



Ovo Energy
Wellington House
Kemble Enterprise Park
Kemble
Cirencester
Gloucestershire GL7 6BQ

t: 0800 5999 440
e: hello@ovoenergy.com

www.ovoenergy.com

Jonathan Blagrove
Senior Manager
Consumer Policy and Insight
Ofgem
9 Millbank
London
SW1P 3GE

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Consultation on the Smart Metering Installation Code of Practice

Dear Jonathan,

Please find enclosed Ovo Energy's response to Ofgem's consultation on the Smart Metering Installation Code of Practice . Ovo Energy welcomes the opportunity to provide responses to the questions raised in the above consultation.

Ofgem published SLC 41 & 42 with the intention that all suppliers would adhere to the published SMICoP by 31 December 2012. However, Ovo did not assent to our name being added to the smart installation code of practice drafted by Energy UK.

We were originally concerned during the drafting of the code that the obligation to undertake the work was discharged to Energy UK, as the perceived and actual independence of the code was compromised by the fact that the big 6 suppliers were directing the production of this document. There is a concern that the Government mandate to engage with the general public and roll-out smart meters could be irreparably damaged if customers realise that the installation process was entrusted to companies with tainted customer service reputations, who have continuously failed to gain the trust of their customers.

Ovo is mainly concerned with the code governance and the fact that it's excessive for the needs of this document. Energy UK also has a majority representation on the 12 strong Code Board, so there's an additional concern that this provides the opportunity to promote their agenda. Furthermore, Energy UK has offered to undertake the Code Administrator role until the end of 2013 and is also in the position to appoint the chair of the Code Board. There is therefore a valid concern that the structure of the code has been managed by Energy UK and the governance positions are now predominantly composed of their members, which questions the perceived and actual



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independence of the Code.

Ovo's aim is to deliver a smart metering solution to our customers, along with the associated benefits, at minimal cost. We're concerned that the additional financial burden in policing codes and processes will lead to increased costs. It's crucial that there is transparency of all code costs, as these will ultimately be borne by the end consumer and we need to ensure that customers are not incurring any further additional expense within the smart roll-out.

We would also suggest that this code should not stand alone and from a cost perspective should be governed under the SEC. Alternatively, it should include a date for migration into the supply licence to be treated in line with other CoPs, without the governance required under the current document.

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

It's vitally important that meter installers are trained and accredited to an industry agreed level of competency. It's key that there is an agreed standard operating across all DNOs to ensure consistency for the training of the operatives. We are concerned that unless all DNOs agree to the same accreditation there will be significant delays to the roll-out due to training constraints and this will affect the targets the industry needs to achieve.

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

Yes, this is appropriate and is in line with the timescales we currently offer customer for cancelling or re-arranging meter work.

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?

Transparency is crucial to gaining customer trust and ensuring a successful smart meter roll-out programme. Abortive visit charges are common in the world of satellite/cable TV providers and any charges are communicated to the customer during the booking process.

Being clear and transparent with regards to these charges will also result in increased access rates, as customers will want to avoid paying for a missed appointment and are therefore more likely to



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be active in rearranging inconvenient dates and times.

A lack of charging transparency has the potential to damage the roll-out, as customers will become disillusioned before the process of installing a meter has even begun if they feel they're being exploited for a perceived profit.

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?

As with the response to question 3 there should be complete transparency of the booking process and the appointment structure available to the customer. Once again the industry should see this as an opportunity to engage with customers and make the smart roll-out a success.

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?

Yes, this should be made clear to the customer before commencing a discussion on marketing and the question should be structured to specifically ask whether they want to receive such information i.e. it should be an opt-in to consent to receive this data.

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.

As signatories to the Which? 'Smart Challenge' we have undertaken not to endorse any sales or marketing activity during the installation process. Our stance is clear; the installation process should concentrate on successfully placing the meters in-situ and providing relevant details to the customer relating to the meter and its functionality. We firmly believe that promoting and allowing any marketing activity risks detracting from the install and the benefits of the Smart meter.

As it has now been agreed that marketing is acceptable, the suppliers should have to specify which services are going to be discussed and this information should be available for any auditing



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purposes. If this is not specified we are concerned that there will be little regulation of this area and marketing will effectively become sales under a different guise.

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?

This is not an activity that affects or endangers the smart roll-out process and we would therefore suggest that this is monitored and regulated under the relevant supply licence conditions and not within the 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?

It's unreasonable to expect any company to agree to a code where unknown costs will be incurred in the future, which is what agreeing to this code would entail. It's crucial that costs are known, as ultimately these will be borne by the end consumer and we need to ensure that they are not incurring significant additional expense. There's also a concern that there's no mention of capping the costs and ensuring that any audit of the processes also includes value for money for the end customer.

An allowance also needs to be made for the SMICoPs potentially disproportionate impact on those with smaller numbers of smart meter installations. Ovo is mainly concerned by the cost of any auditing process, as there's no forecast of what charges suppliers will incur or what resource they will need to provide to enable this action to be undertaken on a yearly basis.

Regards,

Stephen Fitzpatrick
Managing Director