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### **ICoSS response to Smart Meter Guaranteed Standards of Performance Consultation**

The Industrial and Commercial Shippers and Suppliers (ICoSS) group is the trade body representing non-domestic industrial and commercial (I&C) suppliers in the GB energy market<sup>1</sup>.

Please note we have restricted our assessment to the impact on the non-domestic retail sector

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

The current standard that applies to the non-domestic sector are in relation to appointments at microbusiness customer sites. The standard is agnostic to the type of metering at the property; we do not believe there is a need to change the current definition of metering in itself for existing standards which should not be extended to the non-domestic market.

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

As set out in our response above we do not believe there is a need to change the definition for the existing standards as they apply to non-domestic customers and that the current standards for domestic customers should not be extended.

#### **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?**

No. We believe that a blanket timeframe for ensuring installations at non-domestic properties is not workable

Unlike domestic customers who are likely to only have one or two meters, a non-domestic customer could have potentially thousands of meters in their portfolio and may request for 100s of installations to be undertaken at the same time. This would be extremely difficult for a supplier, in particular smaller suppliers, to accommodate. This cost exposure would increase the perceived risk of supplying customers with large numbers of installations. We also note that many installations at non-domestic sites, such as at remote and critical national infrastructure locations, will require significant time and effort to arrange. In addition, many non-domestic customers can only be off supply outside of office hours which limits the time in which a supplier can undertake the work. We believe that a fixed time period for installation at such sites will set up supplier to fail in many cases. These issues are exacerbated by the extension of the proposals to all Designated Premises and AMR meter installations.

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

Further to our response in question 3, we do not believe that a standard of six weeks will be achievable in many cases at non-domestic customer considering the significant technical and safety challenges that apply to many premises.

We also believe that for account customers it will be impossible to achieve multiple installations across the country within such a short notice if demanded by the customer.

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

For the avoidance of doubt, we do not agree that the standard should be extended to the non-domestic sector. This view notwithstanding any standard on appointments should be for new installations only.

**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 do not agree that this standard should apply to non-domestic customers.

We also note that in the non-domestic sector many customers will arrange to have installed, via third party, their own smart metering. We believe that such installations should be excluded from the standard.

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

Non-domestic sites should be excluded from this standard. The proposed Guaranteed Standards of Performance have been written from a domestic standpoint, and do not translate across to the non-domestic sector for the reasons set out above.

**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?**

No. As set out above, for non-domestic customers many installations require a significant lead time to arrange considering the safety requirements that may apply at dangerous or restricted sites. We believe any lead-time should take into account the potential complexity of non-domestic sites or the need to install large numbers for a single customer. These issues are exacerbated by the extension of the proposals to all Designated Premises and AMR meter installations

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

It is our understanding that these proposals have been written with a clear focus on the needs of domestic customers who will, at most, require 2 meters to be installed in a property. It does not take into account the fact that some non-domestic customers have thousands of meters under a single contract and would be able to demand large numbers of simultaneous installations within six weeks of the demand. We have concerns that this standard would be impossible to achieve in such a scenario requiring large amounts of compensation to be paid to the customer with no resource for the supplier presented with impossible targets. Considering the risk customers with large number of installations would represent to suppliers, we believe it may harm the ability of such customers to contract with new suppliers and so limit their ability to engage in the market.

**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 do not agree that the new standard is appropriate for the non-domestic market. We note that there a range of existing obligations in the licence condition that already cover this area, such as SLC 43 (gas)/SLC49 (electricity) which provide a clear incentive for suppliers to ensure they install a meter correctly. We would also note that owing to the greater complexity of installing meters at non-domestic sites, the chance of failure is greater with non-domestic customers. These issues are exacerbated by the extension of the proposals to all Designated Premises and AMR meter installations

**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 time.

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

For the avoidance of doubt, we do not agree that this standard should be extended to the non-domestic sector.

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

e We note that if a supplier is aware that a site will present significant difficulties for installation it will make offering a contract to that customer less attractive.

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

We would note that industry data is poor with regard to meter installations for non-domestic customers, in particular for the type of meter and this should be clearly seen as outside of the supplier's control. We also note many customers have arranged for their own metering.

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

As the provisions of IHDs applies to only domestic suppliers we have not commented on this aspect of the question. For non-domestic customers the complexity and nature of the site may require a significant level of investigation to establish whether the smart meter is faulty and so we do not agree with such a standard.

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

We would note that these existing standards only apply to domestic customers. We would not be supportive of extension of the existing standard to all non-domestic customer installations;

there is no evidence that the decision made in 2015 that such standards are only required for domestic customers is no longer valid.

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

A number of additional factors need to be account when considering the non-domestic sector. Many non-domestic sites have complex metering installations or are difficult to access. It is also possible that a customer with multiple sites could submit large number of queries for their portfolio simultaneously. If this standard is extended to non-domestic customers, then the standard will need to be adjusted to ensure suppliers can realistically meet the timescales proposed. We also note that for many customers they have their own metering installed which should be outside of the scope of any new standard.

**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 have concerns that this new standard will increase costs to all customers in the non-domestic sector, which do not operate under a price cap. We believe that there are sufficient incentives on suppliers through the licence condition, the industry codes and to ensure a good customer service to ensure that remote metering operates at customer sites.

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

We agree with the current proposals regarding scope, though note that the concept of customer metering is not clearly addressed.

**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?**

Further to our response to Q18, we do not agree with extending this standard to the non-domestic market.

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

We believe that a flexible approach will be required so that the circumstances of the issue can be fully accounted for. We believe that a high-level principle would be sufficient.

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

We note that in many cases resolving an issue at non-domestic properties will require significant time to arrange if they are remote or restricted locations. We would also note that, unlike the domestic market, few sites are dual fuel in the non-domestic sector and so a supplier may have to wait a significant amount of time for the actions of other suppliers to resolve an issue.

We would note that there are currently large numbers of smart meters that are not currently operating in smart mode in the non-domestic sector, many of which have been inherited from the

installing supplier, by the current supplier when they contracted with the customer. We believe that the industry will need to be given time to address the millions of smart meters currently not operating in smart mode.

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

We note that for many non-domestic sites the fuels are provided by different suppliers, so we expect the frequency of this issue to be limited.

**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?**

We agree that there should a 365-day waiting period before another payment is triggered.

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

We have not identified any additional factors at this time.

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

As set out above, the current scope of these proposals creates significant issues for supplying non-domestic customers and should be limited to the domestic sector.

**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?**

We have concerns over the proposals to extend these standards to non-domestic customers when they have been developed with domestic customers in mind.

Unlike domestic customers who are likely to only have one or two meters, a non-domestic customer could have potentially thousands of qualifying meters in their portfolio. They may request, for example, for 100s of smart and AMR meter installations to be undertaken simultaneously which would be extremely difficult for a supplier, in particular a smaller supplier, to accommodate within the narrow timeframes of the standard. This could expose the supplier to potentially unreasonable demands from account customers, who may be larger organisations than the supplier.

In addition, metering provision and operation at non-domestic premises can be very challenging to undertake, as the premises may be in very remote locations or are in some way hazardous. In addition, many non-domestic sites can only be turned off to allow an installation for limited periods.

We believe that these standards, could impact the potential risk profile of non-domestic customers. This could deter some suppliers, who could not manage large number of

installations or investigations simultaneously, or manage difficult sites, from seeking to supply such customers.

**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 nondomestic sector that we should consider?**

Unlike domestic customers who are likely to only have one or two meters, a non-domestic customer could have potentially thousands of meters in their portfolio and may request for 100s of issues to be addressed simultaneously. This would be extremely difficult for a supplier, in particular smaller suppliers, to accommodate; this situation that be exploited.

We also note that for many installations at non-domestic sites, such as at remote and critical national infrastructure locations, will require significant time and effort to arrange. In addition, many non-domestic customers can only be off supply outside of office hours which limits the time in which a supplier can undertake the work.

Many non-domestic customers have their own meter installations, as permitted under the Electricity Act. This will create uncertainty in some of the proposed standards, for example such as the obligation to investigate metering issues as the supplier will be unable to fully investigate to determine whether the issue is in their control.

We also believe that these proposals, if extended to the non-domestic sector, will increase costs for all customers and will negatively impact the ability for some customers to easily contract, limiting their ability to engage in the market.

**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?**

We do not agree with the proposals to extend these standards to the non-domestic sector. This comments notwithstanding, we note that many of the issues identified with these proposals with regard to the non-domestic sector, are exacerbated if the definition of “smart metering” is taken to include AMR devices and are extended to cover Designated Premises as detailed in the licence.

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

We have concerns that under the current proposals, suppliers will find it impossible to avoid failing the standards and that this could be exploited by customers and their agents. If the charge is linked to a customer consumption, the level of compensation could be onerous for the supplier.

We also note that, unlike domestic customers, the consumption at non-domestic customer sites varies significantly with many meters reading minimal consumption volumes owing to the low load they meter (for example hallway lights in a flat block) or because the property is vacant. If



the compensation amount is to be tailored to the customer's consumption, then this should also be taken into account for low consuming sites.

**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.

Both options expose suppliers to paying very large levels of compensation for failures they could not realistically avoid, in particular for large account customers with potentially thousands of meters. It also potentially increases the amount of compensation for a failed installation to being higher than the annual bill for low consuming customers. We therefore believe the existing rate should remain unchanged.

We do not believe that the GSoP should be a mechanism to compensate for potential business losses; the complaints process for Small Business Consumers and Microbusinesses allows for such costs to be assessed.

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

Unlike domestic consumers, non-domestic suppliers may refuse to provide supply to customers based on perceived risk. If the potential costs of compensation are double or higher than currently, as proposed in Q31, then this may deter some suppliers from seeking to supply them if the risk of unavoidable compensation is high.

Yours sincerely



Gareth Evans

