

Graeme Kelly
10 South Colonnade,
Canary Wharf,
London,
E14 4PU

Email: smartmetering@ofgem.gov.uk

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“Smart meter guaranteed standards: Supplier Guaranteed Standards of Performance” – So Energy Response

Dear Graeme,

So Energy is a leading energy supplier providing great value renewable electricity to homes across Great Britain. We supply over 300,000 customers as one of the last challenger suppliers left in the market and one that is backed by ESB Group's resources and expertise. So Energy is able to provide a unique view of customer service and standards of performance in today's energy market.

Guaranteed Standards of Performance (GSOPs) are designed to incentivise suppliers to deliver certain outcomes for consumers, thereby improving the overall consumer experience. Good GSOPs adhere to the following principles:

1. They are achievable in every circumstance – suppliers should be in the position to make out a minimal number of GSOPs payments once they have the appropriate systems and processes in place. If suppliers are making high numbers of GSOP payments because the GSOP is often impossible to meet, it is not a good GSOP. In the context of the price cap, 'achievable' includes ensuring that there is sufficient funding available to invest in minimising the number of GSOPs, such as the payment of premature removal charges on meters and the cost of updating systems and processes.
2. They are unambiguous – suppliers and consumers should both be clear about whether a GSOP has been met in each circumstance of the case. To allow for anything else will create inconsistency of application and unmet expectations.
3. They are resistant to gaming – consumers should not be able to take actions that can provide them with GSOP payments for little effort on their part.

The proposed guaranteed standards are not aligned with these principles and will deliver perverse outcomes. We cannot not support these proposals.

Furthermore, the proposals restrict suppliers' ability to manage a finite engineer workforce to deliver on multiple conflicting outcomes. At the current level of price cap funding, there are not enough metering engineers to meet all obligations. The GSOPs as proposed incentivise to prioritise this workforce to avoid GSOPs over all other considerations. Factors that matter to the customer, such as whether they wish to make use of their smart meter to avail of smart services and facilitate the Net Zero transition, are overridden.

Finally, Ofgem's accompanying impact assessment RFI does not explicitly ask about premature replacement charges for meters that aren't communicating – which can run to several hundred pounds per meter. This must be factored into the impact assessment.

Q1. Do you agree the 2015 regulations should be updated to reflect the current metering landscape and explicitly mention smart meters?

The 2015 regulations already establish protections for all meter types. The existing prepayment protections cover smart prepayment, and the traditional protections also cover smart meters. Smart meters have their own licence conditions to reflect what they must do, like sending data automatically, which sets them apart from traditional meters – these are already a part of the current Standard Licence Conditions (SLCs). There is no need for explicit mention of smart meters within the 2015 regulations as this poses few benefits.

The current SLCs, when combined with the existing metering price cap allowances, require suppliers to balance conflicting requirements within a tight, fixed budget. Suppliers are required to roll out as many meters as possible to hit annual targets, they must fix meters with communication issues, they must attend emergencies and leave appointment slots open for customer-led demand for smart. By putting some requirements in the 2015 regulations but not others, Ofgem both constrains our ability to balance these competing requirements and could lead to worse outcomes for consumers. For example, with GSOP 4, priority will be given to minimising payments over prioritising which customer needs their smart meter signal working the most because the customer doesn't need to contact their supplier to be eligible for a GSOP.

Q2. If yes, what areas of the 2015 regulations do you consider should be updated to reflect that they apply to smart metering?

We answered no to Question 1. The broader context of the annual targets, customer led demand, meter reliability and emergency callouts need to be considered in the round as it's the same finite workforce carrying out all activities. Further GSOPs constrain suppliers' ability to balance competing requirements and could lead to worse outcomes for consumers.

Q3. Do you agree that a new standard to ensure requests for smart meter installation appointments are fulfilled within a set number of weeks is right for consumers?

We do not agree. We are greatly concerned about the impact this requirement will have on smaller MOP/MAMs. These providers create downward pressures on the cost of metering services. Without them, the MOP/MAM market will be very concentrated, less competitive, and the cost to serve for customers will rise. Smaller providers have thinner coverage nationwide and GSOP costs are typically passed to MOP/MAMs - the proposed GSOPs could threaten their business. Ofgem needs to engage with these smaller MOP/MAMs in order to understand the impact of this proposal on their business, so they may properly impact assess this proposal.

There are other ways to match customers with appointment slots in their area without using GSOPs. Ofgem could monitor and publish performance on suppliers offering appointments within 6 weeks at a Postcode Area level. Customers who prioritise the availability of smart meters could proactively choose to move to the provider with the shortest appointment time in their area. This would incentivise better performance, without the knock-on implications associated with GSOPs.

Q4. Do you agree that six weeks is an achievable timeframe to meet?

We do not agree, six weeks is not an achievable timeframe for suppliers to provide an installation appointment. As per our response to Q3, the consequences of doing this would result in negative outcomes for consumers. Another constraint placed upon suppliers would mean less of a likelihood of meeting other non-GSOP obligations, and consequences for smaller MOPs/MAMs.

Across the sector, experienced by all suppliers, there are critical regional shortages in engineers available to conduct installation appointments. There exists a growing gap within a small workforce, creating significant logistical failures to fulfil demand. Many skilled engineers are transitioning into more attractive opportunities such as EV charger installations which offer more attractive working conditions.¹ Given the limited allowance provided for metering in the price cap, there is little the energy industry can do to attract additional people to the meter installer market by improving compensation. We note that Ofgem is planning to reduce the operating cost allowance provided to suppliers through the price cap, which will constrain funding still further. Even if additional compensation is provided to attract new engineers, recruitment lead times must be considered and it takes 12 months to train a new smart meter installer, once recruited.

Ofgem must investigate and address the root cause of these issues before it seeks to hold suppliers accountable for issues outside of their control. Given the current circumstances, we cannot deem six weeks to be an achievable timeframe.

Q5. Do you agree this should apply to new/first time smart meter appointments only?

We do not support the GSOP as proposed. If Ofgem were to proceed with the GSOP, we would rather they limited it to first time appointments as this reduces the consequential impacts of the GSOP.

Q6. Do you agree that this should only apply in cases where a consumer is technically eligible to have a smart meter installed, and what do you consider those cases to be?

We agree, the proposed standard should be applied only where a consumer is technically eligible to have a smart meter installed. It would not make sense to apply this standard of performance where a consumer would not be eligible to have a smart meter installed. The principle of a guaranteed standard of performance should be that it should be achievable within every circumstance, it is the ideal outcome, and an assurance provided to a consumer by their supplier.

GSOPs should be unambiguous but Ofgem has not codified what 'technically eligible' means. There are multiple scenarios around technical eligibility to be examined and accounted for within any GSOP. Experience from the development of the Faster Switching GSOP showed that the best method to outline and arrive at a consensus on these was to hold a series of facilitated workshops. We recommend Ofgem do the same here.

¹ We note that stakeholders have suggested that engineers should live out of hotels or commute several hours in order to meet demand in areas where there is a shortage of engineers close by. This is a good example of work-life balance consideration that would drive engineers to leave the workforce and move to adjacent industries, such as EV charger installation.

Q7. Are there any other exemptions that should be considered with this standard?

One of the principles of a good GSOP is that it be achievable. Given the underlying systematic shortages of metering engineers, a lack of engineer capacity in a given area must be classified as a valid exception in order to make this GSOP achievable. Ultimately, more funding is needed to address engineer shortages.

Any decision made by Ofgem must allow for 18 months as an adjustment period and an increase in the price cap. This will allow suppliers to try to attract, recruit and train staff needed. There exists a growing gap within a small workforce, creating significant logistical failures to fulfil demand. Many skilled engineers are transitioning into more attractive opportunities such as EV charger installations which offer better working conditions.

Meter shortages owing to supply chain issues (for example, due to the Suez Canal being blocked), should also be classified as an exemption.

Rare and unusual meter types should be excluded as specialist skills may be needed to do the work, for example, large gas meters at non-domestic homes.

There may be more exemptions. Ofgem should facilitate workshops with industry to explore whether any factors have been missed. This is based on learnings from the introduction of the Faster Switching GSOP.

Q8. Do you agree a consumer could receive this compensation every six weeks should a supplier not be able to offer an appointment in that time frame?

We do not agree that this is the correct approach to providing consumers with a timely installation appointment.

Given the underlying shortage of metering engineers, the lack of funding to address these and the lead times associated with training new engineers, the cost of this proposal could escalate out of control. The proposal runs the risk of consumer gamification, whereby the consumer is able to receive a compensation payment every six weeks if they are aware of engineer shortages within their area. One can foresee a scenario where consumers who are interested in earning GSOP payments crowd out customers who are genuinely interested in a smart meter by requesting appointments they have no intention of fulfilling.

Today, suppliers endeavour to offer appointments in response to demand, taking into account engineer availability and competing requirements to address issues with existing smart meters. Constraints surrounding appointment availability are largely out of a suppliers' hands, owing to deeper structural issues with the recruitment and retention of engineers in the sector. Ofgem must investigate the root cause of the issues before it seeks to hold suppliers accountable for issues outside of their control.

Q9. Are there any other factors not clearly outlined you think need to be considered?

Ofgem note the timescale of this standard to be either 42 calendar days or 30 working days. GSOPs should always be measured in working days.

Exceptions and the actual remit of suppliers must be clearly outlined in order for this standard to align with the principles of a good GSOP.

Q10. Do you agree a new standard to ensure consumers receive compensation for failed smart meter installations, where the failure is within a supplier's control, is right for the consumer?

We cannot agree with the new standard as there is no common understanding of what is and isn't within a supplier's control.

Numerous issues outside of a supplier's control which would lead to an installation failure. As what is not within the supplier's control has not been explicitly defined, the standard runs the risk of disputes arising between suppliers and consumers and/or unrealistic expectations being set for suppliers. Ofgem must determine exactly what is within the supplier's control and what is outside of their control.

Q11. Are there any scenarios within an energy supplier's control leading to failed smart meter installations that have not been covered?

Ofgem must determine exactly what is within the supplier's control and what is outside of their control. Suppliers conduct their due diligence in making the necessary checks and asking the correct questions to a customer prior to an appointment to ensure the meter installation will be successful. However, appointments may fail due to issues that are not reasonably within their ability to foresee and determine that the install is possible (e.g. asbestos). The information that suppliers have access to via desktop research and the information a customer may provide will not always be accurate.

Other potential scenarios outside of a supplier's control that would cause an appointment to fail would be:

1. Appointments may fail where remedial issues must first be undertaken by the customer or DNO (e.g. meter obstructed or DNO Cat A/B issue).
2. Appointments may fail where inaccurate information has been provided to the supplier (by the previous supplier through dataflows on change of supply or by the customer as part of the screening questions).

There may be other reasons. Ofgem should facilitate workshops with industry to determine what is and is not within a supplier's control.

Q12. Do you agree this should be applicable to both first time and replacement smart meter appointments?

We do not think the GSOP is suitable and could lead to worse outcomes for consumers because there is no clear understanding of what is and isn't within a supplier's control. Therefore, if given the choice between first time only, and first time as well as replacement, first time only limits the negative outcomes.

Q13. Do you agree there should be no restrictions on the number of times a consumer could receive this compensation?

If the exemptions are unclear, this will increase cost to serve. Allowing for no restrictions on repeat payments will only exacerbate these issues.

It is imperative that Ofgem determine whether a clear, unambiguous and achievable GSOP can be established before determining whether it should be pursued at all.

To align with the precedent set by the Faster Switching guaranteed standards, a single payment should be provided regardless of whether it's a single fuel or dual fuel failure. From a customer's perspective, whether one meter install fails or both, they will have to facilitate a follow-up visit either way – there is no difference. While they wait for the issue to be fixed, there is little difference to the customer if they must provide meter reads on one meter or two.

Q14. Are there any other factors not clearly outlined you think need to be considered?

The interaction between GSOP 2 and GSOP 4 must be fully considered. If a supplier attends an installation and there is a marginal smart meter signal, Ofgem must make clear whether it would prefer for the install to go ahead or if it would prefer the installer to walk away. By introducing these GSOPs, Ofgem is redefining itself as the decision maker in these matters and taking discretion away from suppliers. The onus is now on Ofgem to provide clarity and assurance that GSOP payments will not be made for issues that are ultimately associated with the DCC.

There could be. Ofgem should facilitate workshops with industry to explore whether any factors have been missed. This is based on learnings from the introduction of the faster switching GSOP.

Q15. Do you agree that this standard would support customers with suspected problems with their smart meters, and IHDs?

Ofgem needs to establish what desktop investigation, if any, can be carried out by suppliers to diagnose and fix IHD issues. If this is not clear, then the purpose of the GSOP is not clear.

With all smart meter and IHD investigations, there lies an issue of visibility as suppliers that were not the initial installing supplier can sometimes lack access to communicating with the smart metering infrastructure. The desktop investigations suppliers are able to conduct on IHDs do not always provide conclusive results on if the asset is in working order. This is due to the nature of the infrastructure around IHDs. Where a supplier sends tariff details to update the IHD, the response doesn't provide conclusive details on whether the tariff data is being shown on the device in the home. As a supplier, we would be reliant on the customer to advise us if the successful update as all we can see on our side is the outcome of our update flow to the IHD device.

Misunderstandings on the customers behalf of the issue could also be a contributing factor in identifying IHD faults. Many consumers struggle to read their meters, let alone explain the issue of their IHD. Thus, hindering a supplier's ability to investigate fully.

Q16. Do you agree the best approach is to expand on the existing "Faulty meter" and "Faulty prepayment meter" standards?

It is not the best approach. The nature of metrology faults is different to the nature of smart meter issues. Ofgem should start from the position of understanding what causes smart faults and the potential resolutions in order to understand what is possible and useful to the customer. There lies a risk in adapting these existing GSOPs that it will drive outcomes that are of no value to customers.

Q17. Are there any other factors not clearly outlined you think need to be considered?

There may be. Ofgem should facilitate workshops with industry to explore whether any factors have been missed. This is based on learnings from the introduction of the Faster Switching GSOP.

Q18. Do you agree a new standard to ensure consumers receive compensation for a smart meter that does not operate in smart mode, which is within a supplier's control to resolve, and has not been resolved, is right for consumers?

We do not agree.

What is and is not within a suppliers control has not been defined. As things stand, there lies the risk of suppliers making GSOP payments for matters that are actually outside their control or taking unproductive steps that increase the cost to serve (e.g. exchanging meters when, in all likelihood, this will not resolve the issue).

We note that exchanging smart meters can be extremely costly, with premature replacement charges alone costing hundreds of pounds per meter. Ofgem has not factored this into their impact assessment RFI. We note that the customer does not need to do anything to obtain the GSOP payment. Many consumers cannot or will not unlock the benefits of smart meters by obtaining smart metering services – if they were to have their meter removed prematurely and incur premature replacement charges, these charges could easily outweigh the benefits of those customers having a smart meter.

The interaction between GSOP 2 and GSOP 4 must be fully considered. If a supplier attends an installation and there is a marginal smart meter signal, Ofgem must make clear whether it would prefer for the install to go ahead or if it would prefer the installer to walk away. By introducing these GSOPs, Ofgem is redefining itself as the decision maker in these matters and taking discretion away from suppliers. The onus is now on Ofgem to provide clarity and assurance that GSOP payments will not be made for issues that are ultimately associated with the DCC.

Issues can sometimes be fixed remotely but it is not always clear who is responsible if a meter cannot be fixed remotely among suppliers, DCC, MOP/MAMs and MAPs. Without this clarity, avoiding the GSOP may cost the supplier several hundred pounds in premature replacement charges. For example, if a supplier inherits a meter with outdated firmware, is that within their control to resolve? If the firmware cannot be updated a meter exchange may be the only fix but the Meter Asset Provider may demand premature replacement charges are paid. Ofgem needs to disentangle these roles and responsibilities in order to determine what is within the suppliers control.

The proposal appears to incentivise the customer to disengage with any diagnosis of the underlying problem. For example, if a customer has intermittent signal issues, they are more likely to earn GSOP payments if they opt out of daily meter reads than if they opt in. On a

monthly read schedule, if a supplier does not receive 3 reads and is not able to engage the customer, they would need to pay compensation. With daily reads, suppliers would have 90 opportunities to obtain a read. The supplier can do all that it can to reach out to the customer but if the customer does not engage with diagnosing the issue, the supplier should not be penalised.

It could even incentivise customers to disrupt their smart meter signal in order to earn reoccurring GSOP payments. Placing a biscuit tin on the comms hub would block a smart meter's signal. This could be removed if a supplier attends the customers premise exchange the meter and then placed back on the comms hub once the engineer has left. A customer could earn 3-4 90-day GSOP payments per year with this approach.

Perverse incentives such as these must not be put in place. Without assurance that Ofgem has identified and prevented these perverse incentives, we cannot support the proposal.

Q19. Do you agree with our initial views of “in scope” and “out of scope”?

The initial views of ‘in scope’ and ‘out of scope’ are quite broad, bringing into question what comes down to another party, exceptions, and what suppliers’ remits are in practice. It’s important to note that some suppliers have their own MOP/MAP, it is unclear if these would constitute as ‘other parties’ or be considered an extension of the supplier under these views.

One good principle of a GSOPs design is that they are unambiguous – the current proposal does not meet that design principle.

Q20. Do you agree with our initial views on what constitutes a “smart meter” and “not operating in smart mode” for the purposes of this proposal only?

Yes.

Q21. How do you consider “actions of another party” could be clearly defined for this proposal?

We believe Ofgem must first provide clarity as to who these other parties are within scope. Ofgem should facilitate workshops with industry to explore whether any factors have been missed. This is based on learnings from the introduction of the faster switching GSOP. If ‘another party’ refers to the DCC, this should be clearly referenced.

‘Actions of another party’ should be defined as actions outside of the remit of the supplier. In reference to the DCC, this includes where the DCC are not able to get the meter to communicate and resolve the issue. If the DCC is not able to provide a resolution, suppliers should not be penalised for failing to meet the standard. The inaction of another party, such as a previous supplier must also be considered. DCC’s failure to enrol and adopt SMETS1 and previous supplier’s failure to keep firmware up to date should be included within the definition of ‘actions of another party’.

Q22. Do you agree that 90 days is an appropriate timeframe to resolve smart meters not operating in smart mode in the future?

We do not agree that 90 days is an appropriate timeframe to resolve smart meters not operating in smart mode, this constrains the resolution options of suppliers for issues that are out of their hands. For example, if a customer is disengaged, a supplier requires consent and further information on the property to book a meter exchange appointment and resolve the issue. They are not able to do so as customer engagement is necessary.

Actions towards resolving the issue bring into question when the 90-day clock begins for a supplier. The consultation seems to imply that all meters that have been not operating in smart mode for more than 90 days on the day the GSOP comes into effect, it will receive a payment. That implies that suppliers have between now and the implementation of the GSOP to get up to 3.5 million smart meters operating in smart mode or make a payment.² If suppliers fail to do this, it would trigger a £160m payment to customers on the day the GSOP takes effect (plus further payments for meters that have not communicated for more than 1, 2, 3 years). We note that the existing smart meter engineer workforce installed 3 million smart meters in 2024 – if suppliers were to focus on fixing these meters in order to avoid GSOP payments, it would necessitate pausing the smart meter roll-out entirely in order to facilitate smart-for-smart exchanges. Well-designed GSOPs are achievable in all circumstances of the case – this proposal does not appear to be achievable.

There is also the issue of how the clock interacts with 3rd party dependencies. If the clock starts from when the meter stops communicating, the DCC solves an issue on their side, but the supplier then has to implement the work on their own side, it brings into question when the clock starts for the supplier. If the DCC resolves an issue on day 89, the supplier would have 1 day to do their work.

There is also the issue of how the clock interacts when there is a change of tenancy. Ofgem needs to consider the implications, whether it is tied to the meter the customer or if the clock is set in some other way. For example, if it is tied to the customer, a supplier may have to make two 90-day payments in 180 days due to a change of tenancy.

It is unclear where the clock begins counting 90 days in regard to meters inherited through change of supply. The clock for inherited meters should begin from the point of when a supplier takes them on and took over supply – not the point that they lost signal, as this could be prior to them coming onto supply.

Q23. Do you agree consumers should receive compensation for both gas and electricity meters if applicable?

To align with the precedent set by existing guaranteed standards, a single compensation received should be applied to the entire smart metering system. One GSOP payment, per instance of failing to meet the standard. Explicitly, a payment should not be applied for each fuel.

² DESNZ statistics indicate that there are currently 4 million meters not operating in smart mode: [Q4 2024 Smart Meters Statistics Report](#)

24. Do you agree that for each instance of an “in scope” smart meter not operating in smart mode, the consumer should receive another compensation payment if the meter remains not operating for 365 days, and for every other 365-day period thereafter?

The proposal does not make mention of attempts a supplier undertakes to re-establish smart meter connectivity. If a smart meter is not operating in smart mode for 365 days, it is likely a supplier has made several attempts to resolve the issue remotely during this large timeframe. Therefore, surely any meter that has not been working for more than 365 days will be for reasons that are beyond the supplier’s reasonable control. For example:

1. Replacing the meter is unlikely to address the issue.
2. The MAP is demanding hundreds of pounds in premature replacement charges be paid if the meter is removed, despite the meter not communicating and a remote fix not being possible.
3. There is a shortage of installers in the area due to systematic underlying issues in the meter engineer workforce.
4. A meter exchange appointment has been offered but the customer has not engaged.

It should be noted that the cost of replacing these meters would be very very high, both in terms of premature replacement charges and the cost of sending out an engineer to do the work. Assuming a high proportion of the 3.5 million meters not operating in smart mode were replaced, it’s not unreasonable to assume it would cost a billion pounds. In many cases replacing the meter will not address the problem – the replacement meter also not operating in smart mode. If that meter churns through change of supply, the incoming supplier, unaware of past unsuccessful attempts, may attempt another replacement in order to avoid GSOP payments. The cost would also continue to climb as more and more smart meters are installed and don’t communicate. The 4G comms hub upgrade programme is also likely to trigger additional costs as meters that work today may stop operating in smart mode when the comms hub is replaced.

As mentioned in our response to Question 22, with 3.5 million smart meters not operating in smart mode, it would take a long time to replace them all with the current metering engineer workforce, especially when competing requirements, such as the need to offer 6-week appointments, are taken into account. All the while, these meters will incur further GSOP payments as they await replacement.

All of this cost must ultimately be recouped on the bills of all consumers, including vulnerable consumers. Therefore, it is imperative that Ofgem think carefully about the design of their GSOP and whether they are the best way to deliver good, cost effective, outcomes for consumers.

Q25. Are there any other factors you think need to be considered that have not been covered in this section for this proposal?

There could be. Ofgem should facilitate workshops with industry to explore whether any factors have been missed. This is based on learnings from the introduction of the faster switching GSOP.



Yours Sincerely,

Raquel Fernandes

Regulations Analyst

