



Secretary of State, Holders of Gas and Electricity Supply Licences, consumers and their representatives, consumer bodies and other interested parties

Promoting choice and value for all gas and electricity customers

Email: philip.cullum@ofgem.gov.uk

Date: 3 May 2013

Dear Colleagues,

Designation of the Smart Metering Installation Code of Practice – Supplementary Information

On 25th April 2013, Ofgem designated the Smart Metering Installation Code of Practice (SMICOP) for use by all domestic and micro-business suppliers installing compliant smart metering systems. The final version of the SMICOP is available on our website¹.

On designating the SMICOP, we stated that we would publish a letter providing further details regarding the changes we made to the code as a result of our February 2013 consultation. Annexed to this letter is a brief summary of the consultation responses we received and the conclusions we reached in making changes to the SMICOP as a result of our consultation. A complete table of changes is also annexed to this letter.

If you have any questions about this letter, please contact Jonathan Blagrove jonathan.blagrove@ofgem.gov.uk.

Yours sincerely

A handwritten signature in black ink, appearing to read "Philip Cullum".

Philip Cullum
Partner, Consumer Policy and Demand Side Insight

¹ <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=259&refer=Sustainability/SocAction/Publications>

Annex 1 – Consultation responses summary and conclusions

Question 1

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

Responses

Most respondents noted their desire to see all installers attain a universal standard of training competence. Respondents generally focused their comments on the references to the National Skills Academy for Power (NSAP) training and accreditation requirements in the draft code. The majority of respondents supported the concept that installers should receive training and accreditation from an NSAP accredited provider to ensure training consistency, and several suggested that the requirements should extend to both domestic and micro-business installers. Some large suppliers also noted a desire to retain a degree of flexibility around installer training.

Some respondents including large and small suppliers, a consumer group and others noted issues with the NSAP training and accreditation framework. The main issues raised were a potential lack of training capacity and possible resulting cost implications, especially for small suppliers; perceived gaps in the current training framework; and the lack of universal Distribution Network Operator (DNO) satisfaction with the current framework.

Conclusion

Ofgem believes that the primary focus for the drafting of clauses in the SMICOP around training and accreditation requirements should be on ensuring that all installers are trained to a degree that enables them to carry out installations effectively and to a high standard. We are conscious that different installations will present different challenges and will require differing levels of installer knowledge and skill.

On this basis, we have merged clauses A 2.6.2 and A 2.6.3 to create a new clause that emphasises the requirement for installers working at both domestic and micro-business installations to have the training needed to conduct the installation, taking account of the knowledge and skills necessary to fulfil the role. We believe that this change strengthens consumer protections by placing the emphasis firmly on the desired outcome in this area – suitably trained and qualified installers.

We have also considered the requirements linked to NSAP training and accreditation. On the one hand, we recognise the value of the work that has been undertaken to develop the NSAP training and accreditation framework. However, as noted in our consultation, we are also conscious of some concerns that a variety of stakeholders have raised. We believe that further work is needed to allay these concerns and to support any case for training and accreditation requirements to be linked solely to the NSAP framework. For example we note and welcome the continuing dialogue between NSAP and the DNO Northern Power Grid (NPG) to address concerns held by NPG.

We are also concerned that the original proposals would prevent suppliers from utilising installers trained and accredited through alternative training and accreditation frameworks – even though installers gaining training and accreditation under an alternative framework could be equally well trained and qualified.

As a result we have adjusted the clause wording to require that domestic suppliers utilise installers that have received training and accreditation from an NSAP accredited training provider, or are trained and accredited to an equivalent level.

Question 2

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

Responses

The majority of respondents felt that 'greater than two working days' represented an appropriate and reasonable notice period in the context of clause 2.7.9.

Two consumer groups and a large supplier thought that the notice period should be shortened to allow for late changes in customers' circumstances. It was suggested that 24 hours should replace 48 hours in the wording of the clause.

Conclusion

At this stage we have decided not to implement a change to this clause. Per our consideration of the issues associated with Question 4, we are conscious of a broader ongoing debate around appointment scheduling. This debate covers appointment scheduling in the unique context of the smart metering roll-out; and also in the context of our live review of the supplier Guaranteed and Overall Standards of Performance. Rather than implementing changes to the proposed approach towards appointment scheduling in the SMICOP now, we expect the issues raised in this consultation to be considered and acted upon as part of broader work on appointment scheduling.

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?

Responses

All respondents felt that informing customers' about potential charges for cancelled/rescheduled appointments in advance of the installation visit was important. Some noted that providing this information would constitute good customer service and would be consistent with good practice in other industries. A number also noted their view that customers would be less likely to cancel or reschedule appointments where it was clear that a charge might be levied.

While supportive in principle some larger suppliers questioned whether a detailed requirement needed to be included in the code. One large supplier felt that general consumer law already covered the requirement.

Conclusion

We believe that it is wholly appropriate for consumers to be informed prior to the installation visit of any charges that may be levied. This transparency is essential to reduce any risk of customers feeling as if they are incurring a charge that they did not expect. Given the sensitivities around the levying of charges generally, we feel that it is necessary to include a requirement in this area in the code.

As noted in our consultation, 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.

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?

Responses

Consumer groups and the majority of other respondents were in favour of including an additional requirement in this area. They felt that the SMICOP represented a suitable vehicle for reminding customers of their existing rights in relation to appointment scheduling.

However, large suppliers felt that a new requirement was unnecessary, mainly because it would duplicate existing requirements under the supplier Guaranteed Standards of Performance.

Conclusion

At this stage we have decided not to implement a change to this clause. Per our consideration of the issues associated with Question 2, we are conscious of a broader ongoing debate around appointment scheduling. This debate covers appointment scheduling in the unique context of the smart metering roll-out; and also in the context of our live review of the supplier Guaranteed and Overall Standards of Performance. Rather than implementing changes to the proposed approach towards appointment scheduling in the SMICOP now, we expect the issues raised in this consultation to be considered and acted upon as part of broader work on appointment scheduling.

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?

Responses

Consumer groups, small suppliers and other respondents supported the inclusion of a new requirement for suppliers to inform customers that they are under no obligation to receive marketing, because they felt it would provide clarity for consumers and avoid confusion. They also thought it would reduce the risk of customers feeling pressurised into consenting to a marketing discussion taking place.

However, large suppliers felt that the existing requirement to gain prior consent for a marketing discussion to take place provided customers' with sufficient clarity and awareness in itself. They thought that being presented with the need to provide prior consent negated the need to inform customers' that there is no obligation to receive marketing.

Conclusion

We have implemented a requirement for suppliers to inform customers that there is no obligation to receive marketing in the SICOP. We believe that implementing this change will provide customers' with enhanced clarity, and reduce the risk of customer confusion in this particularly sensitive area.

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.

Responses

Consumer groups, some large suppliers, small suppliers and other respondents felt that customers would find it useful to have a clearer understanding of what to expect from any marketing discussion by being informed about the type of goods and services that might be presented. Some noted that customers would only want to engage in a marketing discussion when the discussion was focused from the outset on goods and services they were interested in.

Of those large suppliers who felt that a new requirement was not needed, some argued that customers would be informed about the types of goods or service anyway in light of the existing requirements set out in the underpinning licence conditions, or as a result of the natural flow of a conversation around obtaining prior consent for marketing.

Conclusion

We have implemented a new requirement in this area. We believe that implementing this change will provide customers' with enhanced clarity about what to expect from any marketing discussion. It should also enable suppliers to gain a better understanding of their customers' genuine interests, and therefore allow suppliers to focus any marketing discussion towards goods and services that the customer genuinely wants to know more about.

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?

Responses

Consumer groups, a small supplier and other respondents generally took the view that suppliers would need to maintain auditable records to have evidence that a customer had made an informed choice to receive a follow-up marketing/sales interaction in case there was a dispute.

Large suppliers generally took the view that such a requirement did not need to be set out in the SMICOP as suppliers would need to keep such records anyway for their own purposes and because of existing requirements elsewhere in the SMICOP/the supply licence/other regulations.

Conclusion

We have implemented a new requirement in this area. We believe that such records will be needed in cases of dispute. We believe that it is especially important that suppliers have robust processes in place to maximise transparency and clarity should any concerns in this particularly sensitive area warrant investigation.

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?

Responses

A consumer group, the majority of large suppliers and a small supplier felt that it was not practicable at this time to include additional cost information because the design of the monitoring and compliance activities, including cost projections, is ongoing. Some of these

respondents also cited other issues; they noted that costs would vary over time as the nature of monitoring and compliance activities evolved; and that costs would vary according to supplier's individual commercial arrangements.

One large supplier felt that it might be appropriate to include some general principles in the code around cost to avoid 'gold plating'. One small supplier felt that additional cost information should be included as they thought it was unreasonable for a company to sign up to an arrangement without having a complete picture of costs.

Conclusion

At this stage we believe it is impracticable to include additional information on the costs to suppliers of fulfilling code requirements around monitoring and compliance in the SMICOP. The SMICOP Interim Steering Group (SISG) is currently considering the detailed design of monitoring and compliance activities. Their work includes giving careful consideration to the costs that will be borne by suppliers as a result of conducting monitoring and compliance activities. It will be important for the SISG, and the enduring Code Board, to ensure that a balance is struck between implementing monitoring and compliance activities that are effective and robust; while ensuring that costs are minimised and remain proportionate for suppliers of all sizes.

Once their work is complete, all parties will have a clearer indication of the likely cost of monitoring and compliance activities. Clearly costs will still vary as monitoring and compliance activities evolve; and will also vary from one supplier to the next depending on the commercial arrangements suppliers make with research providers.

Annex 2 – Table of post-consultation changes

Section	Change	Consultation Question
A 2.6.2 & 2.6.3	Replaced with new clause 2.6.2	1
A 2.7.9 (footnote 11)	'greater' replaced with 'more'	n/a - minor drafting adjustment
A 2.7.9 (footnote 11)	'Members must make clear to customers during the pre-installation period any charges that may be applied if the customer cancels or reschedules an Installation Visit' added	3
A 3.3.14	'Where appropriate' replaced with 'Taking account of the circumstances of the installation'	n/a - minor drafting adjustment
A 3.3.15	'Where appropriate' replaced with 'Taking account of the circumstances of the installation'	n/a - minor drafting adjustment
A 3.3.17	'independent and impartial sources' added	n/a - minor drafting adjustment
A 3.8.1 (footnote 16)	Footnote 16 added	5
A 3.8.2	'clearly' removed	n/a - minor drafting adjustment
A 3.8	New clause 3.8.3 added	6
A 3.8.11.2 (footnote 17)	Footnote 17 added	7
A 3.8.7 & 3.9.7	'technical' removed	n/a - minor drafting adjustment
B 2.3.3	'on request' added	n/a - minor drafting adjustment
B 2.7.4.3	'on request' added	n/a - minor drafting adjustment
B 3.3.5.2	Footnote 23 added	n/a - minor drafting adjustment
B 3.4.1	'third party' replaced with 'suitably qualified independent body'	n/a - minor drafting adjustment
B 3.4.4.2	Footnote 25 added	n/a - minor drafting adjustment
Glossary of Terms	Definition of 'Interoperability' added: "Interoperability" means the ability of diverse systems, devices or organisations to work together (interoperate)	n/a - minor drafting adjustment
Various in Section A	References to 'products' replaced with 'goods'	n/a - minor drafting adjustment