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Tabish Khan  
Smarter Markets  
OFGEM  
9 Millbank  
London  
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27 January 2012

### **Supporting effective switching for domestic customers with smart meters**

Dear Tabish

Ovo Energy welcomes the opportunity to provide responses to the questions raised in the above consultation.

The smart roll-out has the ability to provide a serious boost to smaller suppliers, as they tend to be pro-smart and will potentially be able to react quicker to convert their customer base to the new metering. This will help these suppliers to achieve growth, as they will be at the forefront of the smart revolution. Unfortunately these suppliers don't tend to have the luxury of internal accredited meter installation companies and are therefore at the mercy of commercial judgements made by Meter Operator companies offering their meter installation services. However, these companies are unable to offer commercials at the desired monetary levels whilst the meter specification and pre-DCC interoperability issues are undefined.

Any supply licence changes need to take into account the consequences for smaller suppliers and should support their desire to roll-out smart metering to their customers. We were hoping that the issue of gaining suppliers replacing ADMs like-for-like or for dumb meters, or exchanging accredited Smart metering system would have been addressed, but this has not been included.

As we don't feel that the proposed licence changes address our concerns, we are raising a formal objection. Our specific objections are highlighted below along with our responses to the proposed licence conditions.

#### **Enabling customers to make well informed switching decisions**

Ovo has no issues with having to inform any potential customers that they may experience difficulties with continuing their smart service if they switch their supply to us and we would happily add this to our registration process and any principal terms we provide. However, we are concerned as to how we would ascertain whether the customer has an ADM or not, if the customer is not pro-active in bringing this to our attention. There is no current way to check whether there is



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a gas ADM in-situ and the electricity process would be to check ECOES for a Meter Type of 'RCAMY' or 'RCAMR'.

This proposed condition may lead to increased numbers of erroneous transfers, where customers use the loss of their ADM service as a reason to request that their registration is cancelled. Clearly, any process that leads to increased ETs is of great concern to any supplier.

Furthermore, the industry needs to formulate a new electricity 'Meter Type' indicator and a gas 'Meter Type Code' or 'Meter Mechanism Code' to allow suppliers to differentiate between ADM and a smart meter.

*Ovo object to the requirement to undertake work to ascertain whether an ADM has been installed, as this data is not readily available for gas customers and is only potentially confirmed for electricity customers via the DO150 (if the 'Meter type' held by the MOP has been entered correctly), which is only received once the registration process is underway. We are concerned that an obligation above and beyond the inclusion in our registration process of a question and a new statement regarding functionality, will lead to excessive additional work for suppliers. This may not in the case of electricity, and cannot in the case of gas, lead to a definitive answer as to whether the customer has an ADM meter and is therefore an unnecessary burden.*

### **Providing customers with accurate consumption information**

Ovo agrees that there needs to be continuity of data for the customer when transferring from one supplier to another. However, the obligation for the installing supplier to provide data to the existing supplier needs to be re-thought for prepayment customers. In these instances the tariff data cannot be removed from the meter until the customer has migrated from the old supplier, as the data is required to calculate the credit decrementing on the meter. There therefore needs to be an agreement that the old supplier can communicate and remove data from the meter when they are no longer the registered supplier, which is not currently an allowed action. Blanket permission would therefore be required for any new supplier to undertake this and there also needs to be an agreement that any meter updates will be done within a strict timescale of 24 hours after losing the supply. This is to ensure that the new supplier can then add their required information as close to SSD as possible, to allow the customer to view their new details

*Ovo requests that further work is undertaken by Ofgem to confirm that the installing supplier will be allowed to access the new suppliers meter to remove tariff details. This is especially pertinent for customers with meters in prepayment mode. We cannot agree to the proposed wording in the consultation.*



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### **Prevention from charging domestic customers for a prepayment ADM exchange**

Ovo agrees that where ADM prepayment meters are replaced by the gaining supplier, the customer should not incur charges for the new meter and installation. However, the condition needs to be clear that this exemption does not include the situation where the supplier has to obtain a warrant to enter the customer's property to action the exchange. In this instance suppliers have to retain the ability to pass on the costs incurred gaining entry to the customer's property.

*Ovo requests that the wording of the supply licence condition is changed to clarify that suppliers are entitled to levy warrant fees, where necessary to do so to successfully action a prepayment exchange at a customer's property.*

### **Provision of information to new supplier**

At first glance, requesting that the installing supplier provides customer information to any subsequent supplier would appear to be a sensible idea to aid the customer smart journey. However, there are a number of issues that would need to be addressed before this process could become a reality. Firstly, how would any new supplier know who the installing supplier was (this could be the 3rd or 4th supplier since the meter was installed)? Secondly, suppliers require an agreed data format to ensure continuity of what's received from different suppliers and to allow automation of the systems receiving the data. Thirdly, the process needs to be defined with clear response times and a transfer method(s), as well as agreed contact details for each supplier. These issues are key to allowing registrations to proceed and to permit 3 week registration periods to be achieved.

We do not believe that it's a practical solution to rely on a process of co-operation between 2 competing suppliers, especially when there's no structure or guidance as to how this will work. It's clear from the issues experienced in obtaining responses and working to deadlines on the disputed reads and ET process that even defined processes between suppliers do not work as they should. An ill-defined activity between 2 parties is not going to result in this data being provided in a timely manner and to the benefit of the customer.

We also need to be mindful that DPA issues are considered when defining processes for transferring this information.

*Ovo formally objects to this new condition, as it serves little purpose without a defined process and strict timescales. Without a robust framework, requesting this data will not improve the registration process for ADM customers and could actually lead to these customers experiencing a lengthier registration process.*



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### **Volume thresholds & Provision of ADM services to new suppliers**

Ovo is supportive of the proposed threshold for the installing supplier to provide data to any subsequent suppliers. However, thresholds should not be separate for each fuel. Exceeding the threshold on one fuel should oblige the supplier to provide a service for both fuels, as it's a ridiculous scenario to have a new supplier at a dual fuel site receiving data for only one supply from the large supplier who installed both meters at the site! Ultimately, any thresholds are irrelevant if the large suppliers can't provide the data in a timely manner to allow the continuity of the process. Once again it's clear that an interoperability process needs to be defined for the industry to adhere to and use.

As with the provision of customer details, there are similar concerns where installing suppliers have to provide customer data to the new supplier. Our concerns encompass the following; knowing who the installing supplier is, defining a clear process for transferring data and agreeing on a single format for the data. There is a danger that failing to address these issues will lead to delays to important processes such as billing (especially as smart customers expect immediate bills), leading to customer service issues for these customers.

Furthermore, interoperability of the proposed type won't work for prepayment customers due to the need for real-time access to the meters and data, especially where payments fail or there's a query which requires the supplier to communicate immediately with the meter.

The danger is that if the above system is deemed to be too complicated and administratively intensive, new suppliers will be content to provide customers with a dumb service until the DCC is in-situ.

Ovo's preferred solution would be to place the responsibility for the head end with the MAP for the pre-DCC period. This then allows the data to be provided directly to the new supplier from a continuous source until the DCC is available. This would appear to be a better solution than suppliers transferring data, as the MAPs will provide data in an agreed standard format and any charges can be published within a schedule of charges. This also provides a commercial incentive for the MAPs to roll-out metering as soon as possible, as they are in control of the smart data for the duration of the meter. If the rental and data charges they levy are sensible there would be no incentive for new suppliers to replace the existing metering.

*Ovo objects to the inclusion of this condition, as we cannot envisage the outlined activity succeeding without a strict process with agreed timescales and formats for providing data. Current processes involving data being passed between suppliers are far from ideal, even with set flow formats. Therefore, the undefined process included in the consultation is unlikely to work.*



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*Our preference is that the process of providing data pre-DCC resides outside of the supply licence and with the MAP. This provides continuity in the provision of the data and the new supplier receives data from an agent under the supplier hub, which is more practical than requesting data from a competitor.*

Ovo believes that the suggested conditions in the consultation will damage the roll-out of ADMs and smart metering, eroding customer confidence at a crucial time for the industry and Government. We expect that the proposed changes will be to the detriment of customer service, especially for gaining suppliers. This would further harm the reputation of supply companies in general, at a time when the industry needs to be greatly improving their image amongst customers. The roll-out of smart metering could be tainted irrevocably, jeopardising the entire project.

Ovo Energy does not have any objection to Ofgem publishing this response letter via their website.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'S Fitzpatrick'.

Stephen Fitzpatrick  
Managing Director