Ofgem Consultation on the Smart Metering Installation Code of Practice

Telefónica welcomes the opportunity to respond to Ofgem's consultation on the Smart Metering Installation Code of Practice (SMICoP). We support the introduction of a mandatory code of practice outlining rules and standards of conduct for suppliers installing smart meters for both domestic and micro-business customers.

Smart meters for electricity and gas are an essential foundation for a smarter energy future for the UK. They will empower consumers by providing them with feedback on their energy usage, helping them to monitor, manage - and should they wish - reduce their energy consumption. Yet, one of the principle obstacles to building a network of smart meters in the UK is the lack of consumer awareness, support and protection, especially during the installation process.

It is vital that consumers' experiences of this process are positive in order to build trust and integrity in the smart meter programme as a whole. As such, a robust code of practice for all suppliers installing smart metering systems is of paramount importance, not only to reduce the need for repeat visits, but to reduce the burden placed on vulnerable households where the installation process could present overwhelming concerns.

In order for this to happen, we believe that SMICoP needs to be underpinned by the following preconditions:

1. **Roll out planning** – It is important to ensure that when a smart meter is installed the communications infrastructure is already in place, otherwise the consumer experience of smart metering could be a negative one. Cellular networks are already in place and ready to support a smart metering rollout from day one. Telefónica's cellular solution has more than 80% population coverage from day one unlike proprietary solutions which will not have high levels of coverage from day one.

2. **Installation requirements** – the availability of a sufficient number of trained and accredited installers in order to meet the deployment rates required for the Government's 2019 targets. As the installers are conducting home visits they need to be trusted as well as trained to the correct standards in the interests of safety. They also need to be held accountable for following the correct installation procedures.

3. **Meters certified and ready to go** - All of the equipment (the smart meter, the communications hub, the display device) must be certified and interoperable. Different energy providers may select different manufacturers to build their meters and display devices. All of the different meters and display devices must work with the communication hubs. One possible solution is a UK centre of excellence in conjunction with the Buildings Research Establishment (BRE) that will conduct interoperability tests, provide smart meter accreditation and allow installers to have access to the most up to date technology. Centralised certification of meters should also add confidence and reduce the need for second or repeat visits.

SMICoP rightly addresses some of these concerns, however, to fully overcome resistance and mitigate the threat of a mass opt out, we must make a compelling case, make it easy and simple, and take a proactive, partnership approach to educate installers and engage consumers at every step of the installation process. Indeed, the government's own large scale trials, the Energy Demand Research Project, shows that the way householders are engaged before, during and after the roll-out is crucial.

We hope Ofgem finds this submission useful and would welcome any opportunities to explain our thinking in greater detail.

About Telefónica

Telefonica is one of the world's leading telecommunications companies operating mobile, fixed and wireless networks in 25 countries across Europe and Latin America, with more than 314 million customers. In the UK, Telefónica trades under the commercial brand O2 consistently topping the customer satisfaction index with over 23 million customers. Running 2G, 3G and shortly 4G/LTE networks, O2 has been the UK's least complained about network for the past 2 years (Ofcom). O2 has also pioneered a consumer engagement programme called O2 gurus, providing dedicated help and expertise across 450 UK retail stores.

Telefónica has extensive experience of supporting smart meters. We provide communications services for over 150,000 smart meters for commercial and industrial customers across the UK; and Telefónica UK recently secured agreement to supply a managed connectivity service for over 1.4 million smart meters for a large utility company's foundation phase smart meter rollout. We have also deployed over 7,500 smart meters across Telefonica UK's property estate.

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

The fact that clauses 2.6.2 and 2.6.3 set out the adoption and accreditation requirements designed for personnel installing smart metering systems under the National Skills Academy for Power (NSAP) and Qualifications and Credit Framework (QCF), will help to ensure installers have a consistent skill set and in theory carry out installations competently. However, Telefónica notes that while ICT inclusion is not a mandatory part of the curriculum, perhaps a radio testing element is needed. Installers may be skilled mechanics or technicians for the installation of meters themselves, but less qualified to install the communications hub and ensure that it is interoperating with the network correctly. With this in mind, as part of Telefónica's smart metering solution, an app is being developed to support installers at the installation process through a connection first time approach.

To further increase the attractiveness of the smart metering diploma for new entrants into the gas and electricity industries Telefónica also believes it would be beneficial if the end qualification was comparable to the ICT technician grade as offered by the Institution of Engineering and Technology (IET).

To complement this certification, Telefónica is of the opinion that it is essential to have a robust smart meter certification regime. In this regard, installers would be able refresh their skills by having

access to the most up to date technology. One possible solution is a demonstration centre in partnership with the Buildings Research Establishment (BRE) to strengthen the installation practice. As a centre for excellence as opposed to being spread across the country, the demonstration centre would supplement the installer's curriculum by providing them with hands on experience of the latest smart meters and smart metering equipment being deployed.

From an operational point of view, both a robust installer accreditation and meter certification regime is required in order to minimise the number of repeat visits that will undoubtedly lead to unnecessary disruption and inconvenience for consumers and high costs for Energy Retailers.

Clauses 2.6.2 and 2.6.3 also propose the application of differing accreditation and training requirements depending on whether a domestic or micro business installation is taking place. In the interests of uniformity, but above all safety, Telefónica believes that all installers should be required to have the relevant level of training regardless of installation type.

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

We would agree that two working days notice is reasonable before a charge is made, however, a provision for exceptional circumstances could be made if the consumer could demonstrate extenuating circumstances (bereavement or other events of a similar severity). An alternative would be to allow one cancelled visit within two days notice without charge – see question 3. We are also of the opinion that a uniform charge should be agreed across all Energy Retailers so that one retailer cannot charge more than another for a cancelled visit.

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 this should be included in the pre-installation communications. However, the risk of a charge could put the consumer off accepting the smart meter in the first instance so a provision should be made allowing the consumer one cancellation within the two day period without charge, and any subsequent cancellation within this period would be charged.

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?**

Yes, customers should be advised of their entitlement to a timed appointment, highlighting this would ensure a smoother smart meter rollout, especially the fact that late night and weekend appointments do come at a charge. A positive customer experience throughout the installation process is essential and so being able to choose a time, have it met by the retailer is very important. O2 pioneered a consumer engagement programme called O2 gurus, providing dedicated help and expertise across 450 UK retail stores. Consumers are entitled to request a timed appoint via an online portal, to see a guru at their nearest retail store to fix any issues. Consumers are sent a text message reminding them of their appointment beforehand and this model demonstrates that people are more likely to keep appointments if they chose them themselves. In fact, cancellation or no show rates for people using this method of appointment scheduling are between 8-10%. Perhaps a similar model could be deployed for the smart meter rollout as this would significantly reduce the number of repeat visits and overcome some of the concerns around the installation process.

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, giving the customers a choice during pre-installation to receive or not receive marketing should be within the SMICOP. However, consideration should be given to promoting the general benefits of schemes such as Green Deal as part of the energy education during the installation, rather than Energy Retailer specific marketing. Again, taking the example of the O2 guru model, it is not within a guru's remit to market new products and services to customers. As part of the service they offer, they inspire fresh thinking by opening people up to the possibilities of new technology and get the most out of their handsets. Whilst we note it is within the Energy Retailers interest to market both energy tariffs and energy efficiency to customers, the installers' primary job is to install the meter. It would be preferable for the consumer to initiate the request for further marketing in which case the installer could leave some information.

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.**

SMICOP should mandate that only appropriate products and services specific to the customer should be made – determined by customer segmentation as part of the pre-installation process.

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?**

Yes, this could be included as part of any documentation the customer completes as part of the installation process. However it would be preferable to ensure that this was automated and paperless as much as possible. An online record that is accessible and available could be an option. From a customer care perspective it is also beneficial to give the customer time to follow up the enquiry themselves, we would advocate a cooling off period before future marketing or sales activities are conducted.

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?**

n/a