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23rd April 2010

Dear Sir / Madam,

Ofgem Review of Current Metering Arrangements

I write to give GMB's response to Ofgem's open letter of 1st April 2010 on the above.

We note that in the first paragraph of Ofgem's letter it states that one focus of the review is "to help inform the design aspects of the smart metering implementation programme".

GMB is the main trade union in the energy sector and the work of many of our members will be affected by the advent of smart metering. Please find accompanying this letter GMB's submission, of August 2009, to the Department of Energy & Climate Change consultation document on Smart Metering for Electricity and Gas. This set out our position on the implementation and delivery of the smart metering programme and highlighted some concerns over the future development of the programme.

In particular, GMB expressed the view that the delivery programme should not be based upon the contractorisation model, and stressed the importance of installation work being carried out by reputable companies which give due regard to the need to maintain extremely high standards of technical excellence, health and safety, and customer service.

Our submission also stated that *“the roll out of smart meters must be properly, effectively and comprehensively planned, prepared and delivered, and GMB does not believe that to be possible without our active involvement”*

I urge Ofgem to take account of the views expressed in the above submission to the DECC.

In addition to representing a substantial proportion of employees in the energy industry, GMB has 610,000 members working throughout every sector of the economy, all of whom are energy consumers.

The Union therefore represents a substantial constituency of people who will be affected by smart metering, and believes that Ofgem should be making concerted efforts to engage and consult with GMB as a part of the process Ofgem uses to obtain the views of interested parties on the issues covered by the review. With over 6.5 million subscription-paying members overall, there are few organisations that can match the capacity that the trades unions have to reflect the views of a massive number of energy customers.

In terms of representing the interests of our members as energy consumers, GMB recognises that households will have the chance to experience the benefits of smart meters, but also recognises that new technology can bring new risks. The necessary protections around how companies will use new customer data, and disconnect and switch consumers, are not yet in place. Ofgem needs to focus closely, as soon as possible, on establishing a robust set of ground rules to help protect consumers.

The energy industry already processes enormous amounts of metering data on a daily basis, but smart metering will result in a huge increase in volumes of data collated, analysed and stored, easier access and transmission of data and new participants wanting access to it. GMB believes that Ofgem must take note of some of the lessons to be learnt from the international experience of smart metering implementation. In the Netherlands, smart meter roll out was halted because of fears over meters becoming a 'spy in the home'.

Smart meters will also enable the disconnection of consumers at a flick of a switch by a supplier. At present if a supplier wants to disconnect a customer they have to physically visit the property; this costs time and money and acts as a natural protection for consumers. If the meter is inside the home they have to get a warrant and prove that they have attempted to contact the consumer and that they are not vulnerable.

With new technology these kinds of protections can be side-stepped and therefore need to be strengthened. Ofgem must include within the planned review a comprehensive audit of consumer protections around data protection and privacy, disconnection, and sales and marketing practices. The review should identify the safeguards that will need to be put in place, as part of the implementation programme, to protect consumers in the light of the new technological capabilities of smart meters.

We note that the letter of 1st April 2010 stated that Ofgem would be writing to a number of suppliers, metering businesses and other interested parties, and that their responses will be taken into account as Ofgem considers its next steps, including whether a consultation on those next steps is appropriate.

GMB has not been one of the interested parties which has received a letter from Ofgem, despite the Union being recognised by the Secretary of State for Energy & Climate Change as a key player in the energy sector, and as an organisation that has a legitimate interest in the development of the smart metering programme, and an organisation that has an important role to play, and contribution to make, towards the design of the smart metering implementation programme. GMB has mature and influential relationships with each of the major companies in the energy sector, another fact recognised by Government.

We therefore urge Ofgem to take positive steps to include and incorporate the views of GMB in the review of metering arrangements, and specifically to seek our active involvement to help inform the design aspects of the smart metering implementation programme.

I look forward to hearing from you in due course.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Gary Smith', written in a cursive style.

Gary Smith
National Secretary
Commercial Services Section