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Sent by email to: smartmetering@ofgem.gov.uk

Dear Graeme,

Re: Ofgem Consultation on Smart Meter Guaranteed Standards: Supplier Guaranteed Standards of Performance

We welcome the opportunity to respond to the above consultation. This response represents the views of SSE Energy Solutions (SSE Energy Supply Limited), the non-domestic energy supplier.

We continue to believe that Smart meters play an enabling role in transforming the energy sector and underpin the UK's net zero ambitions and we remain committed to accelerating the Smart rollout. It is paramount that consumers accept and support Smart to fully realise the benefits of the technology and the opportunities it can offer, therefore we naturally support any enhancements to the customer journey and experience in so far as these are proportionate and appropriate for our non-domestic customer base.

Notwithstanding, our overarching view is that the proposed Smart Guaranteed Standards in this consultation will not deliver the intended benefits to non-domestic customers, will reduce campaigning abilities and result in less overall non-domestic installs. The scope should therefore be limited to the domestic market only. We have provided feedback on the non-domestic specific questions in Annex 1, but our key concerns are as follows:

- Additional regulatory interventions, such as those proposed in this consultation, continue to drive up costs for businesses whilst delivering minimal benefit. We do not consider this is fair or proportionate for the non-domestic market and will result in costs being recovered over several years in some cases due to longer-term contractual arrangements in non-domestic versus domestic.
- Non-domestic regulatory proposals must be considered separately to domestic. We note that discussions on implementing the Smart Guaranteed Standards raised in this consultation started with domestic suppliers, with non-domestic being brought into discussions at a later stage thus negating any opportunity to co-design. This has resulted in an attempt to retrospectively tailor the proposals to fit non-domestic when they were unsuitable from the outset. We would request that Ofgem liaise with non-domestic suppliers under a separate workstream to progress any further work in this area.

- Suppliers need clarity on the future of the Smart rollout post-2025 rather than additional obligations in the short-term which make it harder to deliver the rollout. Whilst we recognise that this is within Government's control and not Ofgem's, we are concerned about duplication of effort and cost if a layering approach to regulation is taken between these proposals and any future changes when the current framework ends. Any new proposals must be considered as part of the wider landscape, including how this complements Market Wide Half-Hourly Settlement delivery.

We would be happy to discuss our response further with Ofgem if helpful and look forward to working together to deliver improvements that benefit non-domestic customers.

Yours sincerely,

Christie Thomson

Regulation Manager, SSE Energy Solutions

Annex 1 – Response to Non-Domestic Questions

Q26. Do you agree that the proposals under consideration in this consultation are beneficial for non-domestic consumers?

No, SSE Energy Solutions considers that the proposals as set out by Ofgem are likely to cause more harm than benefit to non-domestic customers. As stated in our covering note, non-domestic suppliers were not involved in discussions on this topic until much later than domestic suppliers, at which point high-level decisions around the mechanism had already been made. This has resulted in trying to shoe-horn proposals designed for domestic customers into a market which is not set up to easily receive, implement or benefit from them.

Consequently, we strongly believe that these proposals represent an additional layer of red-tape for the Smart rollout and an additional cost on the end-consumer bill. There is limited evidence for non-domestic that these interventions are needed and the problems Ofgem are aiming to address are not generally problems we routinely see in practice. Any further work in this area should be in consultation with non-domestic suppliers to ensure co-creation of realistic and proportionate measures.

We have set out our views on the individual GS proposals below:

Installations

1. Installation appointment availability

If a consumer requests a first time/new smart meter installation appointment, the energy supplier must offer the consumer an appointment to take place within six weeks of the request being made, otherwise the consumer receives compensation.

A 6-week timescale would be detrimental to non-domestic installation propensity and would result in a net slow-down of activity. If non-domestic suppliers are expected to take all reasonable steps to meet a 6-week appointment window, this removes time flexibility which many non-domestic customers favour. We would likely see less booked appointments and therefore less installations. Furthermore, this GS would also have an impact on resource prioritisation – suppliers should remain free to prioritise resource as they see fit in the best interests of their customers. Consideration would also need to be given to edge cases where technical Smart solutions are not available for certain customers at present.

Almost all demand is driven by us as a supplier rather than customer-led bookings. It is not clear whether this GS is intended to apply to both types of booking, but if customer-led is the key aim then this will not have the intended impact. Rather, it will mean that suppliers need to throttle campaigns to match the 6-week window set by the regulation, which we do not see as being appropriate.

Non-domestic suppliers need to retain the ability to book based on the customer's business needs without being penalised for it. For example, only c.31% of installs are currently completed in 6 weeks. Speed of appointment does not tend to be a key driver for businesses and the preferred appointment timescales we see for SME/Microbusinesses are often booked c.12-weeks out to adequately plan for power-down impacts to the business. Group customer projects can take over a year to complete rollout (e.g. some sites may require engineers to have security certifications to be allowed on site). This is a further example

of where timing around the business' schedule and operational needs is more important than meeting a 6-week window. We note that DESNZ has completed some research in this area, however, we do not consider this to be representative of a range of non-domestic customer types/sectors and note that it is a small sample (78 customers) and therefore should not be taken as a reliable total indicator of non-domestic customer behaviour.

Ofgem also notes that booking processes are largely the same between domestic and non-domestic. This is fundamentally not the case – booking processes, campaigns and resource a [REDACTED] needs of different non-domestic customer groups. An arbitrary 6-week timescale would not fit easily with current non-domestic appointment processes. Additionally, non-domestic installations typically require additional/specific skillsets and equipment. The customer preference is one high-quality visit with the correct skillset and equipment rather than speed and additional disruption of extra visits.

We consider that this GS would result in an additional cost to implement (e.g. recording additional data, changes to systems to measure appointment times etc.). This cost will be smeared across all bills to reflect an increased cost on MOP contracts, FTE impacts and the need for increased capacity. Non-domestic suppliers continue to install significant numbers of Smart/AMR meters due to the benefits to consumers, in readiness for Market Wide Half-Hourly Settlement and to leverage operational cost reduction (leading to reduced cost to serve and therefore reduced prices). This GS would divert focus and resource from the ongoing positive activity, resulting in the counterintuitive slowing down of pace to meet timescales which do not fit with our customer's needs.

2. Failed installations

If a smart meter installation fails due to a fault within the energy supplier's control, the consumer will receive compensation:

We do not see a need to implement this as a new requirement as it already exists under the current Guaranteed Standards regulations for metering appointments. Under Regulation 3(9) of The Electricity and Gas (Standards of Performance) (Suppliers) Regulations 2015, "the supplier must ensure that whoever represents it for that purpose possesses the necessary skills, experience and resources to fulfil the purpose of the appointment as the supplier reasonably understands it".

We are already paying compensation to customers where we do not meet this clause, and consider that other suppliers should also be doing so. We believe there is a potential difference of interpretation across suppliers in this area (which has been further highlighted by our quarterly reporting to Ofgem), therefore based on our current activity, we see this as double-handling or duplicating existing rules.

Additionally, we note that non-domestic installations carry greater challenges relating to access and metering equipment quality resulting in a higher number of failed installations versus domestic. Some of the equipment in question falls outside the supplier's responsibility, therefore capturing information and providing mitigating evidence of why GS should not be paid would be burdensome and of little value.

Smart meter issues

3. Investigating smart meter operational issues

If a consumer reports a problem with their smart meter, the energy supplier must complete an initial assessment, take an appropriate action and offer to update the consumer, within 5 working days, otherwise the consumer will receive compensation.

Similar to the GS proposals above, we do not consider that there is a need to introduce this requirement and we have seen limited evidence which supports the need for formalisation of this approach. We already pro-actively monitor performance of our meters using a Meter Health App to immediately assess and take action on any non-communicating meters (on customer contact) and a dedicated team is dedicated to meter health. Suppliers would likely need to implement new reporting to support a new GS, requiring more cost/resource, and we do not see that this is a gap we need to address. Furthermore, consideration would need to be given to customer-driven non-communicating meter issues and how these are treated.

It is also widely recognised that there are issues with communications in the North region with 4G rollout currently unavailable and a higher share of non-communicating meters in this area. This would introduce complications when considering how this GS would be implemented (i.e. exceptions would need to be allowed in licence for meters in the North area).

Finally, non-domestic customer account structures can be complex and multi-layered. This may result in uncertainty over points of contact for meter issue resolution and confusion on how and to whom the compensation would be paid (e.g. could be paid to an individual site, or to an overarching Plc account?). These issues may impact resolution timescales and are not comparable to domestic customer experiences.

4. Smart meters not operating in smart mode

If a consumer's smart meter is not operating in smart mode, for over 90 days, due to an issue within the energy supplier's control to resolve, the consumer will receive compensation.

Whilst we evidently agree that it is in the best interests of customers and suppliers to maximise the number of meters operating in Smart mode at all times, we consider that this is already addressed under existing Operational Licence Condition requirements and do not see any additional benefit to this GS. There is also a general concern that all accountability for non-working meters is placed on suppliers and limited expectations placed on other industry parties (e.g. DCC).

We would also highlight the issue of disengaged customers who suppliers may not be able to contact or who are not interested in progressing a resolution (e.g. customers with unmanned sites). It is not clear how such circumstances would be managed where there are longer-term operational problems (e.g. are suppliers expected to remain in an endless cycle of paying GS every 90 days if a resolution cannot be reached?).

We are also concerned about the extra effort and cost that will be required to implement processes needed to evidence supplier decisions around what is not within the supplier's control. Such processes would be required to ensure exemptions are legitimate.

Q27. Do you agree with the rationale and proposed scope (both in terms of business size, meter type and timeframes, where applicable) of the proposed Guaranteed Standards under consideration in the non-domestic sector?

As noted above, we do not support the rationale or proposed scope of the Guaranteed Standards for non-domestic in general. We would also note that DESNZ is currently formulating a separate Code of Practice relating to customer experience of Smart installations. We anticipate there is risk of crossover with these proposals, resulting in unnecessary duplication of effort and cost. [REDACTED]

Q28. Across all the Guaranteed Standards, are there any other opportunities or risks with respect to the applicability of the proposed Guaranteed Standards to the non-domestic sector that we should consider?

N/A – please see responses above.

Q29. If you agree that the Guaranteed Standards under consideration in their present form should be applicable to the non-domestic sector, do you have any suggestions to tailor or alter the details and scope of the Guaranteed Standards to better suit the needs of non-domestic consumers?

N/A – please see responses above.

Q30. Do you agree that the compensation amount for the Guaranteed Standards under consideration could be further tailored to the non-domestic sector?

We consider that the standard compensation amount of £40 is adequate for the existing metering appointments GS. As noted, we do not support introduction of the new GS proposals. To support customer experience and fairness, non-domestic suppliers generally have tailored contractual terms relating to redress/compensation which may already address Ofgem's concerns in this area.

Q31. Which (if any) of the proposed options (Option 1 and Option 2) do you agree with for determining the compensation amounts for non-domestic consumers?

As noted above, we do not agree with either option presented by Ofgem.

Q32. Do you have any other considerations to determine the compensation amount for non-domestic consumers?

No further comments.