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Smart Meter Guaranteed Standards: Supplier Guaranteed Standards of Performance

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 and offshore wind and solar generation, as well as energy storage. With over five and a half 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.

EDF is committed to supporting all its customers to save cash and save carbon. It is why we have completed a successful migration to the Kraken platform. It is also why this past winter we made an additional £29m of support available to help our customers most in need in response to the ongoing Cost of Living crisis. This commitment to our customers is reflected in our Trustpilot score recently increasing to 4.7 out of 5.

Executive Summary

The smart meter rollout has had some great successes in its first phase, installing smart meters in nearly two-thirds of British homes and businesses. Engaged customers can gain significant benefits from having a smart meter, but those who are not engaged, or whose meters don't currently work correctly, don't. Continuing to try to force smart meters on people that don't want them, or won't actively use them, just adds to the cost of the rollout. EDF, therefore, supports a transition to a 'customer pull' model for the installation of smart meters.

In that context, the proposed Guaranteed Standards of Performance are broadly aligned with EDF's vision for the future of the smart meter landscape. However, EDF cannot agree to the introduction of Guaranteed Standards of Performance for smart meters until there is clarity on the wider, DESNZ-led regulatory framework for the rollout of smart meters after the end of 2025. The current 'hard targets' obligations on suppliers expires at the end of the year and there is currently no certainty on what, if anything, will replace those obligations. It is not even clear when we can expect any future regulatory framework to be consulted on by DESNZ, which is extremely concerning given any new obligations would need to come into effect in

less than eight months. This uncertainty is already impacting EDF's ability to conduct operational planning for installation activity in 2026.

We strongly refute Ofgem's assertion that the proposals set out in this consultation would be compatible with any future regulatory regime implemented by Department of Energy Security and Net Zero (DESNZ). This is unfortunately not something that is within Ofgem's control to guarantee. The resource and capacity planning requirements to meet 'hard targets' for smart meter installs are, for example, very different to those required to achieve the 'customer pull' requirements of the proposed Guaranteed Standards. Operating the two sets of obligations in parallel would not only create resource inefficiencies and increase the cost of installing smart meters, but it would also mean that suppliers would be subject to a 'twin track' regulatory framework that places them at risk of compensation payments to consumers and enforcement action by Ofgem for the same activity.

We can understand why a 'hard target' regime was necessary during the initial implementation phase of the smart metering rollout, to ensure that all suppliers were actively seeking to maximise smart meter installations. However, as we move from an implementation phase to a more 'business as usual' phase – where consumers who want a smart meter have requested one, and those who do not want a smart meter have rejected one – a 'hard target' regime is no longer appropriate and will simply generate waste, inefficiency and customer dissatisfaction.

We agree that during this 'business as usual' phase, a regime that incentivises and obliges suppliers to ensure those consumers who want a smart meter are able to access one in an appropriate timeframe and can rely on it to work, would be more appropriate. This regime cannot, however, operate efficiently in parallel with a 'hard targets' regime that drives conflicting supplier behaviour and prioritisation.

This is recognised in the existing Guaranteed Standards regulations, which have only been applied to processes that have achieved 'business and usual and steady state' operations. Ofgem and DESNZ need to decide whether the Smart Metering Programme has achieved this 'business and usual and steady state' or not. If it has then a Guaranteed Standards regime would be appropriate (and a 'hard targets' regime would not). If it has not yet achieved 'business as usual and steady state' then it is not appropriate to implement a Guaranteed Standards regime until this is the case.

It is for this reason that it is not reasonable for Ofgem to consult on a proposed new Guaranteed Standards of Performance regime until the regulatory framework for the rollout of smart meters beyond the end of 2025 has been determined. It is also why it is not reasonable for Ofgem to implement any new Guaranteed Standards of Performance until after the end of the current regulatory framework at the end of 2025.

We urge Ofgem to work with DESNZ to develop a holistic approach to the regulation of the installation of smart meters that recognises what stage the rollout is in and the most cost-effective method for continuing the rollout of smart meters.

Specific Concerns

Having reviewed the details of the proposed new Guaranteed Standards of Performance, EDF has also identified several specific key concerns:

Inclusion of non-domestic consumers in scope

We disagree with the proposal to include non-domestic consumers other than microbusiness consumers in the scope of the new regulation.

In its previous review of the Guaranteed Standards of Performance¹, Ofgem stated that it was not including larger non-domestic customers in scope because:

"Research shows that larger businesses are well placed to agree their own contractual arrangements with suppliers including compensation arrangements where suppliers fail to meet agreed performance requirements. We do not think that these customers need the added protection of a GS regime."

The consultation does not present any evidence that indicates that this assertion is no longer true and that a change in approach is justified.

Ofgem's proposals also fail to recognise the different metering arrangements that non-domestic customers have, especially where they have an Advanced meter installed. In many cases the agents that install and communicate with the Advanced meter are directly contracted by the customer, rather than their supplier. It would clearly not be appropriate for these consumers to be due compensation as the actions of these parties, as agents of the customer, are contractually outside of the supplier's control.

Considerations around extending the scope to larger non-domestic consumers should be deferred to the wider review of the Guaranteed Standards framework noted in the consultation, where the impacts can be properly considered and assessed.

Limitations of supplier control

Smart metering is a complex ecosystem with numerous parties involved and multiple potential points of failure, often with unclear ownership. This makes identifying what is truly within a supplier's control difficult to define objectively.

Based on our experience, the majority of issues that would prevent a supplier from achieving the proposed Guaranteed Standards of Performance, especially relating to smart meters not operating in smart mode, will be due to issues with the Data Communications Company (DCC) and its communications network. Wide Area Network (WAN) coverage is frequently not available when it should be, and even when it has been possible to commission a smart meter we often see communications fail or have intermittent issues after the event. This means proposals have the potential to create a two-tier system where the majority of customers who are not able to benefit from smart functionality are not due compensation as the resolution is outside of a supplier's control. This then risks a lack of clarity, creates confusion for customers, and will ultimately lead to dissatisfaction and complaints.

The complex nature of smart metering also means that resolution of an issue might come in and out of scope for supplier action multiple times, which makes it hard to track when failures to meet the standard have been incurred. For example, a single issue might need actions to be taken by the Distribution Network Operator (DNO), the DCC, and the installing supplier (where

¹ https://www.ofgem.gov.uk/sites/default/files/docs/2014/06/gosp_final_version_v1_0.pdf

the meter has switched supplier, and the gaining supplier requires information to be able to commission the smart meter). We question how the tracking of these hand offs could work in practice when considering the trigger points of a potential breach of a standard.

Furthermore, many premises have intermittent DCC communications – i.e. there may be a failure to obtain data remotely, however a subsequent communication attempt will be successful without any action being taken. We assume that a communications issue will be closed every time a reading is successfully obtained and new issue created should a subsequent failure occur, rather than re-continuing in the same 90-day period, but this is not clear in the consultation. These intermittent issues with DCC communications make monitoring of the proposed standard complex and could lead to inconsistent approaches being taken by suppliers.

We welcome the clarity that where action is required from ‘another party’ this would be out of scope, with ‘another party’ being defined as *‘a third party that operates or facilitates part of the smart metering infrastructure which is out of the direct control of the energy supplier’*.

We understand that this would largely refer to the DCC, but might also include DNOs and other suppliers for example. However, we are concerned this completely omits the other major source of required third party action to resolve issues – that of the customer. In some cases, the customer must take an action for the supplier to resolve an issue, for example, respond to their requests to access the meter. Where an action is required by the customer to resolve the issue and they choose not to take it, that should also be deemed to be out of scope for compensation.

Vexatious claims and the risk of gaming

Ofgem must ensure that the definition of what constitutes a ‘problem’ with the smart meter is clearly defined, not open to gaming or abuse and is within the control of the supplier to resolve.

We are concerned that the proposed new Guaranteed Standards of Performance, specifically those related to investigating smart meter operational issues and smart meters operating in smart mode, could be subject to vexatious claims and gaming by consumers. Ofgem must ensure that compensation is targeted at those consumers that truly have an issue that a supplier is able to resolve and has failed to do so.

For example, a consumer might deliberately take action to block or interrupt the communications to their smart meter in order to receive compensation. If a customer deliberately blocked the signal to their smart meter, they are unlikely to book an appointment or provide access to a supplier representative. Therefore, any requirement needs to provide an exemption in those circumstances where we are aware the customer has acted vexatiously.

Our detailed responses are set out in the attachment to this letter. Should you wish to discuss any of the points 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".

Denise Willis
Senior Manager of Industry Change

Attachment

Smart Meter Guaranteed Standards: Supplier Guaranteed Standards of Performance

EDF's response to your questions

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

No.

As noted in the consultation, consumers with smart meters are already included within the scope of the current Guaranteed Standards and afforded the same protection as consumers with traditional meters. Explicitly referencing smart meters within the regulation is not only unnecessary additional regulation but re-enforces the perception that smart meters are in some way 'non-standard', even though they are the only meters that suppliers are installing.

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

As noted in our response to Question 1, no changes need to be made to the 2015 regulations other than those required to accommodate any new Guaranteed Standards.

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?

EDF broadly agrees with the principle of this proposed Guaranteed Standard, however this is subject to understanding any future regulatory regime that will be implemented by Department of Energy Security and Net Zero (DESNZ).

Consumers that actively want to have a smart meter, and to benefit from its smart functionality, should be able to have one installed within a reasonable timeframe. However, as noted in the consultation, consumers should be able choose to have their smart meter installed in a longer timeframe if they so wish, for example because that would be more convenient or because the installation is part of a co-ordinated installation programme (for example for non-domestic consumers with multiple premises or schools that choose to have metering work completed in school holidays).

Should Ofgem decide to proceed, we suggest that rather than creating a separate new standard for the installation of smart meters, it would be simpler to amend the current Guaranteed Standard (GS3) to include a new requirement for this scenario. This could be added as clause 3.4 c and specify that "where the request is to install a smart meter for the first time, the appointment is offered within six weeks of the customer's request". This would ensure alignment within the current Guaranteed Standard without unnecessary duplication of the requirements.

It is critical that the drafting of any new Guaranteed Standard is clear, and that the conditions applicable and any exemptions are clearly defined to ensure consistent application by all suppliers and ease of understanding by consumers.

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

We agree that this timeframe should be achievable in normal operating circumstances where 'hard targets' no longer apply and where the premises are technically eligible to have a smart meter installed. However, we require further information regarding the conditions that would apply to the appointments that are offered under this Guaranteed Standard, and specifically whether they would need to meet the same requirements as the current Guaranteed Standard (GS3), i.e. the appointment slot should be no more than four hours long, it should be withing working hours etc. Should the requirements for appointments under this Guaranteed Standard differ from those in GS3, it will be more challenging to achieve a six-week timeframe.

The regulation will also need to consider exceptional circumstances that might make the six weeks unachievable. Examples include:

- Consumers in remote areas where transportation for installers might be an issue – for example locations such as the Highlands and Islands or the Isles of Scilly where infrequent ferries etc. might make a six-week timescale difficult to achieve. Situations like this would clearly be outside of a supplier's control.
- High levels of other consumer appointments needing to be undertaken at short or no notice which need to be prioritised. Examples could include the switch-off of the Radio Teleswitch (RTS) systems, supplier support for networks emergencies, and 2G/3G Communications Hub replacement activity.
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Q5. Do you agree this should apply to new/first time smart meter appointments only?

Subject to our response to Question 3, yes.

The existing Guaranteed Standard for appointments, combined with a new Guaranteed Standard that requires suppliers to resolve issues that cause a meter not to operate as smart, will ensure that consumers that need to have a site visit will receive one within an appropriate timeframe.

Extending this new Guaranteed Standard to other types of appointment is unnecessary and could result in those timescales being longer than they are today.

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?

Subject to our response to Q3, yes.

Suppliers should only be required to meet this Guaranteed Standard where a consumer is technically eligible to have a smart meter installation appointment.

A consumer should be regarded as being technically eligible to have a smart meter installation appointment booked when they meet the following criteria:

- The Data Communications Company (DCC) has confirmed that there is Wide Area Network (WAN) coverage to the premises via its Coverage Database. The regulation will need to account for future changes to the DCC's communications network, such as the switchover to 4G and the introduction of Virtual WAN devices.
- There are no outstanding issues requiring Distribution Network Operator (DNO) resolution (i.e. there are no Category B service termination issues that the supplier is aware of).
- Any devices required, especially for non-standard or complex installations, are generally available to suppliers in the market. Examples include five terminal or polyphase meters, advanced meters in the case the consumer has a Large gas meter or Current Transformer meter that is not suitable for smart metering, or HAN Connected Auxiliary Load Control Switches (HICALCSs).
- Industry data will enable a successful installation – for example, in the case of an appointment on a new connection the network operator has created a new metering point (MPxN) for the meter to be registered against.

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

Yes.

We assume that the same general exemptions present in the current regulations, for example actions taken by parties that are not under the control of the supplier, severe weather conditions etc. would continue to apply to any new Guaranteed Standard. We require confirmation that this will be the case.

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?

Subject to our response to Question 3, yes

Where the consumer meets the technical eligibility criteria and none of the existing exemptions apply, it is reasonable for them to receive compensation every six weeks that the supplier is not able to offer an appointment.

As noted in the response to Question 4, we, however, also require further information regarding the conditions that would apply to the appointments that are offered under this standard, and specifically whether they would need to meet the same requirements as the current Guaranteed Standard (GS3).

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

No.

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?

No.

While we agree with the principle of this Guaranteed Standard, it is not clear that this needs to be a separate new standard for smart meters. Also, as noted in our response to Question 3, any agreement is subject to understanding any future regulatory regime that will be implemented by DESNZ.

The existing Guaranteed Standard (GS 3.9) for appointments already requires the supplier to 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'. As noted in our response to Question 3, we suggest, if Ofgem is minded to proceed, including smart meters within the existing GS3 rather than creating a new standard specific to smart meters.

However, Ofgem must be mindful that unlike traditional meters which are simple, standalone devices, the operation of smart meters is reliant on multiple other devices (such as the Communications Hub, Alternative Home Area Network (Alt HAN) equipment etc.), and it is possible for an installation to be partially successful. For example, a supplier might be able to install a smart meter but not any Alt HAN equipment, which might then be installed on a follow up visit. It is not clear whether complex scenarios like this would be regarded as a 'failed' installation and, therefore, potentially within the scope of this standard. It's vital that Ofgem ensures clarity around what is and is not within suppliers' control for this standard.

The consultation also notes that one of the reasons that compensation would be due is where the 'Installer did not have the correct meter/asset equipment'. In some cases an appointment may require non-standard equipment (such as Alt HAN equipment) to complete the installation that was not possible to identify as part of the appointment booking process. A second appointment is often required to fully complete these installations. The drafting of this Guaranteed Standard must ensure that suppliers are not unfairly penalised in such circumstances.

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

We have not identified any additional scenarios at this stage.

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

No.

As noted in our response to Question 10, the existing Guaranteed Standard for appointments (GS3.9) already requires the supplier to 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'. If this Standard was amended to explicitly cover first time installs, any additional regulation would be unnecessary, duplicative, and cause confusion for consumers and suppliers.

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

Subject to response to Question 10, yes.

Where a supplier is not able to complete a meter installation for reasons that are wholly within their control, the consumer should receive compensation for the inconvenience of an aborted appointment. We note that this is how the existing Guaranteed Standard for appointments already operates, and that no additional regulation is required to enable this to occur.

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

Ofgem must clearly define what constitutes a failed installation, given the increased complexity associated with a smart metering system as opposed to a traditional meter. Consumers need to have a clear understanding of when they will be entitled to compensation, i.e. when there has been a failure that is wholly within the supplier's control.

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

No.

We are concerned that this proposed new Guaranteed Standard could be open to gaming and manipulation by consumers. We agree that consumers that are experiencing an issue with the functionality of their smart meter should be able to raise it and have it resolved. However, terms such as 'suspects' that they have a 'problem' are too broad and not suitable for inclusion in regulation.

For example, the current Guaranteed Standards are specific regarding the issues in scope. For example, the current Guaranteed Standard for Faulty meters (GS4) specifically relates to meters that are reported as "operating outside the margins of error". The current Guaranteed

Standard for Faulty prepayment meters (GS5) specifically relates to meters “not operating so as to permit a supply of gas or electricity to be given to a customer’s premises.

However a ‘problem’ could cover almost any query relating to a smart meter, and which might not be related to any of the devices failing to function correctly. We are concerned that this broad definition could make it difficult to identify when a ‘problem’ is being reported by the consumer that is within the scope of the standard, leading to inconsistent approaches by suppliers and confusion for consumers. We would require a clearer definition of which problems are in scope for this standard.

We are also concerned by the proposed inclusion of the IHD within the scope of this standard. IHDs are ‘read only’ devices that the supplier has a limited ability to run diagnostic tests on, making it harder to verify whether there is an actual problem with the IHD, or what might be causing it. The location of the IHD can also be changed by the consumer, which may impact its functionality if the Home Area Network (HAN) signal doesn’t reach the chosen location. We also note that supplier obligations regarding maintenance of the IHD are limited in the supply licences to 12 months following the provision of the IHD, the Guaranteed Standards should not be seeking to place obligations on suppliers that go beyond the supply licences.

Ofgem must ensure that compensation is targeted at those consumers that truly have an issue that a supplier is responsible for and able to resolve and has failed to do so.

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

No.

As noted in our response to Question 15 the existing “Faulty meter” and “Faulty prepayment meter” standards specifically define the problems that are included with their scope. Only where the scope of a ‘problem’ can be clearly defined is it appropriate to consider extending the existing requirements to smart meters. Without that clarity there is a material risk of inconsistent interpretation of the regulations, by both suppliers and consumers.

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

No.

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 agree with the principle that consumers that want their smart meter to operate in smart mode should be able to receive that service, and that suppliers should take all reasonable steps to provide them with that service, as required by the supply licences.

We do not, however, agree with the specific proposals for this standard as set out in the consultation. We urge Ofgem to engage with suppliers to develop a proposal that achieves Ofgem's intent, while being practical to implement. The current proposals are overly complex, prone to error, misinterpretation and potentially easily open to gaming by consumers.

It is crucial to clearly define what is within a supplier's control to resolve, and what is the responsibility of another party to resolve. For example, the majority of issues that would prevent a supplier from operating a smart meter in smart mode will be due to issues with the DCC and its communications network, which is clearly outside of a supplier's control.

WAN coverage is frequently not available when it should be, and even when it has been possible to commission a smart meter, we often see communications subsequently fail or have intermittent issues after the event. As Ofgem is aware, there are specific issues with the DCC's communications network in the Northern Region that mean that those consumers are more likely to have an issue with their smart meter operating in smart mode. Ofgem should engage with DCC to understand how it could improve its WAN coverage.

Furthermore, many premises have intermittent DCC communications – i.e. there may be a failure to obtain data remotely, however a subsequent communication attempt will be successful without any action needing to be taken.

We assume that a communications issue will be closed every time a reading is successfully obtained and new issue created, should a subsequent failure occur, rather than re-continuing in the same 90-day period, but this is not clear from the consultation document. These intermittent issues with DCC communications make monitoring of the proposed standard extremely complex and could lead to error or inconsistent approaches being taken by suppliers.

These well-known issues with the DCC and its communications risk creating a two-tier system where the majority of consumers who are not able to benefit from smart functionality are also not due compensation as the resolution is outside of a supplier's control. This then risks a lack of clarity, creates confusion for consumers, and will ultimately lead to dissatisfaction and complaints.

Additionally, resolution of a single issue might come in and out of scope for supplier action multiple times. For example, a single issue might need actions to be taken by the DNO, the DCC, the installing supplier and the customer. We question how the tracking of these hand offs could work in practice when considering the trigger points of a potential breach of a standard.

Ofgem should reconsider the design of this standard, in conjunction with suppliers, to ensure that it better achieves the desired outcomes.

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

No.

We agree that situations where the consumer has requested the smart meter to not operate in smart mode should be “out of scope”.

We disagree with the definition of ‘another party’ as referenced in the definitions of “in scope” and “out of scope”. This is defined as ‘a *third party that operates or facilitates part of the smart metering infrastructure which is out of the direct control of the energy supplier*’. We understand that this would largely refer to the DCC, but might also include DNOs and other suppliers.

Additionally, this completely omits the other major source of required third party action to resolve issues – the consumer. In some cases, the consumer must take an action in order for the supplier to resolve an issue, for example by responding to requests access the meter. Where an action is required by the consumer to resolve the issue and they choose not to take it, that should be deemed out of scope for compensation.

As noted in the response to Question 18, the complex nature of smart metering means that resolution of an issue might come in and out of scope for supplier action multiple times, which makes it hard to track when failures to meet the standard have been incurred and ensure that compensation is paid when it is due. Clarity is required on exactly when the supplier’s 90 day ‘clock’ stops and starts, for example does the clock stop when the supplier raises an incident with the DCC via their Service Desk, and start again only when the DCC notifies the supplier that the incident has been resolved? What if the supplier disagrees with the DCC’s resolution, do they only re-start the clock when they agree that the DCC has taken appropriate action?

Clear guidance will need to be developed, in conjunction with suppliers, to ensure that this Guaranteed Standard can consider the complex nuances of the smart metering ecosystem and can be applied consistently and accurately by all suppliers. As noted previously, Ofgem should reconsider the design of this standard, in conjunction with suppliers, to ensure that it better achieves the desired outcomes.

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?

No.

The scope needs to be more explicit to only include SMETS2 meters and SMETS1 meters that have been enrolled in DCC services and are, therefore, interoperable. Where a SMETS1 meter we supply is not enrolled and is not communicating, we have contacted the consumer to request that they allow us to exchange their meter. Many consumers have chosen not to book an appointment to have their non-communicating SMETS1 meter replaced.

We broadly agree with the definition of ‘smart mode’ as set out in the consultation (i.e. being able to access reading information remotely). However, we question whether every failure to obtain readings remotely should be liable for compensation, and whether this standard should be more outcome focussed, based on the impact to the consumer. Each failure to obtain remote readings from a smart meter does not have an equal impact on the consumer.

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

It is best to keep any definition as simple and straightforward as possible to minimise confusion and misinterpretation.

Where any action is required by any party that is not the supplier or is not under the direct control of the supplier (including the consumer) to resolve the issue, this should be deemed out of scope for this Guaranteed Standard.

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

No.

The 90-day timeframe appears to be arbitrary and doesn't consider the actual impact on consumers. Rather than this Guaranteed Standard simply being time based, we would encourage Ofgem to consider a more outcome focussed approach, based on the impact to the consumer.

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

No.

We disagree that consumers should receive compensation for both gas and electricity meters where they are not operating in smart mode, as it is likely that there is a common root cause impacting both. The existing Guaranteed Standards (such as that relating to appointments) operate on the basis of a breach of the standard, rather than being applied per fuel. There is no clear evidence why this proposed new Guaranteed Standard should operate on a different basis.

This proposal would also put single fuel consumers at a relative disadvantage to dual fuel consumers – in both cases they would not be receiving smart services across the whole of their energy supply, but the dual fuel consumers would be entitled to twice as much compensation even though the overall impact to the consumer would be the same.

Considerations around changing the approach to dual fuel consumers should be deferred to the wider review of the Guaranteed Standards framework noted in the consultation, where the impacts of these changes can be properly considered and assessed.

Q24. 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?

Where an issue with operating a smart meter is truly in scope, i.e. it's wholly within the supplier's control to resolve it, the consumer has not agreed the smart meter to not operate in smart mode, and there is a technical solution available that will resolve the issue then this seems to be broadly reasonable.

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

We do not agree with Ofgem's proposal that any existing meter not operating in smart mode would be entitled to compensation. We believe such a proposal is likely impossible to achieve in practice in a consistent manner across suppliers and consumers. System changes will be required to be able to accurately monitor performance against this Guaranteed Standard, not only to identify when a meter stops operating in smart mode but to track the resolution actions and especially when issues go in and out of scope. These are likely to take some time to implement and will probably not be able to be accurately applied to existing cases retrospectively.

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

No.

We do not agree that larger non-domestic consumers should be included within the scope of the proposed new Guaranteed Standards. In its previous review of the Guaranteed Standards of Performance², Ofgem stated that it was not including larger non-domestic consumers in scope because *'research shows that larger businesses are well placed to agree their own contractual arrangements with suppliers including compensation arrangements where suppliers fail to meet agreed performance requirements. We do not think that these customers need the added protection of a GS regime.'* The consultation does not present any evidence that indicates that this assertion is no longer true and that a change in approach is justified.

It is not unreasonable that microbusiness consumers could be included within the scope of these new Guaranteed Standards, as is the case for the current standard relating to appointments. Microbusiness consumers often have similar characteristics to domestic consumers, have similar contractual arrangements, and are impacted in a similar way when things go wrong.

Large businesses will, however, have negotiated contractual arrangements in place with their supplier that meets their specific needs and that provides them with appropriate redress (which might include compensation or liquidated damages) in the event the supplier fails to

² https://www.ofgem.gov.uk/sites/default/files/docs/2014/06/gosp_final_version_v1_0.pdf

provide the level of service they have agreed to. These bespoke arrangements are a more appropriate mechanism than Guaranteed Standards.

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?

No.

EDF disagrees with several aspects of Ofgem's proposals.

Inclusion of non-microbusiness non-domestic consumers in scope

As noted in our response to Question 26 we disagree that non-microbusiness non-domestic consumers should be included in the scope of the proposed new Guaranteed Standards. The use of Guaranteed Standards is not appropriate for this section of the market, given the contractual arrangements in place. It is worth noting that many larger non-domestic consumers have large portfolios of premises and meters that include designated premises as well as sites outside of the smart meter mandate.

Introducing Guaranteed Standards for designated premises is likely to complicate those contractual arrangements, as suppliers will not want to be liable for liquidated damages as well as compensation under the Guaranteed Standards. Suppliers will most likely seek to ensure that any designated premises are excluded from liquidated damages. This could have a detrimental impact on the level of compensation available to the consumers.

Any consideration around extending the scope to larger non-domestic consumers, including to small business consumers, should be deferred to the wider review of the Guaranteed Standards framework noted in the consultation, where the impacts can be properly considered and assessed.

Inclusion of advanced (AMR) meters in scope

We disagree that AMR meters should be included within scope, especially those installed in non-microbusiness non-domestic premises. Most AMR meters are installed and maintained under a direct contract between the consumer and a Meter Operator (MOP). In many cases the consumer will also contract directly with a Data Collector (DC) to obtain meter reading and consumption data from the AMR meter.

Customers who have a direct contract in place with their MOP and/or DC should be out of scope for compensation under all of the proposed new Guaranteed Standards as they are outside the supplier's control.

Furthermore, the operating model for AMR meters is different to smart meters. Unlike smart meters, AMR meters can't be read remotely by suppliers, they can only be read remotely by the appointed DC. This means that the supplier may not be aware that there is an issue with the communications to the AMR meter, as that communication is undertaken by the DC. While in some cases the DC will notify the supplier that there has been an issue, that is not always the case. The supplier may not even be involved in the resolution of the issue as that work is

undertaken by the MOP. It is highly unlikely that it would be possible for a supplier to accurately identify when an AMR meter is not able to be read remotely, or when that issue has been resolved.

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?

Yes.

As noted in our response to question 27, there is a risk that these proposals could have a negative impact on larger non-domestic consumers as the redress available to them under the Guaranteed Standards may be less than they would be capable of negotiating themselves.

Unlike the domestic market, the larger non-domestic market is not subject to a price cap, and suppliers are not under a duty to offer contracts to these consumers. The introduction of Guaranteed Standard compensation for these consumers is likely to increase the cost of non-domestic supply contracts as suppliers will want to recover their costs. It could also mean that suppliers may choose not to supply certain consumers (for example those with premises in areas with poor DCC WAN coverage) or charge them a premium due to the increased risk of Guaranteed Standard compensation.

It is also worth noting that many non-domestic suppliers contract with non-domestic consumers indirectly through brokers and other Third-Party Intermediaries (TPIs). TPIs often act on behalf of consumers so suppliers do not have a direct relationship with the consumer. There is a risk that some TPIs may see Guaranteed Standard compensation as an additional revenue stream if they receive a proportion of any compensation awarded. In the absence of formal regulation of TPIs, suppliers will need to ensure they are acting responsibly, for example engaging with the consumer to enable the supplier to fix non-operating meters rather than dragging these issues out to 'win' them compensation.

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?

As noted in our response to Question 26, it is not unreasonable that microbusiness consumers could be included within the scope of these new Guaranteed Standards. Microbusiness consumers often have similar characteristics to domestic consumers, have similar contractual arrangements, and are impacted in a similar way when things go wrong. Extending the Guaranteed Standards to larger non-domestic consumers is not appropriate and could have a negative impact on the market for those consumers.

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

No.

The question fundamentally misunderstands the purpose of Guaranteed Standards compensation. The compensation due to consumers under the Guaranteed Standards is not designed to directly reflect the detriment on those consumers. Instead the compensation recognises that there has been a failure on the part of the supplier – it is not a mechanism for addressing consequential loss. Ofgem’s previous review of the Guaranteed Standards of Performance³ clearly stated that “Prescribed payments under the GS are not designed to provide compensation reflecting the levels of any financial loss suffered as a result of a failure to meet the relevant standard.”

Further, we do not agree that the scope of the Guaranteed Standards should be extended beyond microbusiness consumers. Should microbusiness consumers be included in scope then the compensation due to them should be the same as for domestic consumers, as is the case today.

Considerations around changing the approach to compensation for microbusiness consumers should be deferred to the wider review of the Guaranteed Standards framework noted in the consultation, where the impacts of these changes can be properly considered and assessed.

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?

We do not agree with either option.

As noted in our responses to previous questions (30 and 31), we do not agree that the scope of the Guaranteed Standards should be extended beyond microbusiness consumers. Should microbusiness consumers be included in scope then the compensation due to them should be the same as for domestic consumers, as is the case today.

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

No.

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³ https://www.ofgem.gov.uk/sites/default/files/docs/2014/06/gosp_final_version_v1_0.pdf