

Consultation on the Smart Metering Installation Code of Practice

Consultation

Reference: 19/13
Publication date: 08/02/2013
Response deadline: 08/03/2013

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Overview

The Smart Metering Installation Code of Practice (SMICOP) sets out rules and standards of conduct for suppliers installing smart metering systems for domestic and micro-business customers. The SMICOP's content principally reflects supply licence conditions made by the Department of Energy and Climate Change (DECC) which took effect on 30 November 2012. These licence conditions are designed to ensure that consumers have a positive experience of the smart metering installation process.

Suppliers, and latterly a supplier-led working group including Consumer Focus, have developed the SMICOP both to meet and reach beyond the underpinning licence conditions. The licence conditions provide for the SMICOP to be designated by Ofgem, once it has been submitted by suppliers. This document consults on the final draft of the SMICOP and seeks stakeholder views on potential adjustments to specific aspects of the code.

Context

Ofgem regulates the gas and electricity markets in Great Britain. We have an important role in ensuring that the interests of consumers remain protected, both during the transition to smart metering and in the enduring framework. We will also play a key role in monitoring and, where appropriate, enforcing compliance with any new regulatory obligations relating to smart meters. This role includes approving an installation code of practice for use by all suppliers installing smart metering systems for domestic and micro-business customers. It also includes monitoring and, where appropriate, enforcing supplier compliance with the code and the licence conditions underpinning it. Our broader role in relation to smart metering is outlined in our Corporate Strategy and Plan.¹

Government's ambition is for all homes and small businesses to have a smart metering system installed. To this end, the Department of Energy and Climate Change (DECC) has established the Smart Metering Implementation Programme to set the policy framework underpinning the roll-out of smart metering systems.

The Smart Metering Installation Code of Practice (SMICOP) represents a core part of the new regulatory framework designed to protect and empower consumers during the roll-out of smart meters. This new framework is being implemented alongside the existing regulatory framework and industry rules. The introduction of the SMICOP is designed to complement existing regulatory and industry rules, with these existing rules continuing to apply where they are relevant during the smart metering system installation process. Other related aspects of the new regulatory framework include:

- Ofgem's 'Smart Metering Consumer Protections Package', a combination of licence modifications, guidance and supplier commitments designed to protect consumers where new smart functionality including remote disconnection and load limiting is used. This package of measures also introduced rules to support effective switching for domestic consumers.
- New supply and network licence conditions introduced by DECC setting out rules to protect consumers privacy where smart meter data is accessed.
- New supply licence conditions introduced by DECC underpinning a Central Delivery Body, designed to deliver centralised smart metering consumer engagement activities.

This consultation represents the final stage in the drafting of the SMICOP following an extensive development process that began in July 2010. On conclusion of the consultation process, the Authority intends to designate the SMICOP for use by all suppliers installing smart metering systems for domestic and micro-business customers. Once in place, the SMICOP will be governed by a Code Board who will be responsible for managing the code on an ongoing basis.

¹ <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=410&refer=Aboutus/CorpPlan>

Associated documents

Readers should be aware of the following documents which relate to this publication:

Smart Metering Implementation Programme – Prospectus

<http://www.ofgem.gov.uk/e-serve/sm/Documentation/Pages/Documentation.aspx>

Smart Metering – Response to Prospectus Consultation

<http://www.ofgem.gov.uk/e-serve/sm/Documentation/Pages/Documentation.aspx>

Consultation on Draft Licence Conditions for a Code of Practice for the Installation of Smart Electricity and Gas Meters

https://www.gov.uk/government/publications?keywords=smart+meter&publication_filter_option=all&topics%5B%5D=all&departments%5B%5D=department-of-energy-climate-change&direction=before&date=2013-02-01

Government response to licence conditions for installation code of practice consultation

https://www.gov.uk/government/publications?keywords=smart+meter&publication_filter_option=all&topics%5B%5D=all&departments%5B%5D=department-of-energy-climate-change&direction=before&date=2013-02-01

Smart meter roll-out for the domestic sector (GB) Impact Assessment (Government response stage)

https://www.gov.uk/government/publications?keywords=smart+meter&publication_filter_option=all&topics%5B%5D=all&departments%5B%5D=department-of-energy-climate-change&direction=before&date=2013-02-01

Smart meter roll-out for the small and medium non-domestic sector (GB) Impact Assessment (Government response stage)

https://www.gov.uk/government/publications?keywords=smart+meter&publication_filter_option=all&topics%5B%5D=all&departments%5B%5D=department-of-energy-climate-change&direction=before&date=2013-02-01

Smart Meters: Modifications to the standard conditions of electricity and gas supply licences

https://www.gov.uk/government/publications?keywords=smart+meter&publication_filter_option=all&topics%5B%5D=all&departments%5B%5D=department-of-energy-climate-change&direction=before&date=2013-02-01

Smart Meter Installation Code of Practice – Development Summary and July 2012 Stakeholder Workshop Materials

<http://www.energy-uk.org.uk/policy/smart-meters/-smart-metering-installation-code-of-practice.html>

Smart Metering Installation Code of Practice Version 1.00

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

Contents

Contents	4
Executive Summary	5
1. Background	6
Timeline	6
The scope of this consultation	8
Impact Assessment	9
Next steps	9
2. SMICOP Section A – The Code of Practice	10
Scope of the Code	10
Pre-Installation	10
The Installation Visit	13
Post-Installation, Fault Resolution and Complaint Resolution	15
Appendix 1 – Table of Clauses Not Applicable to Micro-Business	16
Appendix 2 – Clauses Specific to Vulnerable Customers	16
3. SMICOP Section B – Code Governance	17
Roles and Responsibilities	17
Code Change Management	17
Monitoring and Compliance	17
Appendices	19
Appendix 1 - Consultation Response and Questions	20
Appendix 2 - Glossary	22
Appendix 3 - Feedback Questionnaire	25

Executive Summary

The Smart Metering Installation Code of Practice (SMICOP) sets out rules and standards of conduct for suppliers installing smart metering systems for domestic and micro-business customers.

The SMICOP's content principally reflects supply licence conditions made by the Department of Energy and Climate Change (DECC), which took effect on 30 November 2012. These licence conditions are designed to ensure that consumers have a positive experience of the smart metering installation visit. Both the underpinning licence conditions and code are intended to deliver a positive consumer experience before, during and after the installation visit. The intention is for this positive experience to be delivered through new consumer protections, and also by empowering consumers by implementing measures to help them engage with their new smart metering system following the installation visit.

A working group involving suppliers and Consumer Focus has developed the SMICOP both to meet, and reach beyond, the underpinning licence conditions. The six large suppliers and the majority of small suppliers have now submitted the SMICOP to Ofgem.

This document consults on the final draft of the SMICOP and seeks stakeholder views on potential adjustments to specific aspects of the code. In particular, this consultation seeks stakeholder views on proposed training requirements; whether suppliers should be required to provide further information to customers when arranging installation visits beyond the requirements already included in the code; and whether information provision and record-keeping requirements concerning marketing should be expanded.

On conclusion of the consultation process, the Authority intends to designate the SMICOP for use by all suppliers installing smart metering systems for domestic and micro-business customers. We expect the code to be in place before the summer this year.

1. Background

Chapter Summary

This chapter charts the development process for the policy framework that underpins the introduction of an installation code of practice for suppliers installing smart metering systems for domestic and micro-business customers. It also charts the parallel process undertaken to develop the Smart Metering Installation Code of Practice itself. Finally it sets out the objectives for this consultation and next steps.

1.1. Government's ambition is for all homes and small businesses to have a smart metering system² installed. Government has decided that in order for customers to have a positive installation experience, and be well placed to engage with their smart metering system, suppliers should adhere to a code of practice setting out rules and standards of conduct that must be followed during the installation process.

1.2. The content of this code - the Smart Metering Installation Code of Practice (SMICOP) - is principally directed by a policy framework developed by the Department of Energy and Climate Change (DECC). This framework has been implemented via supply licence conditions that took effect on 30 November 2012. The following timeline charts the development of both the underpinning policy framework and the SMICOP itself. This information is included in this document to give readers a clear picture of the extensive process that has led to the development of the SMICOP in its current form since work first began on a smart metering installation code of practice in July 2010.

Timeline

- July 2010 – Ofgem publishes the Smart Metering Implementation Programme Prospectus on behalf of DECC. The concept of suppliers adhering to a smart metering installation code of practice is referenced in the Prospectus.
- July-September 2010 – The Energy Retail Association (ERA)³ develops an initial draft code of practice on behalf of suppliers.
- September 2010 - Ofgem convenes an initial stakeholder workshop to facilitate discussion on prospective installation code content.
- November 2010 – Ofgem convenes a second stakeholder workshop to facilitate further discussion on prospective installation code content.

² 'Smart Metering System' is defined in the supply licence conditions underpinning the SMICOP. A definition is included in the Glossary (Appendix 3) of this document.

³ The Energy Retail Association merged with two other industry organisations in April 2012 to form Energy UK.

- December 2010 – The ERA launches an open consultation on a draft installation code of practice.
- March 2011 – Ofgem publishes the Smart Metering Implementation Programme Prospectus response document on behalf of DECC. The response document includes policy design conclusions for a smart metering installation code of practice.
- April 2011 – The ERA hosts a stakeholder workshop to gather views on the latest version of a smart metering installation code of practice and to provide feedback to stakeholders on drafting changes.
- June 2011 – The ERA hosts a further stakeholder workshop to gather views on the latest version of a smart metering installation code of practice and to provide feedback to stakeholders on drafting changes.
- August 2011 – DECC consults on draft licence conditions to underpin a smart metering installation code of practice.
- August 2011 – The ERA launches an open consultation to gather further stakeholder views on the latest version of the installation code of practice.
- November 2011 – The SMICOP Interim Steering Group (SISG)⁴ is formed to take forward development of the Smart Metering Installation Code of Practice and holds its inaugural meeting.
- April 2012 – DECC publishes the response to its August 2011 consultation on draft licence conditions to underpin a smart metering installation code of practice.
- July 2012 – The SISG hosts a stakeholder workshop to present the latest version of the SMICOP and provide details of the development process. Further stakeholder feedback is also acquired.⁵
- December 2012 – Suppliers formally submit the final draft of the SMICOP to Ofgem.⁶

⁴ The SISG is a working group consisting of representatives from large and small suppliers, industry trade associations and Consumer Focus. The group is chaired by DECC and facilitated by Energy UK. Ofgem attends group meetings as an Observer. The SISG has met monthly since November 2011, and a number of additional sub-group meetings have also been convened to consider specific issues.

⁵ Materials from this workshop, including presentations setting out the actions taken to account for stakeholder feedback during the SMICOP development process are available on the Energy UK website.

<http://www.energy-uk.org.uk/policy/smart-meters/-smart-metering-installation-code-of-practice.html>

⁶ Energy UK presented the SMICOP accompanied by a letter signed by the six large suppliers and the majority of small suppliers to Ofgem in December 2012. On conclusion of the consultation process, we expect that the Authority will designate the SMICOP for use by all suppliers.

The scope of this consultation

1.3. DECC reached a number of policy conclusions in developing the licence condition framework to underpin a smart metering installation code of practice. DECC's key conclusions were that:

- Rules governing the smart metering system installation process would apply to those smart metering systems meeting the requirements of the Smart Metering Equipment Technical Specifications (SMETS).⁷
- Rules governing the smart metering system installation process would apply where smart metering systems are being provided to domestic and micro-business⁸ customers.⁹
- There would be a set of overarching objectives governing supplier behaviour and conduct during the smart metering system installation process.
- Suppliers would be prevented from levying an upfront charge for the supply and installation of a standard smart metering system to domestic customers.
- Suppliers would be prevented from conducting any sales transactions¹⁰ when installing smart metering systems for domestic customers.
- Suppliers would need to gain prior consent from domestic customers in order to conduct face-to-face marketing¹¹ during installation visits.
- Suppliers would need to provide for the needs of specific customer groups during the installation process.
- The installation code of practice would need to include arrangements for the enduring governance of the code.
- Suppliers would need to maintain records of their performance against and compliance with the installation code of practice.

1.4. This consultation document does not seek to revisit these conclusions. This consultation also recognises the work undertaken by a broad range of stakeholders to develop the SMICOP since suppliers first began work on a smart metering installation code of practice in July 2010.

1.5. This consultation is designed to seek final views from stakeholders on potential adjustments to specific aspects of the code. Ofgem is not obliged to consult on the content of the SMICOP. However, we consider that it will be useful to gather final stakeholder input on specific aspects of the code and potentially make certain adjustments before designating a code for use by all suppliers. In particular,

⁷ Suppliers may voluntarily apply code rules when installing smart metering systems that do not comply with the SMETS.

⁸ 'Micro-business' is defined in the supply licence conditions underpinning the SMICOP. The full definition is included in the Glossary (Appendix 3) of this document.

⁹ Suppliers may voluntarily apply code rules where they are installing smart metering systems for customers falling outside of the definitions of domestic and micro-business referenced in the underpinning supply licence conditions.

¹⁰ 'Sales Transaction' is defined in the supply licence conditions underpinning the SMICOP. The full definition is included in the Glossary (Appendix 3) of this document.

¹¹ 'Marketing' is defined in the supply licence conditions underpinning the SMICOP. The full definition is included in the Glossary (Appendix 3) of this document.

we wish to seek stakeholder views on specific areas for adjustment where we believe that changes may significantly strengthen consumer protections.

Impact Assessment

1.6. As part of the Smart Metering Implementation Programme regulatory framework, DECC has produced Impact Assessments (IAs) for the roll-out in both the domestic sector and the small and medium non-domestic sectors. Readers may wish to consult the relevant sections of both DECC IAs, namely the 'Smart meter installation - protecting consumers' sections. DECC's assessments comment on provisions to protect consumers during the installation visit and on the impact of the introduction of the installation code of practice.

1.7. The standard conditions of the supply licence sets out the standards which suppliers have to meet when installing smart meters. The installation code of practice is one of the ways in which suppliers will ensure these standards are met. Since suppliers are already bound by the over-arching standards set out in the supply licence conditions, we do not think it is necessary to carry out a further impact assessment on our proposal to designate the installation code of practice now submitted to us.¹²

Next steps

1.8. This consultation is running for a period of four weeks and we invite stakeholder feedback on the questions posed. We have chosen to consult for a period of four weeks primarily in light of the extensive process, including stakeholder consultation, that has led to the development of the SMICOP in its current form.

1.9. On conclusion of the consultation process, Ofgem will consider responses and any necessary adjustments to the code. In considering any adjustments, we will be mindful of our statutory duty to protect the interests of current and future consumers, and will also consider broader developments concerning smart metering and beyond¹³. We then expect the Authority to designate the SMICOP for use by all suppliers installing smart metering systems for domestic and micro-business customers in accordance with the relevant supply licence conditions.

¹² Section 5A of the Utilities Act 2000 only obliges the Authority to conduct an Impact Assessment in limited circumstances.

¹³ Ofgem is, for example, currently considering the breadth of the definition that should be applied to protections for smaller non-domestic customers as part of our Retail Market Review. At present, the SMICOP applies to domestic and micro-business customers, as defined via the licence conditions underpinning the SMICOP.

2. SMICOP Section A – The Code of Practice

Chapter Summary

This chapter provides a brief overview of Section A of the Smart Metering Installation Code of Practice and seeks stakeholder views on potential adjustments to specific aspects of this section in the code.

Readers may wish to refer to Version 1.00 of the Smart Metering Installation Code of Practice when considering the issues raised and questions posed in this chapter as the issues and questions refer to specific clauses in the code. The code is published alongside this consultation document on the Ofgem website.

2.1. Section A of the SMICOP firstly sets out the scope of the code. The bulk of Section A, and the core of the code, goes on to set out how suppliers are required to act before, during and after the installation visit. Section A also includes rules for resolving faults and complaints. It includes an appendix of clauses that do not apply to micro-business customers in light of the rules set out in the underpinning supply licence conditions. Finally all clauses in Section A specifically relevant to vulnerable customers are recorded in a further appendix for ease of reference.¹⁴

Scope of the Code

2.2. Among other things, the Scope sub-section confirms the application of the code to domestic and micro-business customers. The Scope sub-section describes the period of activity covered by the SMICOP, and that on-going activities such as billing are not covered within the scope of the code. It also confirms that, where a supplier contracts with a third party for the provision of installation services, the supplier remains responsible for ensuring compliance with all components of the SMICOP.

Pre-Installation

2.3. Suppliers will be required to take certain actions when promoting the code and engaging with customers prior to the installation visit. They will also be required to adhere to a number of rules when scheduling installation visits. They will also

¹⁴ The SMICOP will introduce a new set of consumer protections. Where relevant to the installation of a smart metering system, existing protections, for example protections in supply licence conditions around marketing, will continue to apply as normal.

have rules to follow when recruiting and training staff installing smart metering systems. All of these rules are included in the Pre-Installation sub-section.¹⁵

Clauses 2.6.2 and 2.6.3 –Training requirements

2.4. Personnel currently working in the energy sector who are carrying out meter installations are already required to meet certain competency standards set by industry. Clauses 2.6.2 and 2.6.3 set out the adoption of accreditation and training requirements designed specifically for personnel installing smart metering systems. These clauses reference the National Skills Academy for Power (NSAP) accreditation. NSAP has worked with industry to define the skills needs and content for a smart metering diploma and gain approval through the Qualifications and Credit Framework (QCF) for this qualification.

2.5. DECC referenced the work of NSAP in its December 2012 annual report¹⁶:

'NSAP has led the development of a level 2 diploma in Smart Metering, with accreditation already available through two awarding bodies and training offered through eight providers. The diploma aims to ensure a consistent skill set for all new smart meter recruits and it takes at least thirty weeks to qualify as a dual fuel installer.'

2.6. We recognise the importance of installer training and competence. It is essential that installers are well trained and are fully capable of meeting all the requirements of a smart metering installation. This is a view shared across industry and by consumer groups.

2.7. We also recognise the importance of suppliers setting installer accreditation and training requirements that are appropriate for the task in hand; align with the requirements of other industry participants; and align with the interests of a competitive market.

2.8. Industry perspectives on the application of NSAP accreditation and training requirements to suppliers are mixed. We understand that all but one of the Distribution Network Operators (DNOs) are in agreement that installers who have received training at NSAP accredited training providers instead of passing DNO-specific training requirements should be allowed to work on their equipment. We understand the remaining DNO is currently in discussions with NSAP.

¹⁵ This sub-section also sets out the requirements for suppliers to inform their domestic customers that they will not be charged for the supply and installation of a standard smart metering system.

¹⁶ https://www.gov.uk/government/publications?keywords=smart+meter&publication_filter_op tion=all&topics%5B%5D=all&departments%5B%5D=department-of-energy-climate-change&direction=before&date=2013-02-01

2.9. In addition, we are aware of concerns that small suppliers may be exposed to disproportionate costs when seeking to access training provision from NSAP approved training providers, especially during peak roll-out.

2.10. We also note that as drafted, clauses 2.6.2 and 2.6.3 propose the application of differing requirements depending on whether a domestic or micro-business installation is taking place. These clauses require that, for domestic installations, suppliers should adopt the NSAP accreditation and put their installers through training at an NSAP approved training provider. However for micro-business installations, the requirements are less specific – suppliers are required to adopt an accreditation and train their installers according to the level appropriate for the micro-business installation.

2.11. In light of these differing perspectives, and the current drafting of the requirements set out in clauses 2.6.2 and 2.6.3, we wish to gather further stakeholder views, in particular from industry participants.

Question 1

What are your views on the smart metering-specific accreditation and training requirements that should be set out in the SMICOP?

Clause 2.7.9 – Charging where installation visits are cancelled or rescheduled

2.12. The footnote accompanying clause 2.7.9 requires suppliers not to levy a charge where a customer seeks to cancel or reschedule an installation visit and provides the supplier with notice of greater than two working days’.

2.13. During the development of the SMICOP, a number of differing suggestions were made as to what constitutes an appropriate and reasonable notice period in this context. We believe that in general, customers should not incur a charge where they seek to cancel or reschedule an installation visit and that any charges must be reasonable. Consumers will encounter unforeseen circumstances from time-to-time which make it necessary to cancel or reschedule an installation visit. However we also recognise that a request to cancel or reschedule an installation visit at short notice may result in an inefficient use of resources and in costs being incurred. We therefore wish to test further whether the proposed notice period is appropriate and reasonable in this context, both for consumers and suppliers.

2.14. In addition, we wish to seek stakeholder views on whether the provision of information to customers regarding supplier policies in this specific area would be helpful for customers so that they are fully aware of any charges that might be incurred where they seek to cancel or reschedule an installation visit at short notice.

Question 2

Is 'greater than two working days' an appropriate and reasonable notice period in the context of clause 2.7.9?

Question 3:

Should the SMICOP specify that suppliers must inform customers during the pre-installation period of any charges that could be applied if the customer were to cancel or reschedule an installation visit?

Clause 2.7.10 – Consumers rights to timed appointments

2.15. Clause 2.7.10 references consumers' existing rights under the Electricity (Standards of Performance) Regulations 2010 and the Gas (Standards of Performance) Regulations 2005 in relation to the arrangement of appointments.¹⁷

2.16. During the development of the SMICOP, consumer groups questioned whether many customers are aware of their existing right to request a timed appointment as defined under these standards¹⁸. They suggested that this specific right should be highlighted to customers during the pre-installation period. We are keen to seek stakeholder views on whether suppliers should be required to highlight customers' existing rights in this area.

Question 4:

Should the SMICOP specify that suppliers must inform customers during the pre-installation period, and before any installation appointment is agreed, that they are entitled to request a timed appointment as defined by the existing requirements of the Electricity (Standards of Performance) Regulations 2010 and the Gas (Standards of Performance) Regulations 2005?

The Installation Visit

2.17. During the installation visit, suppliers will be required to adhere to a number of general rules – for example, ensuring that they properly identify themselves, the supplier they represent and the purpose of the visit. The Installation Visit sub-section goes on to set out requirements on suppliers to test the Smart Metering System they are installing and demonstrate the use of the system, including the In-Home Display (where provided), to the customer.

¹⁷ Ofgem issued a Call for Evidence on the Supplier Guaranteed and Overall Standards of Performance on 21st January 2013. The Call for Evidence closes on 28th February 2013. <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=256&refer=Sustainability/SocAction/Publications>

¹⁸ Customers are entitled to request that their supplier offers them either an appointment that falls wholly before one o'clock in the afternoon, wholly after noon, or within a two-hour window on a particular day.

2.18. Requirements around providing energy efficiency advice are also included in this sub-section. Rules on marketing and sales form a key component of the Installation Visit sub-section and additional detail on these rules is provided below. Actions for suppliers to take where installations cannot be completed are also included in the Installation Visit sub-section.

*Marketing*¹⁹

2.19. For domestic installation visits, the code sets out rules requiring suppliers to obtain prior consent for face-to-face marketing to be conducted. For both domestic and micro-business installation visits, the code also includes a number of behavioural rules that suppliers must adhere to when conducting face-to-face marketing.

Clause 3.8.1 – Face-to-face marketing information provision

2.20. Clause 3.8.1 places requirements on suppliers seeking to obtain prior consent from domestic customers for face-to-face marketing to be conducted.²⁰ However, there is currently no rule requiring suppliers to make it clear to domestic customers when obtaining prior consent that they are under no obligation to receive face-to-face marketing during the installation visit. We wish to seek stakeholder views on whether suppliers should be required to make such a statement to reduce the risk that customers may feel pressured into consenting to face-to-face marketing.

2.21. In addition, there are currently no rules directing suppliers to inform their domestic customers about the type of products and services that may be offered to them during a marketing discussion. We recognise that in designing the policy framework underpinning the code, DECC elected not to restrict the range of products and services that could be marketed. However, we would like to seek stakeholder views on whether suppliers should be required to be explicit about the range of products and services they may choose to market when seeking to gain prior consent to marketing, so that domestic customers are clear on the type of offerings a supplier may promote.

Question 5

¹⁹ 'Marketing' is defined in the supply licence conditions underpinning the SMICOP. The full definition is included in the Glossary (Appendix 3) of this document. The definition refers to face-to-face marketing activity taking place during the installation visit and excludes the marketing of goods and services that are to be provided free of charge.

²⁰ The licence conditions underpinning the SMICOP state that suppliers must obtain prior consent from domestic customers if they wish to conduct face-to-face marketing at the installation visit. The licence condition rules do not apply to micro-business customers and this distinction is reflected in the drafting of the SMICOP.

Should the SMICOP require suppliers, when they are seeking prior consent from a domestic customer to engage in face-to-face marketing at the installation visit, to tell these customers explicitly that they have no obligation to receive such marketing?

Question 6

Should the SMICOP require suppliers, when obtaining prior consent from a domestic customer to engage in face-to-face marketing at the installation visit, to notify the customer of the types of products and services that may be discussed during a marketing conversation? For example, a supplier seeking to market both energy tariffs and energy efficiency products would need to specify that both types of product may be offered.

Clause 3.8.10 and 3.8.10.2 – Recording marketing/sales follow up requests

2.22. Clause 3.8.1 states that face-to-face marketing cannot be conducted at a domestic installation visit unless the customer has given his prior consent for face-to-face marketing to take place. Clauses 3.8.10 and 3.8.10.2 allow a customer who has not provided this prior consent to request that the supplier contact them at a future date should they be prepared to receive a marketing or sales contact. We wish to seek stakeholder views on whether the agreement of any follow-up activity by the supplier should be recorded and retained in an auditable form to allow suppliers to demonstrate that good practice is being applied in this context.

Question 7

Should the SMICOP require suppliers to maintain an auditable record of instances where a customer requests that the supplier contacts them at a future date to conduct marketing or sales activities?

Sales

2.23. The code clearly states that no sales are permitted where a smart metering system is being installed for a domestic customer.²¹ For micro-business installations, the code includes a number of behavioural rules that suppliers must comply with should they wish to conduct any sales transactions during the visit.

Post-Installation, Fault Resolution and Complaint Resolution

2.24. The Post-Installation sub-section focuses on rules for suppliers to provide customers with the mechanism to give feedback on their experience of the

²¹ The supply licence conditions underpinning the SMICOP prevent suppliers from conducting sales transactions where they are installing a smart metering system for a domestic customer. The licence condition rules do not apply to micro-business customers and this distinction is reflected in the code.

installation visit. Further sub-sections are included with rules for suppliers to adhere to when resolving faults with the smart metering systems they have installed, and resolving customer complaints.

Appendix 1 – Table of Clauses Not Applicable to Micro-Business

2.25. A small number of code clauses do not apply to micro-business customers, in recognition of the distinctions made by DECC between the treatment of domestic and micro-business customers in the licence conditions underpinning the SMICOP. These clauses are listed in Appendix 1 of the code.

Appendix 2 –Clauses Specific to Vulnerable Customers

2.26. Appendix 2 draws together all those clauses in Section A of the code specifically relevant to vulnerable customers. This appendix is included purely for ease of reference for those parties interested specifically in provisions made for vulnerable customers.

3. SMICOP Section B – Code Governance

Chapter Summary

This chapter provides a brief overview of Section B of the SMICOP.

Readers may wish to refer to Version 1.00 of the Smart Metering Installation Code of Practice when considering the issues raised and question posed in this chapter as the issues and question refer to specific clauses in the code. The code is published alongside this consultation document on the Ofgem website.

3.1. Section B of the SMICOP sets out rules for the governance of the code. It describes the roles and responsibilities of each body participating in code governance and the process for change management. It also sets out how suppliers will monitor and seek to demonstrate their compliance with the requirements of the code.

Roles and Responsibilities

3.2. The roles and responsibilities sub-section sets out the role and responsibilities of the Code Board, a body consisting of supplier and consumer group representatives responsible for managing the code. It also sets out the roles and responsibilities of the Authority; the independent Chair of the Code Board; the Administrator of the SMICOP; and the advisory groups used to consider prospective changes to the SMICOP. Rules on providing information to the Authority are also included in this sub-section.

Code Change Management

3.3. The code change management sub-section includes a diagrammatic description of the change management cycle followed by a description of the process for raising change requests. It also describes the make-up of the Code Board and includes rules on how change requests are to be assessed, reviewed and approved or rejected. Also included is a description of the process for the Authority to direct a review of the code and subsequent changes, along with the process for an internal review of the code.

Monitoring and Compliance

3.4. Suppliers have proposed using several mechanisms in order to help demonstrate their compliance with the SMICOP.

Self-certification of Compliance

3.5. The SMICOP requires suppliers to submit an annual self-certification statement signed by a Board director to the Code Administrator. The statement

must confirm compliance with the code and state that the supplier holds supporting material evidence of compliance.

Independent Audit of Compliance

3.6. The SMICOP requires that a single independent audit be commissioned on all suppliers to provide assurance that processes and compliance is in place. The SMICOP rules regarding the independent audit of compliance also make reference to the Code Board initiating further independent audits as appropriate.

Customer Surveys

3.7. Suppliers will, individually or together with other suppliers, contract an independent organisation to survey customers following an installation visit as part of the terms of the SMICOP. Through these surveys, customers will be able to report on suppliers' compliance with the code on the basis of the installation visit they have experienced.

3.8. The requirements for suppliers to conduct an independent audit of compliance and customer surveys will impose costs on suppliers. We are conscious that the SISG is currently developing the details of the Customer Survey design in line with the requirements of the code. This development will need to strike a balance between the need for suppliers to be able to effectively demonstrate their compliance with the code against the need to ensure that costs are proportionate.

3.9. We are conscious of the need for suppliers to gain clarity, as far as possible, on the costs that they are likely to incur in complying with code monitoring and compliance requirements. We are also conscious of the practical difficulties in setting out these costs up-front. We would therefore like to seek stakeholder views on whether it is practicable for further information on these costs to be included within the code.

Question 8

Do you have any views on whether it is practicable for additional information to be included in the SMICOP on the costs to suppliers of fulfilling the code requirements around monitoring and compliance?

Appendices

Index

Appendix	Name of Appendix	Page Number
1	Consultation Response and Questions	20
2	Glossary	22
3	Feedback Questionnaire	25

Appendix 1 - Consultation Response and Questions

1.1. Ofgem would like to hear the views of interested parties in relation to any of the issues set out in this document.

1.2. We would especially welcome responses to the specific questions which we have set out at the beginning of chapter two and which are replicated below.

1.3. Responses should be received by 8th March 2013 and should be sent to:

Jonathan Blagrove
Senior Manager - Consumer Policy and Insight
Ofgem, 9 Millbank, London, SW1P 3GE
020 7901 7368
Jonathan.blagrove@ofgem.gov.uk

1.4. Unless marked confidential, all responses will be published by placing them in Ofgem's library and on its website www.ofgem.gov.uk. Respondents may request that their response is kept confidential. Ofgem shall respect this request, subject to any obligations to disclose information, for example, under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004.

1.5. Respondents who wish to have their responses remain confidential should clearly mark the document/s to that effect and include the reasons for confidentiality. It would be helpful if responses could be submitted both electronically and in writing. Respondents are asked to put any confidential material in the appendices to their responses.

1.6. Next steps: On conclusion of the consultation process, Ofgem will consider responses and adjustments to the code. The Authority will then designate a smart metering installation code of practice for use by all suppliers installing smart metering systems for domestic and micro-business customers in accordance with the relevant supply licence conditions.

Consultation Questions

Chapter Two

Question 1: What are your views on the smart metering-specific accreditation and training requirements that should be set out in the SMICOP?

Question 2: Is 'greater than two working days' an appropriate and reasonable notice period in the context of clause 2.7.9?

Question 3: Should the SMICOP specify that suppliers must inform customers during the pre-installation period of any charges that could be applied if the customer were to cancel or reschedule an installation visit?

Question 4: Should the SMICOP specify that suppliers must inform customers during the pre-installation period, and before any installation appointment is agreed, that they are entitled to request a timed appointment as defined by the existing requirements of the Electricity (Standards of Performance) Regulations 2010 and the Gas (Standards of Performance) Regulations 2005?

Question 5: Should the SMICOP require suppliers, when they are seeking prior consent from a domestic customer to engage in face-to-face marketing at the installation visit, to tell these customers explicitly that they have no obligation to receive such marketing?

Question 6: Should the SMICOP require suppliers, when obtaining prior consent from a domestic customer to engage in face-to-face marketing at the installation visit, to notify the customer of the types of products and services that may be discussed during a marketing conversation? For example, a supplier seeking to market both energy tariffs and energy efficiency products would need to specify that both types of product may be offered.

Question 7: Should the SMICOP require suppliers to maintain an auditable record of instances where a customer requests that the supplier contacts them at a future date to conduct marketing or sales activities?

Chapter 3

Question 8: Do you have any views on whether it is practicable for additional information to be included in the SMICOP on the costs to suppliers of fulfilling the code requirements around monitoring and compliance?

Appendix 2 - Glossary

C

Consumer Focus

The statutory consumer watchdog for consumers in Great Britain.

D

DECC

Department of Energy and Climate Change - Government department responsible for energy and climate change mitigation policy.

E

ERA

Energy Retail Association - Trade association that merged with two other industry organisations in April 2012 to form Energy UK.

I

In-Home Display

A device capable of displaying near real-time information on energy consumption in a readily accessible form. Government has mandated that all domestic consumers should be offered an in-home display as part of the roll-out of smart metering.

M

Marketing

Marketing is defined in the supply licence conditions underpinning the SMICOP as meaning:

‘any activities of the licensee or any of its Representatives that:

(a) take place with the simultaneous physical presence of:

- (i) the licensee or the Representative; and
 - (ii) a Domestic Customer or any member of his household; and
- (b) entail verbal communication with the Domestic Customer or any member of his household with the intention or effect of:
- (i) promoting the provision by the licensee or any other named person of any goods and services; or
 - (ii) promoting the availability to the Domestic Customer or member of his household of any goods or services specifically designed for or tailored to his requirements,

but for these purposes:

- (a) 'promoting' shall be taken to exclude the activity of agreeing or arranging, at the request of the Domestic Customer or a member of his household, any further communication with that person, at a date later than the date of the installation visit, in relation to the provision by the licensee or any other named person of any goods or services; and

'goods or services' shall be taken to exclude any goods or services which are to be provided free of charge.

Micro-business

A micro-business customer is defined in the supply licence conditions underpinning the SMICOP as meaning a Non-Domestic Customer which meets one of the following criteria: Consumes less than 200,000 kWh of gas or less than 55,000 kWh of electricity a year, or has fewer than ten employees (or their full-time equivalent) and an annual turnover or annual balance sheet total not exceeding €2m

S

Sales Transaction

Sales Transaction is defined in the supply licence conditions underpinning the SMICOP as meaning any transaction, whether in writing or otherwise, which involves a Domestic Customer or any member of his household:

- a) paying a sum of money to any person in respect of the provision of goods or services; or
- b) entering into a contract to pay a sum of money to any person in respect of the provision of goods or services'

SISG

SMICOP Interim Steering Group - The working group consisting of suppliers, trade associations and Consumer Focus that has been developing the SMICOP since November 2011.

SMETS

Smart Metering Equipment Technical Specifications

A specification used by the Smart Metering Implementation Programme to set out a standardised and consistent definition of the functional requirements for smart metering equipment.

SMICOP

Smart Metering Installation Code of Practice.

Smart Metering Implementation Programme

The central change programme established by government to develop and implement the regulatory framework for the roll-out of smart metering.

Smart Metering System

'Smart Metering System' is defined in the supply licence conditions underpinning the SMICOP and comprises the system components required to deliver the smart functionality; meter, WAN, HAN and an IHD (where provided).

Appendix 3 - Feedback Questionnaire

1.1. Ofgem considers that consultation is at the heart of good policy development. We are keen to consider any comments or complaints about the manner in which this consultation has been conducted. In any case we would be keen to get your answers to the following questions:

1. Do you have any comments about the overall process, which was adopted for this consultation?
2. Do you have any comments about the overall tone and content of the report?
3. Was the report easy to read and understand, could it have been better written?
4. To what extent did the report's conclusions provide a balanced view?
5. To what extent did the report make reasoned recommendations for improvement?
6. Please add any further comments?

1.2. Please send your comments to:

Andrew MacFaul
Consultation Co-ordinator
Ofgem
9 Millbank
London
SW1P 3GE
andrew.macfaul@ofgem.gov.uk