

# Energy UK Response to the ‘Supplier Reporting to Ofgem during Rollout’ Consultation

08<sup>th</sup> October 2013

## Executive Summary

Energy UK is the trade association for the gas and electricity sector, representing a wide range of interests and driving forward the debates on the UK's strategy for achieving a low carbon, secure and affordable energy future. It includes small, medium and large companies working in electricity generation, energy networks and gas and electricity supply, as well as a number of businesses that provide equipment and services to the industry. Energy UK welcomes the opportunity to respond to this consultation.

Energy UK views this consultation as essential to providing clarity to industry on the requirements for supplier rollout reporting to Ofgem, as outlined in licence conditions 38 and 44 of the gas and electricity supply licence, respectively.

## Response to Consultation Questions

Overall, Energy UK and its members are supportive of the proposals as outlined in the consultation document. We did not therefore see the need to respond to the consultation questions collectively. The individual suppliers will provide responses representing their detailed views accordingly.

There were however, two key areas raised by Energy UK members that we would like clarification and/or consideration.

## Non-Compliance and Enforcement

It is noted in the consultation the licence conditions requiring suppliers to install smart meters by 31 December 2020, and that Ofgem will monitor and, where appropriate, take enforcement action where a supplier does not comply with these obligations. The consultation does not however provide any clarity or explanation around enforcement of the supplier-set annual milestones.

We note that in certain circumstances, suppliers will be permitted to resubmit rollout plans, and/or adjust their annual milestones, however it is not clear what action Ofgem may take should a supplier not ‘achieve’ an annual milestone? We believe the focus should be on compliance with the end date, and the 2017-2019 annual milestones should be used solely for risk assessment purposes. Should a supplier then not complete by 2020 (and not provide evidence of exceptional or unforeseeable circumstances), they can then expect enforcement action to be taken. Suppliers should not however be penalised more than once for a single breach. Energy UK and its members welcome confirmation from Ofgem that this will not happen.

### **Publishing Milestones & Progress Reports**

Energy UK and its members recognise the importance of open and transparent communications regarding the smart meter rollout, and support the requirements to publish rollout milestones and progress reports. It is our view however that publishing those on the individual supplier web sites would provide consumers with a very fragmented perspective on the rollout, and carries the risk that the supporting narratives are inconsistent.

It is our view that publishing the results centrally (collated and aggregated) would provide consumers with a more complete and broader view of the smart metering rollout. We believe the CDB website would be the most obvious location given the synergies between the CDB's directives and the rollout progress, and is more likely consumers would 'trust' information provided by the CDB. It would also be simpler to direct all consumers to the one place for all smart metering information.

Energy UK and its members also recognise that consumer messaging needs to be carefully managed to build confidence in the broader smart meter programme. Given the CDB has been tasked with managing customer engagement and communications, we recommend the CDB provides or at least informs the narrative that goes with the milestones and progress reports. This should ensure the narrative is aligned with the broader programme messaging.