approach to consumer engagement for both their domestic and smaller non-domestic customers. Suppliers would be asked to describe their high-level plans for engaging with customers before, during and after the installation visit, for information on how they are tracking consumer experiences, their activities to ensure that all consumers understand and are able to benefit from smart meter roll-out, as well as their approaches to working with voluntary organisations and with local or regional bodies.

Supplier costs and efficiency savings

- 11.9. The Government needs to monitor supplier costs and efficiency savings so that action can be taken, if necessary, to enable benefits to be maximised. Efficiencies will arise across a number of different activities (e.g. meter reading, customer billing enquiries) and organisational areas (e.g. meter reading teams, call centres). Each supplier is organised differently, and suppliers measure their internal costs in different ways. In addition, other business changes (e.g. internal reorganisations) may take place during the period of the roll-out, which will affect the costs of different business areas.
- 11.10. These points mean that suppliers cannot simply report on net levels of savings achieved in order to arrive at a transparent view of these benefits. Instead, the Programme intends to use a number of different types of information to understand how benefits are arising, and then aggregate and analyse this information across all suppliers to arrive at an overall assessment about levels of benefits achieved. Some of this information might be requested through the Annual Supplier Report, for example, the costs of certain activities might be collected annually, with information on the frequency of that activity captured through the regular monitoring data.
- 11.11. In the light of these points and also the need for a simple, consistent set of arrangements which do not impose undue burdens on suppliers, we have developed the following approach to monitoring supplier efficiency gains:

- Where feasible we are proposing to track benefits in terms of cost savings, by tracking the activity that drives the benefit (e.g., reductions in numbers of meter readings) and the average cost of that activity. This broad approach will apply to around 70% of the projected supplier efficiency gains.
- For the remainder, we are proposing a proxy cost measure which will indicate the impact on the efficiency of the supplier in each area of benefit as well as tracking change in the level of the activity. For example, exception handling (resolving problems or issues due to estimated reads and other data quality issues from legacy meters whilst in the process of switching suppliers) is a large cost driver in managing customers switching between suppliers so we propose to track that activity as a proxy for the cost saving associated with customer switching.
- We will, where possible, compare cost and operational details between smart and legacy meter operations to isolate the impact of smart meters. This will help us understand more fully which benefits are due to smart meters and which may be due to other external factors or internal process changes,

Consultation Question

- | | |
|-----|-----------------------------------------------------------------------------------------------------------------------|
| 11. | What are your views on the information that large domestic suppliers should provide to Government on an annual basis? |
|-----|-----------------------------------------------------------------------------------------------------------------------|

12. Regular monitoring data

Background

- 12.1. Data reported regularly by suppliers on their progress with delivering smart meter installations will be used in a number of ways, including to: understand whether suppliers are delivering in line with their plans; identify and tackle risks and barriers to successful roll-out; understand the consumer experience of roll-out and underpin the evaluation of consumer benefits realisation; and report on progress to interested parties.
- 12.2. The Government proposes to collect Regular Monitoring Data from large domestic energy suppliers with more than 250,000 customers on a quarterly basis and from small domestic and small non-domestic suppliers on an annual basis. Small domestic suppliers will be asked to provide a sub-set of the monitoring information that large domestic energy suppliers are asked to provide and suppliers of smaller non-domestic customers will have a separate tailored set of data requirements.

Overview of the data requested

Monitoring of installation activity

- 12.3. The Programme intends to request information from suppliers on how many gas and electricity smart meters and IHDs are being installed in each reporting period, where and when this activity is occurring, with information on the broad customer category (e.g. domestic, non-domestic, priority services register) and payment types (pre-payment meter, credit). To further help the Programme understand potential barriers and risks to successful roll-out, the Programme is also proposing to collect high-level information on issues such as whether customers are actively refusing smart meters, and the extent to which operational or communications issues are causing smart meter installations to be aborted.
- 12.4. As discussed in Section 10, the Programme is considering at what level of granularity this data should be collected, and whether data items should be linked together or counted separately.

Benefits and Evaluation

Supplier efficiency savings

- 12.5. To enable benefits tracking, and provide timely information that would allow any emerging issues to be tackled, the Programme plans to request quarterly information from larger suppliers on activity levels in key areas that drive costs. Combined with data collected through the Annual Supplier Report on the costs of those activities, this would allow efficiency savings to be tracked. The aim is to provide a view as to whether the Programme is on track in each of the supplier efficiency saving areas. Cost data is commercially sensitive and would only be reported at an aggregated level.

Monitoring consumer benefits

- 12.6. In tracking supplier efficiency savings, regular data collection will allow emerging issues relating to consumer benefits to be identified early. Some of this will come from monitoring of installation activity: for example, data on the take-up of IHDs will help the Programme understand the distribution and levels of projected energy saving. Surveys of consumers' attitudes and impact evaluation will also provide information on consumer benefits.

Evaluating consumer impacts

- 12.7. As set out in Section 2 information will also be required from suppliers to help create sample datasets in order to evaluate in depth the impact of the Programme on consumers and in particular to evaluate and isolate the impact of smart meters on consumers' energy consumption. This will be done by comparing the energy consumption. This will include customers with smart meters with customers without smart meters (a control or comparison group).
- 12.8. To support this analysis, data is likely to be required to establish representative sample groups of customers, including key data such as meter number, postcode, smart meter installation date, whether the customer is on a pre-payment meter. This data would be refreshed over time (perhaps annually), as new customers have smart meters installed. In addition to the data provided by suppliers, other datasets will be used to help ensure the sample provides a representative spread of key characteristics, such as property attributes, and to ensure these factors are properly controlled for in isolating the impacts of smart meters.
- 12.9. For the sample, monthly energy consumption data for customers with smart meters, and quarterly energy consumption data for the control group would be required. In line with the Data Access and Privacy consultation, we do not expect suppliers to need to seek customer consent for access to energy consumption data at this level of granularity.
- 12.10. It is intended that the Programme will only require suppliers with over 250,000 domestic customers and who have installed smart meters in at least 10,000 homes to provide these data. These suppliers would also be asked to provide a first set of these consumer data on a voluntary basis for submission to the Government in Autumn 2012. This would not only allow the Programme to construct a baseline against which to measure smart meter impacts on consumers, but would also help both suppliers and the Programme to test the processes involved in data collection and to use this to refine the Information Requests.
- 12.11. Once the licence conditions come into force, smaller suppliers (who have installed smart meters in 10,000 homes) would be invited to provide these data on a voluntary basis.
- 12.12. Initially, the intention is to focus on domestic consumers, but in the future this may be expanded to include non-domestic customers. Data requirements are likely to be similar to those for domestic consumers and would be fully explained in an Information Request.
- 12.13. All analyses using these data would be reported and published at an aggregated level – no individual household or supplier would be identified. Obligations under the Data Protection Act are fully recognised and the Programme will work with suppliers to ensure any personal data is properly protected. Any such use of data by the Government will

also be considered in the context of the Government's broader transparency and open data agenda.

12.14. In addition to energy consumption analysis, it is intended that the Programme will undertake direct qualitative and quantitative research with a sample of smart meter customers to understand their experiences and the customer service impacts of smart meters. The Programme will work with suppliers to invite consumers to participate in this direct research.

Consultation Question

12.	What are your views on the information that suppliers should provide to the Government on a regular reporting cycle?
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Annex A - Electricity and Gas Supply Draft Licence Conditions

Electricity Supply Licence

Condition [XX]: Roll-Out Reporting Requirements and Provision of Information to the Secretary of State

Introduction

- 1 This Condition provides for the Secretary of State to be able to obtain from the licensee Information in respect of matters relating to the provision, installation, operation, maintenance, and use of meters.

Purposes

- 2 The purposes of this Condition are to ensure that the Secretary of State may obtain such information as he may reasonably require to enable him, from time to time, to:
- (a) examine and assess the readiness of the licensee to comply with any Relevant Condition;
 - (b) monitor and review the steps taken or to be taken by the licensee to:
 - (i) install, arrange for the installation of, or provide (as the case may be) Smart Metering Systems and In-Home Displays in accordance with the requirements of any Relevant Condition;
 - (ii) promote awareness and understanding by energy consumers of the use of Smart Metering Systems and In-Home Displays (and information obtained through them);
 - (c) evaluate the scope and effectiveness of the licensee's consumer engagement activities and of the Consumer Engagement Programme;
 - (d) identify and evaluate the costs associated with, and benefits attributable to, the provision, installation, operation, maintenance, and use of Smart Metering Systems and In-Home Displays, including in particular:
 - (i) energy savings made as a result of energy consumers being able to better manage their energy consumption and expenditure;
 - (ii) cost savings and improvements in services resulting from changes made to energy industry activities and procedures;

- (e) decide whether or when there may be a need for him to exercise any of his powers under any Relevant Condition or section 88 of the Energy Act 2008; and
- (f) publish information in respect of the matters set out in paragraphs (a) - (e) above.

Information Request

3 The Secretary of State may, for the purposes of this Condition, from time to time issue a request for Information to be provided to him (an **Information Request**).

4 An Information Request (or any part of it) may be addressed to:

- (a) the licensee alone;
- (b) all Electricity Suppliers;
- (c) Electricity Suppliers supplying electricity to at least 250,000 Domestic Customers;
- (d) Electricity Suppliers supplying electricity to fewer than 250,000 Domestic Customers; or
- (e) Electricity Suppliers supplying electricity only to Non-Domestic Customers.

5 An Information Request may:

- (a) where an Electricity Supplier supplies electricity to at least 250,000 Domestic Customers, require the supplier to provide information in respect of:
 - (i) its proposals, plans and projections, together with supporting information, for meeting its duties in relation to the roll-out, installation, operation, and maintenance of Smart Metering Systems and In-Home Displays (**roll-out report**); and
 - (ii) its progress and performance against the roll-out report and otherwise in meeting its duties in relation to the roll-out, installation, operation, and maintenance of Smart Metering Systems and In-Home Displays (**monitoring report**);
- (b) where an Electricity Supplier supplies electricity to fewer than 250,000 Domestic Customers or supplies electricity only to Non-Domestic Customers, require the supplier to provide information on an annual basis in respect of its progress towards meeting its duties in relation to the roll-out, installation, operation, and maintenance of Smart Metering Systems and In-Home Displays.

6 An Information Request may in particular specify:

- (a) subject to paragraph 5 above, the type and nature of Information to be provided and the date by, or the intervals at, which the specified Information is to be provided;

- (b) that the Information is to be accompanied by such supporting documents or data as may be described;
- (c) the time period in respect of which the specified Information is to be provided;
- (d) that all or some of the specified Information must continue to be provided at the intervals specified until such date as specified or until the Secretary of State issues a subsequent Information Request to the Electricity Supplier; and
- (e) the form and manner in which the specified Information is to be provided.

- 7 The licensee must comply with an Information Request addressed to it or to a category of Electricity Suppliers of which it is a member.
- 8 The licensee must ensure that the Information it provides in response to an Information Request is complete and accurate.
- 9 The licensee is not required under this Condition to provide any Information which it could not be compelled to produce or give in evidence in civil proceedings before a court.

Disapplication

- 10 The Secretary of State may from time to time, and must at least once by [xx/xx/2019], review the application of this Condition with a view to determining whether, and if so when, it should cease to apply.
- 11 This Condition shall cease to apply to the licensee from such date as may be specified in a direction issued, following a review undertaken in accordance with paragraph 10, to the licensee by the Secretary of State.

Interpretation and Definitions

- 12 For the purposes of this Condition, each reference to an 'energy consumer' is to be treated as a reference to a consumer of gas or electricity.
- 13 In this Condition:

Consumer Engagement Programme

has the meaning given to it in [Condition Q: Smart Metering Consumer Engagement].

Information

means information (other than information subject to legal privilege) in any form or medium and of any description specified by the Secretary of State and includes any documents, accounts, estimates, returns, records or reports and data of any kind, whether or not prepared specifically at the request of

the Secretary of State.

Relevant Condition

means any condition of this licence which imposes obligations or contains provisions in respect of any matter relating to the provision, installation, operation, maintenance, or use of a Smart Metering System or an In-Home Display.

Condition [YY]: Preparation and Provision of Roll-out Plans, and Provision of Information to the Authority

Introduction

- 1 This Condition provides for the licensee to be required to prepare and provide to the Authority a Roll-out Plan, to report against the Roll-out Plan and for the Authority to be able to obtain from the licensee Information in respect of matters relating to the provision, installation, operation, maintenance and use of Smart Metering Systems and In-Home Displays.

Purposes

- 2 The purposes of this Condition are to ensure that the Authority may obtain such information as it may reasonably require to enable it, from time to time, to:
- (a) examine and assess the readiness of the licensee to comply with any Relevant Condition;
 - (b) monitor and review the steps taken or to be taken by the licensee to install, arrange for the installation of, or provide (as the case may be) Smart Metering Systems and In-Home Displays in accordance with the requirements of any Relevant Condition.

Roll-Out Plan and Progress Reports

- 3 The licensee must prepare and submit to the Authority, by a date specified in a direction issued by the Authority, a document (the **Roll-out Plan**) containing:
- (a) the licensee's proposals, plans and projections, together with supporting Information, for meeting its duties in relation to the provision, installation, operation, maintenance and use of Smart Metering Systems and In-Home Displays;
 - (b) Annual Milestones, which the licensee will achieve for the purpose of complying with its duties in relation to the provision, installation, operation, maintenance and use of Smart Metering Systems and In-Home Displays; and
 - (c) such other information as may be directed by the Authority.
- 4 The licensee must comply with the Annual Milestones set out in its Roll-out Plan.
- 5 The licensee must prepare and submit to the Authority, in accordance with any direction issued by the Authority and for such periods and at such frequency as may be specified in the direction, a report (the **Progress Report**) which sets out the licensee's progress and performance against the Roll-out Plan.
- 6 The licensee must publish its Roll-out Plan and any Progress Report, or such information contained in the Roll-out Plan and any Progress Report, as may be directed by the Authority.
- 7 The licensee may, where the Authority considers it appropriate, prepare and provide to the Authority an amended Roll-out Plan.

Directions

- 8 A direction issued by the Authority may be addressed to the licensee alone, to all Electricity Supplier or to a category of Electricity Suppliers.
- 9 The licensee must comply with any directions the Authority may issue for the purposes of the Condition and addressed to it or to a category of Electricity Suppliers of which it is a member.
- 10 A direction issued by the Authority may, in particular, specify requirements in respect of:
- (a) the format of the Roll-out Plan and the Progress Reports;
 - (b) the form, manner and exact period for which Annual Milestones need to be included in the Roll-out Plan;
 - (c) the information the licensee must include in the Progress Report;
 - (d) the submission of the Roll-out Plan and Progress Reports to the Authority; and
 - (e) the manner and method by which any specified information from the Roll-out Plan and any Progress Report must be published by the licensee.

Information Request

- 11 Where the licensee receives a request for Information from the Authority for the purposes of this Condition (an **Information Request**), it must provide that Information to the Authority within the time and in the form requested.
- 12 An Information Request issued by the Authority may in particular specify the type and nature of Information to be provided by the licensee, including in particular in respect of:
- (a) the readiness of the licensee to comply with any Relevant Condition; and the steps taken or to be taken by the licensee to install, arrange for the installation or provide (as the case may be) Smart Metering Systems and In-Home Displays in accordance with the relevant requirements of any Relevant Condition.
- 13 The licensee is not required under this Condition to provide any Information which it could not be compelled to produce or give in evidence in civil proceedings before a court.

Interpretation

- 14 In this Condition:

Annual Milestone

means the percentage of the Domestic or Designated Premises in respect of which the

licensee is the Relevant Electricity Supplier which will have a Smart Metering System installed on or before the end of the period set by the Authority in accordance with Condition YY.9(b).

Progress Report

means a report submitted in accordance with Condition YY.5.

Relevant Condition

means any condition of this licence which imposes obligations or contains provisions in respect of any matter relating to the provision, installation, operation, maintenance or use of a Smart Metering System or an In-Home Display.

Roll-out Plan

means a plan submitted in accordance with Condition YY.3.

Gas Supply Licence

Condition [XX]: Roll-Out Reporting Requirements and Provision of Information to the Secretary of State

Introduction

- 1 This Condition provides for the Secretary of State to be able to obtain from the licensee Information in respect of matters relating to the provision, installation, operation, maintenance, and use of meters.

Purposes

- 2 The purposes of this Condition are to ensure that the Secretary of State may obtain such information as he may reasonably require to enable him, from time to time, to:

- (a) examine and assess the readiness of the licensee to comply with any Relevant Condition;
- (b) monitor and review the steps taken or to be taken by the licensee to:
 - (i) install, arrange for the installation of, or provide (as the case may be) Smart Metering Systems and In-Home Displays in accordance with the requirements of any Relevant Condition;
 - (ii) promote awareness and understanding by energy consumers of the use of Smart Metering Systems and In-Home Displays (and information obtained through them);
- (c) evaluate the scope and effectiveness of the licensee's consumer engagement activities and of the Consumer Engagement Programme;
- (d) identify and evaluate the costs associated with, and benefits attributable to, the provision, installation, operation, maintenance, and use of Smart Metering Systems and In-Home Displays, including in particular:
 - (i) energy savings made as a result of energy consumers being able to better manage their energy consumption and expenditure;
 - (ii) cost savings and improvements in services resulting from changes made to energy industry activities and procedures;
- (e) decide whether or when there may be a need for him to exercise any of his powers under any Relevant Condition or section 88 of the Energy Act 2008; and
- (f) publish information in respect of the matters set out in paragraphs (a) - (e) above.

Information Request

- 3 The Secretary of State may, for the purposes of this Condition, from time to time issue a request for Information to be provided to him (an **Information Request**).
- 4 An Information Request (or any part of it) may be addressed to:
 - (a) the licensee alone;
 - (b) all Gas Suppliers;
 - (c) Gas Suppliers supplying gas to at least 250,000 Domestic Customers;
 - (d) Gas Suppliers supplying gas to fewer than 250,000 Domestic Customers; or
 - (e) Gas Suppliers supplying gas only to Non-Domestic Customers.
- 5 An Information Request may:
 - (a) where a Gas Supplier supplies gas to at least 250,000 Domestic Customers, require the supplier to provide information in respect of:
 - (i) its proposals, plans and projections, together with supporting information, for meeting its duties in relation to the roll-out, installation, operation, and maintenance of Smart Metering Systems and In-Home Displays (**roll-out report**); and
 - (ii) its progress and performance against the roll-out report and otherwise in meeting its duties in relation to the roll-out, installation, operation, and maintenance of Smart Metering Systems and In-Home Displays (**monitoring report**);
 - (b) where a Gas Supplier supplies gas to fewer than 250,000 Domestic Customers or supplies gas only to Non-Domestic Customers, require the supplier to provide information on an annual basis in respect of its progress towards meeting its duties in relation to the roll-out, installation, operation, and maintenance of Smart Metering Systems and In-Home Displays.
- 6 An Information Request may in particular specify:
 - (a) subject to paragraph 5 above, the type and nature of Information to be provided and the date by, or the intervals at, which the specified Information is to be provided;
 - (b) that the Information is to be accompanied by such supporting documents or data as may be described;
 - (c) the time period in respect of which the specified Information is to be provided;
 - (d) that all or some of the specified Information must continue to be provided at the intervals specified until such date as specified or until the Secretary of State issues a subsequent Information Request to the Gas Supplier; and

(e) the form and manner in which the specified Information is to be provided.

7 The licensee must comply with an Information Request addressed to it or to a category of Gas Suppliers of which it is a member.

8 The licensee must ensure that the Information it provides in response to an Information Request is complete and accurate.

9 The licensee is not required under this Condition to provide any Information which it could not be compelled to produce or give in evidence in civil proceedings before a court.

Disapplication

10 The Secretary of State may from time to time, and must at least once by [xx/xx/2019], review the application of this Condition with a view to determining whether, and if so when, it should cease to apply.

11 This Condition shall cease to apply to the licensee from such date as may be specified in a direction issued, following a review undertaken in accordance with paragraph 10, to the licensee by the Secretary of State.

Interpretation and Definitions

12 For the purposes of this Condition, each reference to an 'energy consumer' is to be treated as a reference to a consumer of gas or electricity.

13 In this Condition:

Consumer Engagement Programme

has the meaning given to it in [Condition Q: Smart Metering Consumer Engagement].

Information

means information (other than information subject to legal privilege) in any form or medium and of any description specified by the Secretary of State and includes any documents, accounts, estimates, returns, records or reports and data of any kind, whether or not prepared specifically at the request of the Secretary of State.

Relevant Condition

means any condition of this licence which imposes obligations or contains provisions in respect of any matter relating to the provision, installation, operation, maintenance, or use of a Smart Metering System or an In-Home Display.

Condition [YY]: Preparation and Provision of Roll-out Plans, and Provision of Information to the Authority

Introduction

- 1 This Condition provides for the licensee to be required to prepare and provide to the Authority a Roll-out Plan, to report against the Roll-out Plan and for the Authority to be able to obtain from the licensee Information in respect of matters relating to the provision, installation, operation, maintenance and use of Smart Metering Systems and In-Home Displays.

Purposes

- 2 The purposes of this Condition are to ensure that the Authority may obtain such information as it may reasonably require to enable it, from time to time, to:
- (a) examine and assess the readiness of the licensee to comply with any Relevant Condition;
 - (b) monitor and review the steps taken or to be taken by the licensee to install, arrange for the installation of, or provide (as the case may be) Smart Metering Systems and In-Home Displays in accordance with the requirements of any Relevant Condition.

Roll-Out Plan and Progress Reports

- 3 The licensee must prepare and submit to the Authority, by a date specified in a direction issued by the Authority, a document (the **Roll-out Plan**) containing:
- (a) the licensee's proposals, plans and projections, together with supporting Information, for meeting its duties in relation to the provision, installation, operation, maintenance and use of Smart Metering Systems and In-Home Displays;
 - (b) Annual Milestones, which the licensee will achieve for the purpose of complying with its duties in relation to the provision, installation, operation, maintenance and use of Smart Metering Systems and In-Home Displays; and
 - (c) such other information as may be directed by the Authority.
- 4 The licensee must comply with the Annual Milestones set out in its Roll-out Plan.
- 5 The licensee must prepare and submit to the Authority, in accordance with any direction issued by the Authority and for such periods and at such frequency as may be specified in the direction, a report (the **Progress Report**) which sets out the licensee's progress and performance against the Roll-out Plan.
- 6 The licensee must publish its Roll-out Plan and any Progress Report, or such information contained in the Roll-out Plan and any Progress Report, as may be directed by the Authority.

- 7 The licensee may, where the Authority considers it appropriate, prepare and provide to the Authority an amended Roll-out Plan.

Directions

- 8 A direction issued by the Authority may be addressed to the licensee alone, to all Gas Suppliers or to a category of Gas Suppliers.
- 9 The licensee must comply with any directions the Authority may issue for the purposes of the Condition and addressed to it or to a category of Gas Suppliers of which it is a member.
- 10 A direction issued by the Authority may, in particular, specify requirements in respect of:
- (a) the format of the Roll-out Plan and the Progress Reports;
 - (b) the form, manner and exact period for which Annual Milestones need to be included in the Roll-out Plan;
 - (c) the information the licensee must include in the Progress Report;
 - (d) the submission of the Roll-out Plan and Progress Reports to the Authority; and
 - (e) the manner and method by which any specified information from the Roll-out Plan and any Progress Report must be published by the licensee.

Information Request

- 11 Where the licensee receives a request for Information from the Authority for the purposes of this Condition (an **Information Request**), it must provide that Information to the Authority within the time and in the form requested.
- 12 An Information Request issued by the Authority may in particular specify the type and nature of Information to be provided by the licensee, including in particular in respect of:
- (a) the readiness of the licensee to comply with any Relevant Condition; and
 - (b) the steps taken or to be taken by the licensee to install, arrange for the installation or provide (as the case may be) Smart Metering Systems and In-Home Displays in accordance with the relevant requirements of any Relevant Condition.
- 13 The licensee is not required under this Condition to provide any Information which it could not be compelled to produce or give in evidence in civil proceedings before a court.

Interpretation

- 14 In this Condition:

Annual Milestone	means the percentage of the Domestic or Designated Premises in respect of which the licensee is the Relevant Gas Supplier which will have a Smart Metering System installed on or before the end of the period set by the Authority in accordance with Condition YY.9(b).
Progress Report	means a report submitted in accordance with Condition YY.5.
Relevant Condition	means any condition of this licence which imposes obligations or contains provisions in respect of any matter relating to the provision, installation, operation, maintenance or use of a Smart Metering System or an In-Home Display.
Roll-out Plan	means a plan submitted in accordance with Condition YY.3.

Annex B - Electricity Distribution and Gas Distributor Draft Licence Conditions

Electricity

Condition [XX]: Meters: Reporting Requirements and Provision of Information to the Secretary of State

Introduction

- 1 This Condition provides for the Secretary of State to be able to obtain from the licensee Information in respect of matters relating to the provision, installation, operation and use of meters.

Purposes

- 2 The purposes of this Condition are to ensure that the Secretary of State may obtain such Information as he may reasonably require to enable him, from time to time, to:
- (a) monitor and keep under review matters relating to the installation, operation and use of Smart Metering Systems;
 - (b) identify and evaluate the costs associated with, and benefits attributable to, the provision, installation, operation and use of Smart Metering Systems, including in particular:
 - (i) energy savings made as a result of energy consumers being able to better manage their energy consumption;
 - (ii) costs savings and services improvements resulting from changes made to energy industry activities and procedures;
 - (c) decide whether or when there may be a need for him to exercise any of his powers under:
 - (i) the conditions of this licence which impose obligations or contain provisions in relation to Smart Metering Systems; or
 - (ii) section 88 of the Energy Act 2008; and
 - (d) publish information in respect of the matters set out in paragraphs (a) - (c) above.

Information Request

- 3 The Secretary of State may, for the purposes of this Condition, from time to time issue a request for Information to be provided to him by the licensee (an **Information Request**).
- 4 An Information Request issued by the Secretary of State may in particular specify:

- (a) the type and nature of Information to be provided by the licensee;
- (b) that the Information is to be accompanied by such supporting documents or data as may be described;
- (c) the date by, or the intervals at, which the specified Information is to be provided;
- (d) the time period in respect of which the specified Information is to be provided;
- (e) that all or some of the specified Information shall continue to be provided at the intervals specified until such date as specified or until the Secretary of State issues a subsequent Information Request; and
- (f) the form and manner in which the specified Information is to be provided.

5 The licensee must comply with an Information Request.

6 The licensee must ensure that the Information it provides in response to an Information Request is complete and accurate.

7 The licensee is not required under this Condition to provide any Information which it could not be compelled to produce or give in evidence in civil proceedings before a court.

Disapplication

8 The Secretary of State may from time to time, and must at least once by [xx/xx/2019], review the application of this Condition with a view to determining whether, and if so when, it should cease to apply.

9 This Condition shall cease to apply to the licensee from such date as may be specified in a direction issued, following a review undertaken in accordance with paragraph 8, to the licensee by the Secretary of State.

Interpretation and Definitions

10 For the purposes of this Condition, any reference to 'energy consumer' is to be treated as a reference to a consumer of gas or electricity.

11 In this Condition:

Information

means information (other than information subject to legal privilege) in any form or medium and of any description specified by the Secretary of State and includes any documents, accounts, estimates, returns, records or reports and data of any kind, whether or not prepared specifically at the request of the Secretary of State.

Gas

Condition [XX]: Meters: Reporting Requirements and Provision of Information to the Secretary of State

Introduction

- 1 This Condition provides for the Secretary of State to be able to obtain from the licensee Information in respect of matters relating to the provision, installation, operation and use of meters.

Purposes

- 2 The purposes of this Condition are to ensure that the Secretary of State may obtain such Information as he may reasonably require to enable him, from time to time, to:

- (a) monitor and keep under review matters relating to the installation, operation and use of Smart Metering Systems;
- (b) identify and evaluate the costs associated with, and benefits attributable to, the provision, installation, operation and use of Smart Metering Systems, including in particular:
 - (i) energy savings made as a result of energy consumers being able to better manage their energy consumption;
 - (ii) costs savings and services improvements resulting from changes made to energy industry activities and procedures;
- (c) decide whether or when there may be a need for him to exercise any of his powers under:
 - (i) the conditions of this licence which impose obligations or contain provisions in relation to Smart Metering Systems; or
 - (ii) section 88 of the Energy Act 2008; and
- (d) publish information in respect of the matters set out in paragraphs (a) - (c) above.

Information Request

- 3 The Secretary of State may, for the purposes of this Condition, from time to time issue a request for Information to be provided to him by the licensee (an **Information Request**).
- 4 An Information Request issued by the Secretary of State may in particular specify:
- (a) the type and nature of Information to be provided by the licensee;
 - (b) that the Information is to be accompanied by such supporting documents or data as may be described;

- (c) the date by, or the intervals at, which the specified Information is to be provided;
- (d) the time period in respect of which the specified Information is to be provided;
- (e) that all or some of the specified Information shall continue to be provided at the intervals specified until such date as specified or until the Secretary of State issues a subsequent Information Request; and
- (f) the form and manner in which the specified Information is to be provided.

- 5 The licensee must comply with an Information Request.
- 6 The licensee must ensure that the Information it provides in response to an Information Request is complete and accurate.
- 7 The licensee is not required under this Condition to provide any Information which it could not be compelled to produce or give in evidence in civil proceedings before a court.

Disapplication

- 8 The Secretary of State may from time to time, and must at least once by [xx/xx/2019], review the application of this Condition with a view to determining whether, and if so when, it should cease to apply.
- 9 This Condition shall cease to apply to the licensee from such date as may be specified in a direction issued, following a review undertaken in accordance with paragraph 8, to the licensee by the Secretary of State.

Interpretation and Definitions

- 10 For the purposes of this Condition, any reference to 'energy consumer' is to be treated as a reference to a consumer of gas or electricity.
- 11 In this Condition:

Information	means information (other than information subject to legal privilege) in any form or medium and of any description specified by the Secretary of State and includes any documents, accounts, estimates, returns, records or reports and data of any kind, whether or not prepared specifically at the request of the Secretary of State.
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