

Ofgem consultation on introducing smart meter guaranteed standards – Energy UK response

9 May 2025

About Energy UK

Energy UK is the trade association for the energy industry, representing companies investing billions of pounds to secure our country's current and future energy needs.

From growing start-ups to major electricity generators, grid and infrastructure developers and energy suppliers, our members are driving change across power, heat, transport and flexibility.

We provide a collective voice for the sector working with governments, regulators, charities and other organisations to provide crucial insight that shapes policy, offers solutions and promotes best practice.

Our broad view across the whole system supports evidence-based positions which are not tied to particular technologies, and are focused on delivering strategic benefits for people, businesses and the economy.

We champion initiatives such as our Vulnerability Commitment, which pushes suppliers to go beyond regulation to support customers with additional needs, and TIDE, the industry's drive for greater inclusion and diversity. Through our Young Energy Professionals Forum, we support the development of future leaders.

We are equally committed to our team and are proud to be recognised as a 'Gold' Investors in People employer.

Introduction

Smart meters play an essential part in modernising the current (and future) energy system, providing accurate real-time measurement of energy use and enabling customers to enjoy the benefits that can come from greater flexibility. Many customers are now benefitting from smart meters, with 71% of energy meters expected to be smart at the end of 2025, based on a projection of the take-up trend over the past four years.

Energy UK therefore supports Ofgem's aim in updating *The Electricity and Gas (Standards of Performance) (Suppliers) Regulations 2015* (Guaranteed Standards), to improve the customer experience of obtaining, and having, a smart meter. It is reasonable for suppliers to provide a level of service that supports customers to have

a smart meter installed quickly, and that it works as intended. Doing so not only enables customers to experience the benefits of smart meters (such as taking advantage of smart tariffs), but will likely improve sentiment towards the smart meter rollout more widely.

Energy UK recently commissioned Frontier Economics to carry out analysis that considers the benefits of the Department for Energy Security and Net Zero (DESNZ) introducing an alternative policy package that includes smart meter guaranteed standards (specifically for installations and smart functionality restoration), rather than continuing the current hard targets framework.¹ It found that prioritising a high-quality customer experience has a positive net present social value, delivering best value-for-money and better outcomes for customers.²

However, it is not appropriate or justified to introduce smart meter guaranteed standards before there is clarity regarding DESNZ's future smart metering framework. Suppliers are currently subject to a fixed annual smart installation target that does not consider the need to replace non-working smart meters, and it is not yet clear whether the post-2025 programme will take a different approach. Energy UK considered submitting an informal response to this consultation, given this uncertainty.

Any future guaranteed standards should be designed to be complementary to DESNZ's post-2025 smart metering programme. Without understanding the breadth of requirements that suppliers will be subject to from the end of this year, it is impossible to assess the practicality and cost of meeting the new standards, and determine if these are in the interests of customers.

For example, it is imperative to avoid a situation where for the same issue, suppliers are fined under the Guaranteed Standards and a post-2025 obligation. To address this, Ofgem should work with DESNZ to ensure that any future regulatory regime complements any new standards. This would support the efficient rollout of smart meters at reasonable cost to, and improved outcomes for, customers.

Further, Energy UK notes that the consultation paper does not meaningfully evaluate the existing regulatory arrangements,³ to inform the development of the proposed standards. For example, it is unclear why variations in how suppliers define 'reasonable appointment times,' has been used to justify introducing prescriptive appointment timelines, despite Ofgem itself noting that most suppliers already offer

¹ Energy UK is the process of finalising the report on this work and will share it with Ofgem in due course.

² In contrast, a 'hard targets' framework has a negative net present value.

³ [The Electricity and Gas \(Standards of Performance\) \(Suppliers\) Regulations 2015](#); SLC39 Smart Metering System – Roll-out, Installation and Maintenance, SLC49: Smart Metering Systems and In-Home Displays – Operational Requirements from [Standard conditions of electricity supply licence](#); and [The Enforcement Guidelines](#), 2023.

appointment times within six weeks to customers. It is also unclear why Ofgem has used ongoing compliance cases as a counterfactual in the impact assessment, given that they do not provide a stable or measurable baseline. A more robust approach would assess the current regulatory framework and Ofgem's existing intervention powers, to better determine if additional standards are needed.

If Ofgem remains minded to proceed with its proposals, Energy UK asks that it works with industry to develop a standardised list of exemptions to ensure consistency. We also emphasise that these standards should not extend to non-domestic customers, as these proposals are not tailored to the non-domestic experience and will lead to higher costs (with little benefit for customers).

Responses to the specific consultation questions are in the section below.

For further information or to discuss this response in more detail please contact Daisy Cross, Head of Future Retail Markets at daisy.cross@energy-uk.org.uk and Isabella Darin, Policy Manager at isabella.darin@energy-uk.org.uk.

Energy UK response to consultation questions

Clarification of regulations

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

We note that current regulations do not specify that they only apply to traditional meters, such that smart meter customers are broadly already in scope. Any change should be clear to avoid reinforcing a perception that smart meters are in some way 'non-standard', given that they are the default meter for installations.

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

N/a.

Smart meter installation appointment availability

3. 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?

Yes, we support the aims of this proposal. However, we are concerned that for some cohorts, delivering this would result in significantly higher costs for all customers,

which is not proportionate. For example, it would be inefficient and costly to permanently base engineers in remote areas with lower customer density, given demand may be infrequent.

Further, as outlined above, we do not support introducing new standards ahead of a DESNZ decision on the post-2025 smart meter programme. The current hard targets framework requires suppliers to achieve a fixed annual volume of installations (not inclusive of meter replacements) regardless of geographical coverage. This encourages members to maximise installations and schedule and locate engineers according to where the demand/customer acceptance is highest. Concurrently requiring suppliers to redirect resources to reach remote areas would be extremely difficult to implement, reducing efficiencies and materially increasing costs of the smart meter rollout.

Finally, as discussed in response to Question 26, six weeks can also be impractical for multisite customers or where site specific information needs to be gathered ahead of booking an appointment.

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

Yes, in principle this is sufficient for many customers. However, if Ofgem proceeds with this proposal, further consultation with industry is needed to establish comprehensively which cohorts would be in and out of scope.

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

Yes. Further, clarity should be provided over the definition of a 'new request'. For example, where a customer asks to reschedule their appointment, it should be clear that this request restarts the clock, and the rescheduled appointment must be within six weeks of the request to reschedule.

6. 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?

Yes, noting that technical eligibility should be clearly defined. Cases where a customer is not technically eligible for an installation should include where there is/are:

- No DCC communications coverage;
- Outstanding issues requiring Distribution Network Operator resolution, such as Category B service termination issues;

- Industry data that does not enable a successful installation; and
- Devices required that are not generally available to suppliers in the market (especially for non-standard or complex installation), for example, five terminal or polyphase meters, advanced meters where the customer has a large gas or current transformer meter that is not suitable for smart metering, or Home Area Network Connected Auxiliary Load Control Switches.

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

As highlighted in response to Question 4, further consultation with industry is needed to establish comprehensively which cohorts would be in and out of scope. This should include making clear that exemptions present in current regulations would continue to apply for this standard, such as severe weather conditions. More broadly, the ‘Exemptions and limitations to supplier payment obligations’ should also be reviewed, to ensure that all customers are being treated fairly, whilst not unfairly penalising suppliers for matters outside their reasonable control.

8. 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, given the increased costs to all customers. As with all other guaranteed standards, compensation should be limited to a one-off backstop. Further, this would conflict with existing regulations.⁴

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

N/a.

Smart meter installation failures

10. 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, we do not agree, given that regulations already exist that ensure this requirement,⁵ and there is no substantive evidence that these are supporting the intended outcomes.

⁴ [The Electricity and Gas \(Standards of Performance\) \(Suppliers\) Regulations 2015](#), reg 9 (1).

⁵ [The Electricity and Gas \(Standards of Performance\) \(Suppliers\) Regulations 2015](#), reg 3 (9).

Further, Ofgem needs to consider the cost of what doing everything ‘within energy suppliers’ control’ means in practice, noting that this may conflict with the wider objective of delivering the rollout efficiently and at reasonable cost to customers. This has not been assessed, and we emphasise that a complete impact assessment of these costs is needed, prior to proceeding with the changes.

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

N/a.

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

We do not agree, given that this standard is already covered by existing regulations, as discussed above.

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

As noted in more detail in response to Question 8, we do not agree, because of the increased costs to all customers.

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

Ofgem defines a failed appointment as a situation where ‘the consumer does not have a smart meter fitted by the end of their appointment.’ It is important to consider how this definition applies to customers who already have a smart meter. Under the current proposal, there is a risk of incentivising poor practices, such as replacing meters unnecessarily even when the engineer has established on site that a meter replacement would not resolve the issue.

Further, a clear definition is needed given the increased complexity of a smart metering system (as opposed to a traditional meter). Customers need to have a clear understanding of when they will be entitled to compensation. (That is, when there has been a failure that is wholly within supplier control.)

Investigating smart meter operational issues

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

No, we do not agree, given that regulations already exist that address these issues.⁶

We note that it is not appropriate for in-home displays (IHDs) to be included in the proposal scope, as the most common reasons for a malfunctioning device are not within suppliers' control to resolve. That is, suppliers generally cannot determine the cause or remotely fix the problem beyond sending for a replacement device, which may still not resolve the issue. IHDs were also not designed for the dynamic nature of smart tariffs, such that customers on these tariffs may not have a functioning IHD.

Should Ofgem proceed with this proposal, a clear definition is also needed as to what constitutes a 'smart meter issue'. For example, while a customer may report a problem with the smart meter, after investigation it may in fact be a billing issue unrelated to the meter. While suppliers would make every effort to resolve this issue promptly, such an instance is covered elsewhere in the regulations.⁷

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

As discussed above, we disagree with expanding the scope to include IHDs and emphasise that any new standard needs to be precise in defining what a 'fault' is.

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

N/a.

Smart meters not operating in smart mode

18. 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?

⁶ [The Electricity and Gas \(Standards of Performance\) \(Suppliers\) Regulations 2015](#), reg 4 (4).

⁷ For example, [regulation 4 \(1\) \(a\)](#) on faulty meters specifically relates to meters that are reported as operating outside the margins of error.

Yes, it is reasonable for customers to expect their smart meter issues to be addressed promptly. Nevertheless, as outlined in the cover letter, we do not support the proposal itself given the broader context, including the lack of clarity regarding the post-2025 smart metering framework

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

If Ofgem introduces these guaranteed standards, we agree that it is necessary to establish a clear distinction between what is in and out of scope. The proposed ‘out of scope’ should reflect the following changes:

- Existing and new SMETS1 non-enrolled/dormant inherited devices;
- Obstructive customer behaviour (where suppliers have evidence of this);
- Gas-only meters/gas meters where their location prohibits them working; and
- Customer consent for non-operational smart meters.

We note that often the biggest barrier to addressing smart meter issues is gaining access to a customer’s premise. As such, it should be clear that when a site visit is needed and the customer has not responded to attempts to book an appointment or provide access, this should be out of scope for compensation.

20. 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, noting that there may be value in the narrowing the scope to only SMETS1 and SMETS2 meters that have been enrolled in DCC services, and are therefore interoperable.

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

We agree with Ofgem that due to the setup of smart meter infrastructure, it is sometimes unclear what does and does not require action from another party. Moreover, there is no formal mechanism to dispute who has responsibility for such issues, unless the issue is escalated to the Energy Ombudsman (which is not a good outcome for a customer, given that such cases may have long resolution times).

Broadly, most issues relevant for this standard (such as unreliable WAN connectivity, meter defects that require technology upgrades not yet available, or known issues across the DCC network), cannot be unilaterally resolved by suppliers. As such, there is a risk this standard increases costs to all customers, but does not materially improve customer outcomes.

Further, it needs to be clear that customer actions are ‘actions of another party’, to ensure that suppliers are not penalised in situations where a customer is obstructive and/or fails to engage when their involvement is required.

22. 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 this timescale uses calendar days, which is inconsistent with other proposed standards. For consistency, working days should be used. It should also be clear that the timeframe is paused when an action is required by another party (including by the customer).

Generally, we further note that this timeframe appears arbitrary and does not consider the actual impact to customers. We encourage Ofgem to consider a more outcome focused approach, based on the customer impact.

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

As noted in more detail in response to Question 8, we do not agree, because of the increased costs to all customers. This proposal would also put single fuel customers at a relative disadvantage to dual fuel customers. In both cases they would not be receiving smart services across their energy supply, but dual fuel customers would be entitled to twice as much compensation, even though the overall impact to the customer would be the same.

Further, where the fault lies with the communications hub or the electricity meter, this can cause the gas meter to fall off the Home Area Network and stop communicating. In these cases, the supplier is powerless to remediate the gas meter in isolation, therefore making any requirement to pay compensation for a non-communicating gas meter disproportionate. When the issue is resolved, both meters will come back online even though no direct action has been taken in relation to the gas meter.

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?

As noted in more detail in response to Question 8, we do not agree, because of the increased costs to all customers.

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

Ofgem has not taken customer consent into account for non-operating meters, specifically where a customer has requested that their meter operate in non-smart mode. This should be reflected in any future proposal.

Non-domestic nuances and proposed scope of Guaranteed Standards

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

We do not agree that the proposals will drive better outcomes for non-domestic customers.

In its 2014 review of the Guaranteed Standards of Performance, Ofgem stated that larger non-domestic customers were not included in scope because, “Our 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.”⁸

Ofgem has not provided evidence to indicate that this is no longer the case, and that a change in approach is needed. Indeed, larger businesses will negotiate contractual arrangements with their suppliers that meets their specific needs and that provides them with appropriate redress in the event the supplier fails to provide the level of service agreed to. This may include compensation or liquidated damages. These bespoke arrangements are a more appropriate mechanism for these customers than Guaranteed Standards.

More generally, the issues that the proposed standards are trying to address are largely not key pain points in the customer journey for non-domestic customers. For instance, speed of appointment is not a driver for businesses, instead flexibility around their specific working hours or busy seasons is more relevant. Taking away this flexibility may therefore turn many non-domestic customers off installing a smart meter. As such, extending the scope may have limited benefit and result in unnecessary costs for customers. Such costs may include legal/contract work between suppliers and agents to determine responsible costs and liability, and additional staff to manage the resolution of these processes.

⁸ [Consultation on the Supplier Guaranteed and Overall Standards of Performance](#)

Further, given that suppliers can select which customers they take on, introducing the proposed standards could result in disincentivising suppliers to acquire new smart meter customers if the costs are prohibitive.

27. 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?

Automated/advanced meter reading (AMR) should not be in scope for non-domestic customers, 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 customer 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 proposed new standards, as they are outside the supplier's control.

[Installation appointment availability](#)

Any standard should be clear that it does not stop supplier from agreeing to longer lead times at a customer's request, as the proposed timeframes are broadly not reflective of the non-domestic experience. For example, for many small or microbusinesses, the preferred appointment time is 12 weeks out, due to the power-down impacts. As mentioned above, instead the concern is around accommodating the customer's specific working hours or busy seasons. For one supplier, while 16% of installs are completed in 6 weeks, this can be as low as 4% for industrial customers who require more bespoke planning.

Larger non-domestic customers, such as multisite customers or those where specific site or metering setup information is required, often require a tailored approach to ensure the right appointment is booked and an appropriately trained installer is available.

[Failed installations](#)

Again, this requirement is duplicative of the Guaranteed Standard on metering appointments, and suppliers are already providing compensation in these circumstances.⁹

⁹ [The Electricity and Gas \(Standards of Performance\) \(Suppliers\) Regulations 2015](#), reg 3 (9).

Smart meters not operating in smart mode

We emphasise our earlier concerns about this proposed standard, given frequent cases where the customer cannot be contracted or is not interested in progressing an issue fix (for example, customers with unmanned sites receive very little benefit from their meters so can be disengaged), and where accountability lies with a party outside suppliers' control.

28. 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?

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 these proposed standards as an additional revenue stream if they receive a proportion of any compensation awarded.

29. 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.

Non-domestic Guaranteed Standard compensation value

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

We do not agree for the compensation amount to be further tailored as proposed. It is inappropriate to change the nature of the Guaranteed Standards payments to be cost-reflective, when they have not been designed to directly reflect the customer detriment. In Ofgem's previous review in 2014, it 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."¹⁰

¹⁰ [Consultation on the Supplier Guaranteed and Overall Standards of Performance](#)

Moreover, business customers are in fact often far more capable and have more leverage than domestic customers. If they feel they have been seriously impacted, they can leverage the terms of their contract or, in the case for small businesses, seek appropriate redress via the Energy Ombudsman.

Finally, suppliers would ultimately need to socialise these increased costs across all customers, at a time when businesses (particularly small businesses) are struggling with rising energy costs.

31. 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 proposed.

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

N/a.