

Information Note

30 June 2011

OFGEM ENSURES PROTECTIONS IN EARLY ROLL OUT OF SMART METERS

Energy customers who are having smart meters fitted now, and in advance of the government's mandated rollout in 2014, are to benefit from improved customer protection from energy regulator Ofgem.

The government has mandated that smart meters will be fitted in all homes and small businesses from 2014. Some suppliers are already providing the meters to customers, so Ofgem is updating existing rules to increase protection, especially for vulnerable customers. Subject to final consultation, we expect these changes to be in place this autumn.

Ofgem is also considering the need for additional protections for business consumers, in particular small businesses. Responses from earlier consultations raised concerns from business representative groups. We are considering these fully and carefully and will conclude in the autumn on the need for further action.

The focus of today's decisions are on protections for householders. Smart metering allows suppliers to remotely switch customers from credit to prepayment and to disconnect customers remotely. Existing regulations need to be updated so that consumers can be confident of the same levels of protection in a smart meter world, as now. Suppliers will only be able to switch a meter to prepayment mode where it is safe and reasonably practicable for the customer to use a prepayment meter. Suppliers will also need to make thorough checks on vulnerability if they are considering whether to switch the customer to prepayment mode or disconnect them for non-payment.

Ofgem wants to ensure that customers with smart meters do not face any barriers to switching because of any issues with the compatibility of meters with different suppliers. Ofgem will consult separately on safeguards later this summer. In the meantime consumer protection legislation, which Ofgem has powers to enforce, requires suppliers to explain to customers their continued right to switch and issues they may face with switching.

Finally, Ofgem is also reminding suppliers today that if they are offering smart meters they must provide customers with all relevant information about the data which they will collect and any rights which customers have to opt out of that data collection.

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Notes to editors

1. Ofgem's statutory consultation on the enhanced obligations and new licence conditions is available here:

<http://www.ofgem.gov.uk/Sustainability/SocAction/Publications/Pages/Publications.aspx>

2. Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity industries in Great Britain. The Authority's powers and duties are largely provided for in statute, principally the Gas Act

1986, the Electricity Act 1989, the Utilities Act 2000, the Competition Act 1998, the Enterprise Act 2002, the Energy Act 2004 as well as arising from directly effective European Community legislation.

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