



Consultation on the Smart Metering Installation Code of Practice

British Gas response
8th March 2013

Executive summary

1. British Gas has installed around 800,000 smart metering systems and this extensive experience has helped to inform the development of the Smart Metering Installation Code of Practice since the outset in 2010. The consumer protections within the SMICoP have been formulated after being debated at enormous length at the SMICoP Interim Steering Group and at the stakeholder events. After over forty iterations, we believe that the final version of the Code reflects a strong consensus of what is good for customers, suppliers and the delivery of Programme benefits. The Consultation acknowledges this point through its focus on a relatively narrow list of questions. On balance, we are not convinced that a further round of consultation was necessary since we believe the competitive market will deliver the right customer experience and levels of customer service.
2. We do not regard the proposed amendments to seeking marketing consent as necessary. We have no objection to providing guidance to customers on the type of products that may be promoted – we do this already – but see no point in the proposal to include (within the question about marketing consent) an obligation to point out to customers only one of the two possible answers. This makes it a leading question that will distort the outcome and undermine the confidence of customers who had intended to answer positively. Further, the level of prescribed information that must be provided to customers before installation is already excessive and disengaging.
3. We have flagged at the SMICoP Interim Steering Group, and in our response to the Environment and Climate Change Committee Inquiry into Smart Metering Roll-out, our concern to ensure that the opportunity effectively to promote the Green Deal is not missed. The smart metering roll-out is not about the infrastructure, it is primarily a consumer programme. It is unlikely that suppliers will be required ever again to visit every consumer's home to engage them on the subject of how to use less energy. This is a unique opportunity to promote a government programme designed to deliver affordable improvements to the efficiency of the UK housing stock and to reduce people's energy bills, but its effectiveness is undermined by an inability to provide any call to action. Generic descriptions and leaflets will not deliver the take up required for the scheme to succeed.

4. We are confident that the consumer protections already included within the Code provide a high level of assurance against unwanted marketing activity. We would be happy to discuss the precise details of how these would work for Green Deal and have already been in discussion with Consumer Focus over appropriate consumer safeguards.
5. The pursuit of excellent customer service by suppliers should be relied upon to deliver the types of appointments that are convenient to customers. An agreed appointment is the ideal outcome but it is worth nothing if it is not a reliable one. We must be cautious, therefore, in over-promoting the availability of timed appointments since the loss of flexibility that would result from widespread take-up would inevitably lead to more missed appointments, customer disappointment, compensation payments, lower productivity and increased costs.
6. We support the consumer empowerment provided through wider choice and think it is reasonable to expect suppliers to point out that narrower appointments are available than simply 'all day'. Where those are offered (e.g. by letter) then we think the opportunity to request something more specific should be offered. However, where an appointment within, for example, a four-hour time-band has been offered and accepted, to then go further and describe additional options is unnecessary and constraining. It would also extend the immense list of pre-installation information and choice even further. We want our customers' dealings with us to be simple and straightforward but the amount of information we must already provide works against this.
7. Finally, British Gas would welcome greater certainty over the designation date for the Code. We are confident that we comply with virtually everything in the Code and have done for some time. Nonetheless, we are planning a substantial internal communications exercise to restate some important principles and leave no customer-facing staff in any doubt about the obligations or significance of the Code.
8. Unfortunately, the consultation has introduced uncertainty into the content and timing for this. There may be changes to the obligations and we do not know whether the Code will be designated in April or May. Communication to a large number of staff is very difficult to plan and we think it would be better for everyone if a firm date were set now rather than an 'as-soon-as-practicable' one. We see no customer detriment or reduction in protection from this since we (and other active suppliers) are already working to the

current Code. If a firm date were agreed it should also be far enough from the finalisation of the Code to allow quality training materials to be produced in advance, rather than at the last minute.

9. We have no wish whatsoever to delay implementation of the Code but we want to make sure that we use its change of status as an opportunity to reinforce some important messages in a timely and accurate way. For this reason we think that clarity on implementation date would be to the benefit of all parties.

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

- 1.1. British Gas is satisfied that the training requirements set out in the SMICoP are appropriate. As the largest national meter operator we have been campaigning for several years for a single fit-for-purpose accredited standard of training to be acceptable to all DNOs. With NSAP that has almost been achieved.
 - 1.2. We do not accept that ensuring installers are trained to the NSAP standard poses an unacceptable cost for suppliers. It is simply a cost of participation in this market that provides assurance for consumers and improves the labour market by providing a nationally-recognised standard of competence.
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Question 2. Is 'greater than two working days' an appropriate and reasonable notice period in the context of clause 2.7.9?

- 2.1. British Gas has no plans to charge customers for changing or cancelling appointments at short notice. We do not see this as consistent with delivering good service or encouraging customer retention.
 - 2.2. For any supplier wishing to impose a charge, we regard two days' notice as excessive. We disagree with the principle but if a customer has taken the trouble to contact their supplier it is usually because of a change of circumstances that it may not have been possible to predict. They should not be discouraged from making contact at any time, even on the day of the appointment.
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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?

- 3.1. We support Ofgem's suggestion that any potential charge for the cancellation of an appointment should be made explicit when the appointment is confirmed. Without such advice having been given it would be unreasonable to expect a customer to

accept the charge.

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?

- 4.1. We think that the SMICoP as currently worded delivers an appropriate level of information to customers regarding their appointment choices.
- 4.2. It is in suppliers' interests to make the smart metering installation a positive experience for customers and that starts with the initial contact and the appointment. There is no doubt that most customers will expect something more specific than simply a date. To propose anything less than a morning or afternoon slot is likely to disappoint customers and immediately prompt a request for something narrower that does not require a whole day commitment from the customer. It is British Gas policy always to offer appointments within a four-hour band. If this is still difficult to agree then paragraph 2.7.8 becomes relevant and we will offer narrower or even evening appointments.
- 4.3. It would be impractical to offer more specific appointments than these for all customers as we would lose operational flexibility, miss more appointments, pay more compensation and unnecessarily increase the costs of rollout. If we offer a visit that is accepted by customers we do not see any need to then explain that other types of appointment are available. We have positioned the smart meter installation as an opportunity to convince customers that they were right to choose British Gas as their energy supplier. That means giving an appointment that is right for them. The competitive market should drive all suppliers to adopt a similar approach without the need to spell it out through regulation.
- 4.4. The Standards of Performance place an inappropriate emphasis on arrival time when it is actually the period of time over which the customer needs to be present that is of most interest. This point is covered under 2.7.12 of the Code.

- 4.5. The only occasion on which customers are not initially offered a narrow appointment is when a date or period is proposed by letter, often then followed by a subsequent contact at short notice. This is not our preferred method of operation but it is an approach that we have trialled. It may prove helpful in some locations or perhaps during any community-centred engagement activities. In all such correspondence we would always encourage customers to contact us for a more specific appointment so we would have no difficulty with an obligation to make it clear in outbound, written communications about appointments that narrower appointment bands are available.
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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?

- 5.1. We do not agree that this is necessary or that customers would benefit from its introduction.
- 5.2. The amount of information that we are required to convey to customers has become excessive and extremely difficult to deliver. The well-intentioned consumer protections, which we support, when taken in combination can have a compound effect of making the whole introduction to smart metering a very disengaging experience. We have examples of initially enthusiastic customers losing patience as we run through all the information required under the Code and regulations.
- 5.3. Having taken the customer through the maze to explain what a smart meter is, what will happen at the visit, the need for them to be at home, the fact that there will be no charge, how long the installation will take, that safe access and working conditions will be required, that the energy supply will be interrupted, that the system will be demonstrated, that energy efficiency guidance will be offered, whether they have any special needs that we need to take into account, what data we will collect and what we will use it for, whether they would like us to describe relevant products to them and whether there is parking available, we feel we have done well to keep the customer on the telephone. To add yet another requirement to this unwieldy list is excessive and unnecessary. The very fact that consent to marketing is requested makes it very obvious that there is a choice to be made. To supplement that with a

redundant statement that there is no obligation to say yes assumes that customers will somehow be tricked into giving an affirmative response that they did not intend.

- 5.4. The bar has been set very high for any supplier wishing to promote products and, even for the minority where consent is obtained, clauses 3.8.2 – 3.8.8 provide further protections by ensuring that information is accurate, is presented professionally and, most importantly, that the customer is in full control of whether the discussion continues or ends. Our installers are trained to look for any signals from customers that further discussion is unwelcome and to stop immediately. Their reward scheme is heavily biased towards customer service scores ahead of any prospective sales so their primary objective will always be to deliver safe installations and great customer service. That means doing what the customer wants.
- 5.5. It might be claimed that explicitly advising customers that they can say no to any marketing assists in that objective, but we disagree. It leads customers in a particular direction and undermines confidence in responding positively. This is plainly a commercial issue for British Gas, but the products and services we seek to promote are those that will support the Programme objective of reduced energy usage.
- 5.6. The consumer protections within the SMICoP have been formulated after extensive debate at the SMICoP Interim Steering Group and at the stakeholder events. After over forty iterations, we believe that the final version of the Code reflects a strong consensus of what is good for customers, suppliers and the delivery of Programme benefits. This balance was not easy to strike so it is disappointing now to revisit it. The opportunities for direct customer engagement in discussions on energy efficiency (and Green Deal) are rare and it is already difficult to secure the consent to do that. Ofgem could now make it even harder.
- 5.7. Although not one of your specific questions, we wish to draw particular attention to the promotion of Green Deal products. We have flagged at the SMICoP Interim Steering Group, and in our response to the Environment and Climate Change Committee Inquiry into Smart Metering Roll-out, our concern that the opportunity effectively to promote the Green Deal must not be missed. The smart metering roll-out is not about the infrastructure, it is primarily a consumer programme. It is unlikely that suppliers will be required ever again to visit every consumer's home to engage them on the subject

of how to use less energy. This is a golden opportunity to promote a government programme designed to deliver affordable improvements to the efficiency of the UK housing stock and to reduce people's energy bills, but its effectiveness is undermined by an inability to provide any call to action.

- 5.8. We are confident that the consumer protections already included within the Code provide a high level of assurance against unwanted marketing activity. We would be happy to discuss the precise details of how these would work for Green Deal and have already been in discussion with Consumer Focus over appropriate consumer safeguards.

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.

- 6.1. We think that it is reasonable to describe the types of products that may be promoted if the customer were to give consent to marketing since it would help the customer to consider whether these are things about which they would like to hear more. Where consent is obtained, British Gas will only promote products that the installer can see are relevant for that property. For this reason we would not want to describe an exhaustive list. We think it is sensible to describe products in generic terms however; for example, advising that the installer can offer advice on products that could reduce energy bills.
- 6.2. We see this approach as sensible and good practice. It is also likely to be a minimum requirement for enabling and encouraging the customer to provide consent, so we do not see any compelling need to include it within the Code. We will not object to its inclusion but we would expect any supplier seeking marketing consent to do this anyway.

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?

- 7.1. In order for there to be any marketing contact following the installation of smart metering, a request must be recorded and passed to the relevant product experts within British Gas. We would not do anything different if a requirement for an auditable record were introduced into the Code.
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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?

- 8.1. We do not think it is practicable, necessary or appropriate to include additional information in the SMICoP on this.
- 8.2. The SMICoP Governance Board will further develop the compliance monitoring requirements and must make this proportionate: a balance must be struck between cost and assurance. The progress to date has attempted to do this by limiting the external cost to one independent audit – planned to be recharged on a time-on-site basis (therefore lower cost for smaller suppliers) – and a periodic customer survey, focussed on a narrow range of obligations that cannot be verified in any other way. Final details on questions, sample sizes and frequency have still to be determined but it is only the approach that needs to be included in the Code.
- 8.3. The only valid reference to costs could be the process for apportionment of the external audit costs. All other compliance monitoring costs will be managed by suppliers themselves.