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20 October 2023

Dear Graeme

Statutory Consultation: Smart Meter reporting requirements

EDF is the UK's largest producer of low carbon electricity. EDF operates low carbon nuclear power stations and is building the first of a new generation of nuclear plants. EDF also has a large and growing portfolio of renewables, including onshore, offshore wind and solar generation, and energy storage. With around six million electricity and gas customer accounts, including residential and business users, EDF aims to help Britain achieve net zero by building a smarter energy future that will support delivery of net zero carbon emissions, including through digital innovations and new customer offerings that encourage the transition to low carbon electric transport and heating.

The Smart Meter Rollout

EDF remains committed to the successful rollout of smart metering. Indeed, we want all our customers to have a smart meter to not only meet our obligations, but also contribute to critical national priorities of decarbonisation and Net Zero.

We are disappointed that the Government has to date failed to deliver on its commitment to review the tolerances for Year 2 as a matter of urgency in the face of clear evidence that this is both necessary and justified. The impact of the energy crisis and the resulting collapse in switching rates has transformed the context of the smart metering rollout for suppliers, significantly reducing our ability to campaign to new customers or win customers onto smart tariffs.

We appreciate that the Government has recently issued a call for evidence to understand the impact of consumer switching on conversion to smart. However, over a month after that call for evidence closed, we still have not heard any conclusions on this. This leaves very little time for suppliers to react before the end of this year in light of any decisions that are made. We are proceeding on the basis that common sense will prevail when it comes to assessing 2023 rollout activities, focussing on what is feasible and what is best for consumers.

As noted in the Public Accounts Committee's (PAC) final report following their recent inquiry on the smart metering rollout¹, it is evident that the current hard targets framework for the rollout of smart meters is not delivering the right outcomes. The most recent statistics published by the Government² show that only 58% of premises have a smart meter installed, well below the levels that were expected to be achieved at this point of the rollout. We strongly urge Ofgem and Government to engage with suppliers to develop a new framework that will better support an optimal rollout that delivers value for money, the best outcome for consumers and the nationwide smart metering infrastructure that is an essential building block in Great Britain's Net Zero transition.

Changes to Reporting

EDF broadly agrees with Ofgem's proposals as set out in this consultation. It is important that the reporting requirements are aligned to the changes made to the Targets Framework by Department for Energy Security and Net Zero (DESNZ) in July 2023. It is also vital that the revised reporting requirements are clear and unambiguous, and result in consistent information being provided by all suppliers.

We are, however, concerned by the changes made to the Targets Framework to enable Gas Only installations to be counted as 1.5 installations towards supplier targets, and the impact this has on reporting. There is a clear potential for confusion and discrepancies in the reporting of installation volumes where Gas Only installations are included, and for the multiplier to be applied incorrectly, or possibly more than once. The requirements for reporting Gas Only installations need to be very clear, not only in the licence but in the reporting template Ofgem issues to suppliers for completion. We would welcome visibility of the template for the End Of Year Performance Report at the earliest possible opportunity.

We would also urge Ofgem to work with DESNZ to ensure consistency in reporting requirements across the reports where Gas Only installation volumes will be included. This needs to ensure that it is clear where the multiplier is to be applied or not included, and whether this is applied by the supplier before data is submitted, or by Ofgem or DESNZ when the data is received. There also needs to be clarity in the information published to highlight 'actual' installation volumes at a GB level as opposed to 'multiplier-applied' installation volumes for the Targets Framework.

Additionally, we urge Ofgem to take this opportunity to align the reporting requirements placed on suppliers so that all suppliers are required to report the same information irrespective of the size of their portfolios. If an obligation is important and necessary it should apply equally to all suppliers, as is the case for the smart meter rollout targets themselves.

¹ <https://publications.parliament.uk/pa/cm5803/cmselect/cmpubacc/1332/summary.html>

² https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1181440/Q2_2023_Smart_Meters_Statistics_Report.pdf

There is no clear reason why larger suppliers should be faced with more burdensome reporting requirements.

Our detailed responses are set out in the attachment to this letter. Should you wish to discuss any of the issues raised in our response or have any queries, please contact Paul Saker, or myself.

I confirm that this letter and its attachment may be published on Ofgem's website.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Denise Willis', written in a cursive style.

Denise Willis
Senior Manager of Industry Change

Attachment

Statutory Consultation: Smart Meter reporting requirements

EDF's response to your questions

Q1: Do you have any comments or questions on our proposal that the Beginning Of The Year Report reporting requirements should be amended for 2024 and 2025?

Yes.

We agree that the Beginning Of The Year Report reporting requirements should be amended to reflect the changes to the Targets Framework. However, we urge Ofgem to take this opportunity to align the reporting requirements placed on suppliers so that all suppliers are required to report the same information irrespective of the size of their portfolios. There is no clear reason why larger suppliers should be faced with more burdensome reporting requirements.

Q2: Do you have any comments or questions with our proposal that all suppliers should report target installations for domestic and non-domestic installations separately, where they have both types of customer?

Yes.

We agree that all suppliers should report target installations for domestic and non-domestic installations separately to reflect the changes to the Targets Framework introduced by DESNZ for Years 3 and 4. However, as noted previously Ofgem should take this opportunity to align the reporting requirements placed on suppliers so that all suppliers are required to report the same information irrespective of the size of their portfolios.

Q3: Do you have any other comments or questions on our proposed licence changes to the Beginning Of The Year Report?

Yes.

We agree with the proposal that for 2024 and 2025 the requirement to provide information regarding supplier plans to install meters for credit and prepayment customers should apply to domestic premises only.

While this is reflected accurately in the legal text, we note that this requirement is not clear in the draft Beginning Of The Year Report template Ofgem shared with us on 10 August 2023. This only refers to 'Credit - Planned annual target delivery' and to 'Pre-payment - Planned

annual target delivery', with no reference to domestic premises. The reporting template must accurately and clearly reflect the requirements in the licence and should not rely on suppliers to refer to the licence to know what information should be submitted.

Q4: Do you have any comments or questions on our proposal that the End Of Year Performance Report reporting requirements should be amended for 2024 and 2025?

Yes.

We agree that the End Of Year Report reporting requirements should be amended to reflect the changes to the Targets Framework introduced by DESNZ. However, as noted previously Ofgem should take this opportunity to align the reporting requirements placed on suppliers so that all suppliers are required to report the same information irrespective of the size of their portfolios.

Also, as noted in our response to Question 6, we have concerns about the reporting requirements for Gas Only installations.

Question 5: Do you have any comments or questions with our proposal that all suppliers should report target installations for domestic and non-domestic installations separately, where they have both types of customer?

Yes.

We agree that all suppliers should report target installations for domestic and non-domestic installations separately to reflect the changes to the Targets Framework introduced by DESNZ for Years 3 and 4. However, as noted previously Ofgem should take this opportunity to align the reporting requirements placed on suppliers so that all suppliers are required to report the same information irrespective of the size of their portfolios.

Q6: Do you have any comments or questions with our proposal that all suppliers should report the number of Gas Only installations in the End Of Year Performance Report?

Yes.

Further clarity is required on exactly how these installations should be reported. For example, the legal text states that a supplier must include the 'Number of Qualifying Metering Systems installed in Qualifying Relevant Domestic Premises, for the Relevant Previous Year' and the 'Number of Qualifying Metering Systems installed in Qualifying Relevant Designated Premises, for the Relevant Previous Year'. Suppliers are also required to report the 'Number of Qualifying Metering Systems installed in Qualifying Relevant Domestic premises, that were Gas Only Premises, for the Relevant Previous Year' and the 'Number of Qualifying Metering

Systems installed in Qualifying Relevant Designated premises, that were Gas Only Premises, for the Relevant Previous Year’.

It is not clear from the legal text whether suppliers should include the Gas Only installations in the total numbers, or whether they should be excluded and only reported separately. If they are to be included in the ‘total’ counts, should suppliers apply the multiplication factor to those installations, or should they provide the number of actual meters installed and allow Ofgem to apply the multiplication factor based on the Gas Only figures provided? Similarly, when submitting the Gas Only figures for the report, should suppliers apply the multiplication factor to those installations, or should they provide the number of actual meters and allow Ofgem to apply the multiplication factor?

Absolute clarity is required, both in the legal text and in the templates that Ofgem issues to suppliers, as to how these numbers should be calculated, otherwise there is a risk that suppliers will provide inaccurate and inconsistent reporting on their performance.

We would also urge Ofgem to work with DESNZ to ensure consistency in reporting requirements across the reports where Gas Only installation volumes will be included. This needs to ensure that it is clear where the multiplier is to be applied or not included, and whether this is applied by the supplier before data is submitted or by Ofgem or DESNZ when the data is received. There also needs to be clarity in the information published to highlight ‘actual’ installation volumes at a GB level vs. ‘multiplier-applied’ installation volumes.

Q7: Do you have any other comments or questions on our proposed licence changes to the End Of Year Performance Report?

Yes,

As noted previously, it is important that the reporting templates Ofgem issues to suppliers for completion for the Beginning and End of Year Reports accurately and clearly reflect the requirements in the licence. We would welcome early publication of the current templates for the Beginning and End Of Year Performance Reports so that we can ensure that this is the case. While a draft of the Beginning Of The Year Report template was shared with us on 10 August 2023, it would be useful to understand whether any changes have been made.

Also, we note that the drafting in Appendix 1 for clause 44A.2 states that:

”No later than 2 working days after the licensee submitted the Beginning Of The Year Report to the Authority, for the First and Second Rollout Year, the licensee must publish prominently on its website the Target Number. For the Third and Fourth Rollout Year, the licensee must publish prominently on its website the Target Number calculated in accordance with 39A.5 (c) & (d) for the Third Rollout Year, and 39A.5 (e) & (f), for the Fourth Rollout Year. Relevant

Suppliers must also publish prominently on their websites the additional information required to be included in their Beginning Of The Year Report under paragraph 44A.4 and 44A.4A.”

In our view this requirement is not clear, specifically regarding the deadline applicable to the Third and Fourth Rollout Years. While we would assume that the requirement is that it is no later than two working days, as is the case for the First and Second Rollout Year, it would be helpful and avoid misinterpretation if this were set out more clearly. This comment applies to equally to clauses 44A.6, 38A.2 and 38A.6 which include similar language and require similar clarification.

EDF
October 2023