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Consumer Policy and Insight
Ofgem
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Dear Jonathan

Consultation Response – Smart Meter Installation Code of Practice – Ref 19/13

We are pleased to have the opportunity to respond to this consultation. Our responses are attached, and we would like here to make some high level points;

The SMICOP – The aim of the Code is: i) to ensure that customers understand the installation process, ii) to provide any assurances that may be required, iii) to protect customers during the transition to smart, iv) to establish a positive customer experience of the installation process, v) to establish the opportunity to deliver Programme benefits that will emerge from long - term customer behaviour changes. The code drafting should reflect these aims. We have participated throughout and have always supported the SMICOP. It provides consumers and consumer advocates confidence in the minimum standards that all suppliers will apply when installing smart meters. Suppliers are free to go above these standards and provide extra flexibility to consumers. We support the concepts in all key areas of SMICOP.

Prescription – We do not believe that SMICOP should be overly prescriptive.

Information provision - We believe that provision of excessive information to consumers on the regulations that suppliers must comply with clutter and potential confusion to communication that should focus on the benefits of smart meters to consumers.

Redundant conditions - Where conditions are specified in other regulations, they should not be repeated in SMICOP. Repetition does not conform to the principle of better regulation and adds red tape, the costs of which ultimately fall to consumers. No further reassurance to consumers nor censure to suppliers is provided by redundancy.

Impact on rollout - More than 53 million gas and electricity meters are to be replaced by the end of 2019, and suppliers are bound by rollout obligations. This will require a large force of fully trained engineers, co-ordination of installation visits and the co-operation of customers. To achieve this, suppliers will need flexibility of business model, minimisation of administrative requirements and elimination of redundant or unnecessary prescriptions.

GSOP review – the guaranteed standards of performance must be fit-for-purpose and as such need to be reviewed in light of smart meter installations that vary both in terms of the types and volumes of installations than were originally envisaged when GSOP was first drafted. The review must also cover the associated guaranteed payments for failed visits, which are currently imposed on suppliers but would have a potentially detrimental impact if maintained for smart meter installations.

This response is not confidential

Yours sincerely



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

We support the need for SMICOP to require accreditation and training.

We do not believe that this should be excessively prescriptive or require excessive administrative burdens

We are supportive of the need to establish 'smart metering specific' accreditation and the associated training requirements for all engineers and believe that the training developed by the National Skills Academy for Power (NSAP), in conjunction with suppliers, meter operators, network operators and the HSE fulfils these requirements to a sufficiently high standard. The accreditation and training that has been developed will facilitate consistent, high-level, common standards during installation visits and as such is an improvement over the existing accreditation processes. Such an approach is required to ensure that a positive customer experience is achieved and maintained throughout the enduring period of the Programme.

Further, we assume that this accreditation applies to any engineer that is expected to install smart metering equipment and that the associated training is paid for by the supply business that is employing that engineer, irrespective of the number of customers that it supplies. We understand that training costs are based on either a 'per installer' basis and so proportionate to a suppliers' rollout portfolio, or are subject to commercial contract which provides the supplier with a certain level of control. We therefore believe that no supplier would be disproportionately disadvantaged under either of these charging regimes.

In addition, we ask that Suppliers are given the flexibility to manage the training and accreditation of their engineers. Npower will continue to support, follow and abide by the accreditation route that has been specified by NSAP, but do not believe that there is a need to enforce a 'one-size-fits-all' approach to obtaining appropriate levels of accreditation and reserve the right to ensure that their engineers are trained to the appropriate standards, according to their needs.

For example, our current understanding is that the NSAP provides a baseline of minimum standards that may not be adequate to cover all installation scenarios, particularly at non-domestic sites where there is an inherently greater variation with regard to the range of customers, site types and the technical solutions required. Further, the variation in the accreditation requirements of new and experienced engineers needs to be better defined and understood.

In the wider context, consideration must also be given to the constraints that the following may cause:

- The number of engineers that will need to become accredited;
- The time-scales envisaged for the field-force to become accredited;
- The large volume of smart meter installations required;
- The roll-out time-scales; and
- The overall number of training providers available.

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

Yes

It makes sense for notice periods to be reciprocal between suppliers and consumers

SMICOP specifies a minimum standard on suppliers and does not bind consumers. Suppliers may not charge consumers for appointment cancellation within a specified horizon and can elect to charge lightly or not at all inside this horizon.

We will encourage our customers, during any pre-installation activities, to notify npower at the earliest opportunity if they require their installation visit to be cancelled or re-arranged. We do not charge either our domestic or non-domestic customers for any late notifications or the inconvenience that this may cause.

We do however accept that as the installation volumes increase during smart rollout that consideration should be given to how we encourage our customers to play their part in the process and believe that it is reasonable to expect them to take some responsibility. As the programme develops then consideration may be needed to cater for specific circumstances such as repeated failure to keep appointments.

It should be noted that electricity suppliers are currently held to cancellation notification timescales as drafted within the Electricity (Standards of Performance) Regulations 2010 and Gas (Standards of Performance) Regulations 2005 5 (a) – that gives the relevant industry party one days notice. We may therefore wish to consider reciprocal time-scales from our customers.

Further consideration should also be given that the Standards of Performance were not originally drafted with either the volume or variation of new, smart metering installations in mind. They also make provision for payments to be made to customers where suppliers have missed an appointment. Therefore this may now be the time to revisit these Standards to ensure that they remain fit-for-purpose for all those involved throughout the enduring phase of smart meter roll-out. For example, under the existing arrangements a supplier who misses a smart meter installation will have effectively missed both a gas and an electricity installation and so will be liable to pay the customer twice for such a missed appointment, this seems both unbalanced and inappropriate. As we do not consider it appropriate to charge customers as part of the new SMICoP arrangements, we would suggest either reciprocal arrangements or a derogation to be established with regard to these supplier penalties for the duration of roll-out.

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?

Yes

It makes sense for notice periods to be reciprocal between suppliers and consumers

At this point in time we do not intend to levy cancellation charges on customers. We would hope to maintain this approach at least until the last stages of the rollout.

Reciprocal arrangements should be considered to, at least, allow for GSOP derogations during smart rollout as there will be an increasing likelihood that suppliers will miss/ be late for appointments for reasons outside of their control due to unforeseen installation difficulties, particularly during the early stages of rollout out where the industry experience is developing along with increasing installation volumes. Alternatively the financial penalties covered under GSOP could be reconsidered as the original drafting was not designed for either the complexity or volume of smart metering installations

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?

No

Suppliers must comply with existing regulations

We believe that adequate provision has already been made within the existing Regulations 15 and 24 for Gas and Electricity respectively and the current draft of the SMICoP and its alignment with the associated Guaranteed Standards of Performance documentation, as follows:

- SMICoP section 2.7.8 states - If the first appointment offered for an Installation Visit is inconvenient, the Customer is made aware of the range of Installation Appointment time bands that the individual Member operates and that are available to the Customer; and
- Electricity (Standards of Performance) Regulations 2010 and Gas (Standards of Performance) Regulations 2005, Part VI, Regulation 19 and Part II, Regulation 6, respectively, ultimately make provision for timed appointments to be agreed between a customer and the relevant industry party.

Our interpretation of the Code of Practice and the Standards of Performance is that this would require appointments to be booked for a morning, afternoon or a 2 hour time band, on request. However we note that this interpretation varies across suppliers with some believing it is acceptable to offer all day appointments and that this view has not been challenged by Ofgem representatives within smart metering working groups. We would therefore suggest that Ofgem provide a definitive view with regard to these standards as part of their response to this consultation. We note that Ofgem have previously suggested that suppliers seek legal advice on the subject, but do not see how this will resolve the difference of opinion that currently exist or the impact that this may have on customers' experience.

Where the appointment initially suggested has not been confirmed then further appointment options would be offered. In any written or verbal offer of an appointment the customer should have the option to vary that offer until an agreement is reached and consent given, if this requires a timed appointment then we would make all attempts to provide this.

However, it should be noted that suppliers will have to manage a large volume of installations during rollout and if timescales are to be met it is important to understand that it may not always be possible to provide customers with the exact appointment time that they have requested. Further, if suppliers are to meet their rollout obligations they must be allowed to retain a flexible approach to their deployment planning that must also include the ability to provide morning or afternoon visits.

Alternatively, consideration must be given to the increased costs that would be associated with managing smart meter rollout based entirely on our customers' preferred availability. For example, a large number of customers may only wish to

grant access for installations during the early evening, after returning home from work. This would potentially skew installation volumes to this portion of the day and so could impact a suppliers' rollout strategy and time-scales, which would therefore need to be taken into account.

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?

No

Suppliers must comply with existing regulations

We support the concept of obtaining a customer's consent prior to engaging in face-to-face marketing at the installation visit and see these activities as integral to managing our customers' expectations and so leading to a positive installation experience. We do not however see the benefit or added value that adding this additional obligation will create.

The SMICoP clearly states in clause 3.8.1 that consent must be obtained from the customer prior to the installation visit and goes on to cover aspects as to how this consent can be recorded. Further, there are existing supplier licence conditions that adequately cover obtaining customer consent for marketing purposes. With these in mind, we do not believe that there is a need to introduce any further obligations in this regard.

Whilst we concur that it does not clarify that they are under no obligation to receive face-to-face marketing during the installation visit. we believe that the obligation is clear in that the consent requires an explicit 'opted in' mechanism, where the customer has the freedom to say no. We therefore consider that this aspect of the pre-installation contact with the customer is adequately covered and would not wish to see over-prescribed solutions being developed. We suggest that if overwhelming evidence of customer misunderstandings are obtained that the obligations should be reviewed at this stage, when specific shortfalls will have been identified that will then inform appropriate drafting of obligations or solution(s) to be developed.

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.

No

We understand and support the concept behind the proposal. We consider that in order to manage our customers' needs and expectations during all stages of the smart meter rollout that we must engage in open and meaningful conversations. With this in mind we would therefore anticipate that initial contact with a customer, who has given consent for marketing activities to take place during an installation visit, would also establish the nature of any face-to-face marketing to the customer's satisfaction. We do not see the need for this to be set as a new obligation on suppliers or how it could be effectively and efficiently introduced to the benefit of all parties involved, if it were to be mandated.

We are mindful that an appropriate balance must be struck between the need to fully engage and inform our customers and the time, effort and expense that may be involved for all parties, particularly when consideration is given to:

- The development of new products and services and the associated changes to call scripts, systems and processes that may be required;
- The difficulties in developing conversations tailored to specific customer needs without the prior knowledge that this would require; and
- The range of communication channels that would be employed.

We must be careful not to become distracted from the fact that the appointment call must be designed to establish a mutually agreeable installation date and time, whilst the primary reason for the site visit is to install new smart metering equipment. Further, the appointment call will form part of the early 'touch-points' with the customer regarding the smart metering programme. The length and content of these calls then should be designed to engage the customer with the programme and this may not require imparting the maximum amount of information in the shortest time. We therefore ask that a holistic view be taken of how much information suppliers are being required to place in their pre-installation communications with their customers and that this has been appropriately considered by suppliers, the Information Commissioner and consumer groups.

We recognise that the smart meter installation visit presents a significant opportunity to engage the consumer in energy management. At this stage in the rollout we believe it to be essential to maintain the single purpose of the visit, and thereby forego the opportunity for wider engagement. Provided that the early stages of rollout can maintain consumer trust then it may make sense gradually to relax the proscription on wider engagement, and associated marketing.

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?

No

Redundant regulation – Where a supplier is bound by a code or regulation then it behoves the supplier to maintain sufficient records to demonstrate compliance if requested. There is no need to single out this part of SMICOP for this requirement, nor prescribe in the detail the record-keeping.

In the broader context of marketing consent we understand the reasoning behind Ofgem raising this concept for further consideration. We understand that the intention is that it may prove useful in identifying potential ‘pressure sales’ situations, however, as the customer is always able to change their consent at any time, we suggest that the ability to act on the information that these records would provide would be undermined and as such would remain open to interpretation. We therefore do not believe that there is sufficient benefit for placing an additional obligation on suppliers to capture this information in SMICoP.

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?

Yes

We envisage that these audits will be subsumed within our current capabilities and dealt with and funded accordingly. We are of the opinion that customers will not be interested in this aspect of the smart metering rollout as the costs of these monitoring activities should have no impact on a their installation experience.

We do not believe that it is appropriate to include cost outlines in the Code for a number of reasons, including:

- The increased liabilities that this would place on the Code Administrators to obtain and manage this information on a regular basis;
- The fact that it has never been established as a requirement by any other code; and
- The accuracy of any cost estimates that could be produced at this time.

Further, we have yet to understand:

- the reasoning behind the suggested inclusion; and
- the purpose for which the information is intended