



Consultation on extending the existing smart meter framework
for data access and privacy to Smart-Type Meters and
Advanced Meters

British Gas response
19th February 2014

Executive summary

1. British Gas supports the principle that consumer protection measures should be applied consistently. Exemptions are hard to justify and should not be made on the arbitrary basis of subtle (to customers) variations in the technical specifications of meters. For domestic customers we have been applying the obligations consistently since they came into effect, irrespective of whether the meter being installed was 'smart-type' or 'SMETS-capable'. We have also been alerting customers to their choices about supplier access to data since long before DECC decided the policy. We have not tried to hide this topic from our customers.
2. However, we have significant reservations and concerns about any regulation that is applied retrospectively. We have seen no evidence to suggest that the current level of access to consumption data by suppliers is detrimental to customers or a subject of concern to them. Implementing the new policy to a widely-deployed technical architecture and communicating with several hundred thousand customers is not without cost. We have seen no evidence to date that this would be a use of resources that merits the priority that this consultation is ascribing to it.
3. We fully support the premise that customers should be informed about what data is being collected, the purposes for which it is being used and that the process for amending the level of access should be simple and publicised. There should be no differentiation based on variants of smart meter installed. British Gas has already put this process in place and provides this information to our customers on a quarterly basis¹; a higher frequency than that envisaged by DECC. For any customer concerned or dissatisfied over our access to or use of data, the opportunity to amend it is available at any time.
4. The reality is that the vast majority are unconcerned and are satisfied that there are benefits available to them from providing British Gas with access to their data. Recipients of our Smart Energy Report have endorsed its value, with 76% describing it as useful, 87% viewing it as informative and 67% believing it will help them to manage their energy use.²

¹ Currently sent to 64% of smart households, forecast to be 83% by June 2014

² Average scores from customer surveys in February, April and June 2013 for white mail and online versions

5. Having lived with their smart meter and its benefits for many months or years, we have some concerns that customers may be confused by a request from their supplier at this stage, asking them to confirm a data preference or lose a service. It has the potential to stimulate sensitivity about privacy that is not there currently and to trigger more negative press coverage of smart metering. We recognise that suppliers must be transparent, but believe that our current approach more than satisfies that requirement.
6. If Ofgem were to proceed with the obligation it is essential that it can be implemented without any change to meter software or hardware. Specifically, it must be permissible for a third party head-end provider to receive half-hourly data, whatever preferences are expressed by the customer, and to pass only the chosen number of readings to the supplier. If that were not acceptable, we anticipate that it would be necessary to switch the entire meter stock to dumb operation, since no ‘over-the-air’ firmware update option exists for these meters. This would be an appalling and unnecessary backward step that would be wholly against the interests of consumers. In addition, we fear that retrospective application of policy in this way could seriously undermine confidence for future investment decisions.
7. We accept that customers should not be subjected to unwanted marketing. This was a clear message from the DECC consumer research and shaped the policy decisions. We agree that the protection put in place should be applied to domestic customers, irrespective of the installation date and type of smart meter they have. This policy could be introduced relatively quickly, if required.
8. We accept that the extension of the data access regime for micro-business customers is more straightforward than for domestic, since it is based on ‘opting out’, though clarification is needed over how it is to be implemented. **It is essential that there is no requirement to replace or update metering hardware/firmware to satisfy the obligations.** AMR meters are programmed to collect and provide half-hourly readings and cannot be modified by over-the-air upgrades.
9. We agree that networks are unaffected by this consultation.
10. We have no objection to the extension of the SMICoP to encompass smart-type meters and have been operating on that basis since the earliest drafts were developed.

Question 1. Please provide views on the different approaches to extending the data access and privacy framework discussed in this chapter. In particular, which is your preferred approach and why?

- 1.1. British Gas accepts the logic that if consumer protection is considered necessary, then it should be applied on a consistent basis. Specification differences in the type of meter that has been installed, invisible to most consumers, would appear to be a fairly arbitrary determinant of which rules apply.
- 1.2. Date of installation, however, may not be and we feel that there should be clear evidence of consumer detriment in order to justify the retrospective application of rules introduced months or years after a metering system has been installed. Since the life of these meters is, at most, six more years, neither should we lose sight of the fact that the consumer protection measures will be universally applicable by 2020.
- 1.3. We make these points simply because there is a cost to the delivery of customer communications and the replacement of technology and/or software. Ofgem must be absolutely clear that this is money well spent, that is justified by the risk to consumers. We have no wish to be obstructive but have not yet seen evidence that the risk or detriment to consumers is material. In our view, the impacts on consumers of intervention are more likely to be negative and potentially damaging to the rollout programme. For this reason only, we do not agree that the current regulations should be applied across the whole population of smart-type meters.
- 1.4. In December 2012, DECC published research on public attitudes to data. The research showed that this was not a topic that most would have considered unless prompted. On prompting, unease about access to detailed data was discernible among some customers but it should be noted that, at this stage, no justification for its collection had been offered. The main concern identified by consumers was the use of the data for marketing purposes; that is a discrete issue discussed below in our response to question 5.

1.5. The research paper included the following conclusions:

Energy consumption data was not felt to be sensitive in the sense that there was no obvious risk to others having it, nor was it seen to be personal or private. The only perceived risk was that allowing access might somehow lead to more unwanted sales calls.

However, with increasing reading frequency, i.e. from monthly to daily, to half hourly, etc, energy consumption data *did* start to feel more sensitive as the level of detail started to seem intrusive, as though it was offering a window into the home and what went on it. Equally, it was not clear to some why anyone would want the higher level of detail, leaving a gap to be filled by speculation which resulted in some becoming more uneasy.

1.6. From this we can note the following:

- Energy consumption data is not generally regarded as sensitive or personal
- Customers cannot see why suppliers would need it but would be very unhappy if it generated sales calls
- The collection of more granular data about consumption needs to be accompanied by some context about its benefit to the consumer

1.7. The policy outcomes from this research and the parallel consultation activity were reasonable, with clear rationale: consumers must be given an explanation of the purposes to which consumption data will be put, and those purposes must not include marketing without separate explicit consent. British Gas has not yet sought consent from its customers with smart meters to use the consumption data for marketing, but we have a lot of experience of explaining the uses to which the data will be put. Around 84% of smart meter customers are choosing to provide access to half-hourly data, since they are able to see that it delivers a benefit to them, and about 8% have chosen to opt out of allowing access to daily readings. This is further evidence that consumption data is a low level concern for the majority of customers, especially when its usage has been explained.

1.8. Prior to the introduction of the new regulations governing supplier access to data, we explained to customers being given smart-type meters that we would collect half-hourly readings but that customers could request fewer if they wished. This was also included in our Customer Charter which was signposted or sent during the appointment process. We accept that most customers will now have forgotten that conversation and/or document so we now include these words on the Smart Energy

Report, sent to customers about a week after their quarterly bill:

Your smart meters automatically send British Gas energy consumption readings on a daily basis ... You can decide how many readings are sent: the more readings that are provided, the more detailed the reports you receive will be. If you would like to discuss or change the number of readings sent to British Gas each day, please call us on 0800 975 9676.

This text is included on all copies of the Smart Energy Report, irrespective of the type of meter from which the data was collected.

- 1.9. Although the majority of our installations now use SMETS-capable meters we have continued to use some ADMs that are still in our supply chain. We have provided the same choices to these customers on data as for those with SMETS meters.
- 1.10. On this basis, our preferred approach is to apply the rules set out in supplier licence condition 47³ to all installations completed since their introduction (SMETS and smart-type meters); to remind customers with SMETS and smart-type meters at least annually of the data that is being collected, how it is being used, and how they can amend the number of readings available to their supplier. We do not agree that it is necessary or justifiable to re-open the discussion with customers and require them to take action on a subject that is generally of little interest and about which they have little concern. For those who do have a concern, there is a clear opportunity to amend the amount of data to which the supplier has access.
- 1.11. We are drawn to the more flexible approach set out in Appendix 3, but see no justification for the time limit proposed under the definition of 'Pre-Installed Remote Access Meter'. It is our view that the other obligations provide sufficient consumer protection and choice and that it is unnecessary to place a future requirement on customers to take action or require suppliers to degrade a service that customers will have come to expect as normal.

³ And Condition 41 for gas

Question 2. Does the licence drafting at Appendices 2 and 3 achieve our policy aims?

- 2.1. Yes, we think that the policy aims are reflected in the licence drafting subject to the comments that follow.
- 2.2. In 47.20 (electricity) and 41.18 (gas) there is a definition for ‘Electronic Consumption Data Display’ but this is a term that is used only in the definition of ‘Remote Access Meter’. We are unclear over why it is necessary. The definition itself is quite broad and could be construed to include an IHD or even a meter with an electronic display. If the intention is to exclude ‘clip on’ devices we think the definition is insufficiently precise.
- 2.3. In condition 41.1 (b) and 41.2 (b) in Appendix 2 there is accidental reference to electricity instead of gas.
- 2.4. For the reasons set out in our answer to Question 1 above, our preference is for the greater flexibility offered by the conditions in Appendix 3. We do not think that the amendment to 47.5 (a) (ii) is required however (and gas equivalent), for the reasons given in our answer to Question 5.
- 2.5. We are satisfied that the other amendments to the conditions in Appendix 3 achieve the policy aims and, with the exception of the definition of Pre-installed Remote Access Meter, are appropriate. For the reasons set out in our response to Question 1 above, we do not agree that it is necessary to declare a future point in time at which the population of installed meters is re-designated, prompting the application of a new set of conditions with an impact on customers that we see as detrimental. They would face either a loss of services, or a requirement to take action on something which they will, by then, have come to regard as a standard service that their energy supplier provides (and from which they will have had many reminders about their opportunities to opt-out).
- 2.6. The inclusion in the Appendices of the rationale for the licence condition changes within a frame adjacent to the new drafting is a very helpful layout, making the

review of the conditions much easier.

Question 3. We have questioned whether a consumer who already has a Smart-Type Meter being approached again regarding their choices for data privacy could create a poor experience. Relevant to this is the nature of the Consultation on extending the existing smart meter framework for data access and privacy to Smart-Type Meters and Advanced Meters conversation on their choices they had at installation. If you think a more flexible framework (i.e. opt-out consent permissible if accessing Detailed Data) is necessary to prevent poor consumer experience, please provide evidence that the consumer would be unnecessarily inconvenienced by a further conversation regarding their choices.

- 3.1. We do have some concerns that returning to a subject in which most consumers have low interest may be an unnecessary and intrusive process. We also believe we have taken care to alert customers to the number of meter readings we collect, as part of the installation process.
- 3.2. Since July 2011 we have been explicit with customers about the data collected by their smart meters and the choices they can make. This has been covered during the appointment-booking telephone call and the welcome pack given to all customers at the installation. In addition, we have been sign-posting or sending our Customer Charter since that time⁴, which included these words:

We're committed to protecting your personal data

- We promise to take care of your personal and energy data. Your information will be kept secure to protect it from misuse.
- We'll record meter readings from your smart meter for each half hour of the day and these will be sent to us once every 24 hours. If you would prefer us to collect fewer readings just let us know and we will make sure that we only collect one reading to cover a 24 hour period. We will also collect information from your meter to check it is working effectively and safely so we can diagnose and correct any faults.
- If you leave British Gas we'll make sure we don't have access to any of your meters after you leave us.

⁴ The Charter was replaced in November 2013 by our Customer Guide, which reflected the revised obligations set out in Supplier Licence Conditions 47 (electricity) and 41 (gas).

3.3. Our Welcome Booklet at that time also included a question on data:

Q. How are my meter readings sent to British Gas?

A. We record meter readings from your smart meter for each half hour of the day and these will be sent to us once every 24 hours automatically by SMS. We can turn these readings into useful information for you, including making sure your meter is working properly and correcting any faults. We can collect fewer readings from you if you'd prefer, just let us know.

3.4. We had already installed around 100,000 smart-type meters when these communications were introduced and in August 2011 we sent a letter to all of these customers to alert them to our Customer Charter commitments. At the end of this process we had received only a hundred requests from customers to be opted out of half-hourly data access and to allow only monthly reads instead.

3.5. Our information to customers on this topic has not ended there however. Since supplier licence conditions 47 (electricity) and 41 (gas) took effect we have been explaining to prospective smart meter customers that if they allow access to the half-hourly data we will use it to provide them with personalised reports on their use of energy over the preceding quarter. This report is sent also to customers with smart-type meters (provided sufficient data has been collected) so not only is it clear to customers how data is being used, but we now also state in the report how they can contact us if they wish to amend the current level of access. The report includes the following text:

Your smart meters automatically send British Gas energy consumption readings on a daily basis. This information is used in order to create your personalised Smart Energy Report, giving you tailored information and tips on your energy use and helping you take control. You can decide how many readings are sent: the more readings that are provided, the more detailed the reports you receive will be. If you would like to discuss or change the number of readings sent to British Gas each day, please call us on 0800 975 9676

3.6. It is our objective to offer the smart energy report to all our eligible customers. At the time of writing it now reaches 53% of smart households and we expect that to rise to 83% by June. We will continue to work on extending this to all eligible customers⁵

⁵ We have a small number of exceptions; for example, we do not yet have versions for the Welsh language or Braille.

during 2014. For any customers who do not receive the report we have planned a communication by email or letter to advise customers about what data we are collecting and their choices. That mailing will be in Quarter 3 or 4 but is being held pending the outcome of this consultation.

3.7. We believe that the steps we have taken demonstrate that we are being open and transparent with customers. Not only that, we have put in place a service that customers value, and a quarterly reminder that they can opt out of the data access that is required to deliver that service. This level of communication on choice is higher than that envisaged by DECC for customers captured by the existing regulations. It is also a clear case of consumers being offered choice; we have found no evidence among our customers that further regulation and the costs associated with its delivery are merited.

Question 4. If we fully extended the Privacy Requirements, what would the impact on consumers be in terms of loss of services?

4.1. There is the possibility of a complete loss of services if Ofgem were to apply the principle (expounded by DECC) that no more data may leave consumers' premises than have been determined by the customer, after their options have been described to them.

4.2. Implementing this policy for SMETS-capable meters gave us a major challenge since we had to apply an 'over-the-air' firmware upgrade to the already-installed communications hubs, all of which had been configured to send forty-eight readings per day for each meter. **There is no way of implementing such a change remotely for this pre-SMETS meter set.** We would be forced, therefore, for any customer choosing to allow access to fewer than forty-eight readings per day, to deactivate the communications and revert these meters to dumb operation. The cost of physical visits would be prohibitive.

4.3. If Ofgem were to allow supplier agents (i.e. the head end service provider) to receive all data (48 readings per day, per meter) but then filter it to ensure that the supplier

receives only the number of readings to which the customer has agreed⁶, then the loss of services would relate only to the use of the data. Aside from the permitted uses set out in the licence, our use of daily and half-hourly consumption data is limited to the production of the Smart Energy Report. It has no other purpose.

4.4. For the vast majority of our customers with smart-type meters we have access to half-hourly data (because it was approached as an ‘opt-out’ decision) and we can then provide them with the most detailed Smart Energy Report. Were we required to make this level of data access an ‘opt-in’ choice we can anticipate that the majority of customers would not respond; written communications to customers with previously-installed smart meters are typically receiving a 1% response rate. Ultimately nearly all of these may end up on daily reads and lose the benefit of the more detailed and insightful smart energy report, with more personalised energy advice.

4.5. We believe that the Smart Energy Report provides tangible benefits for customers and for British Gas. For customers, it provides insight into their patterns of energy consumption that have been previously unavailable and that could not be deduced simply from observing the IHD. Personalised tips on saving energy can be provided, based on the data. It also stimulates engagement in energy long after the novelty and impact of the IHD has reduced, through familiarity. We believe it can make a positive contribution to the achievement of the energy savings anticipated in the DECC Investment Analysis.

4.6. For British Gas, it is a differentiating service prompting very positive feedback in consumer research, including remarks such as these:

- “If the tariffs are same, then I will switch providers for Smart Energy Report product”
- “This would certainly make me feel more secure about what I am paying”

4.7. Customers choosing daily reads (or failing to respond to the opt-in request) would lose the detail on energy usage within day and have less insightful energy-saving advice. Customers opting for monthly reads would lose the report altogether.

⁶ This is the approach we have followed for those customers with smart-type meters who have chosen to allow access only to monthly readings (around 100).

However, we do not anticipate there being a significant increase customers making this choice, since that option is there and published already.

Question 5. If we introduce a flexible framework, what level of consent (i.e. opt-in or opt-out) should suppliers be required to obtain from domestic consumers before using any data for Marketing purposes?

- 5.1. We accept the conclusions from DECC’s research that the use of consumption data for marketing is the primary concern for customers and the issue that is most likely to make them hesitate over providing access to granular levels of consumption data.
- 5.2. We agree, therefore, that the regulations on marketing provide appropriate consumer protection and do not think that a flexible approach is required. Unlike the position on the use of data for a service that is of clear benefit to customers, and a differentiator for British Gas, the balance of benefits from using data for marketing is tipped in favour of the supplier. Whilst we would prefer the ability to use the data for marketing, for commercial reasons, we do not see a strong argument for treating customers with smart type meters differently from those with SMETS meters.

Question 6. If we introduce a flexible framework, do you consider there should be a grace period, after which suppliers would be required to get opt-in consent for Detailed Data? What would be an appropriate amount of time? Please provide reasons for your answers.

- 6.1. As discussed in our response to question 1, we believe that the voluntary approach adopted by British Gas – the supplier with far and away the greatest proportion of smart-type meters – provides consumer choice, consumer benefits and no consumer detriment. We do not agree that the regulations need to be extended to include customers with smart-type meters. It must be remembered that these meters are due for replacement by 2020, satisfying the objective of ensuring that the coverage of the regulations is universal.
- 6.2. If change is progressed, we believe any ‘period of grace’ should be as long as possible to allow for changes and communications to be delivered effectively. We are already in an intense period of change to achieve full business readiness for the

enduring industry design, effective next year. Layering further activity onto what is already an ambitious programme is unwelcome so our preference would be to extend the period of grace to 2017.

- 6.3. We would not object, clearly, to the formalisation of the approach we have adopted voluntarily, requiring regular communication to all smart-enabled customers about what data is being collected, how it is being used, and how customers can change it. We believe that is a sensible approach that provides appropriate protection and choice for customers.

Question 7. We invite comments on our proposal to extend the Privacy Requirements to cover Smart-Type Meters installed at micro businesses.

- 7.1. As for domestic customers, we do not believe that access to consumption data by suppliers is a concern for the vast majority of micro-business customers, and we have seen no evidence of customer detriment.
- 7.2. We accept that the argument for applying the same protections for all consumers is stronger than is the case for domestic, since some suppliers will be continuing to install advanced meters for a further two years. However, the statement that there are fewer complexities in implementing the opt-out approach for non-domestic customers is only correct if a relaxed position is adopted on data being received by Data Collectors, but not passed onto suppliers. Advanced meters are designed to collect half-hourly readings and to send them to suppliers. We cannot stop them doing this without replacing them or visiting them all to introduce a new, at present non-existent modification to the software.
- 7.3. Throughout the development of the policy for smart meters, DECC was clear that the data was personal to the customer and should not leave their premises without their consent. It was not acceptable for suppliers to receive it and discard it. If we assume that the same policy applies for advanced meters, what is being described as having 'fewer complexities' in fact has significantly more. The extension of this policy could make the installed base of advanced meters unfit for purpose for any customer wishing to opt out of half-hourly data access. Whilst we do not anticipate a surge in

such requests, there will be some. This highlights the risks and costs of retrospective application of rules onto a technological solution that has been widely deployed. We do not accept that the risks justify the replacement of metering equipment that is functioning as it was specified to do and which should have additional many years of operational use.

Question 8. Do you agree with our proposal to not extend the existing data access and privacy arrangements that apply to network companies for premises with smart meters to network companies for premises with Smart-Type Meters?

8.1. Yes, we agree with the rationale set out for this in the consultation.

Question 9. Do you agree that 56 days is sufficient for suppliers to become compliant with their new obligations?

- 9.1. No. For non-domestic customers, we do not agree that the obligations should be extended to include advanced meters, for the reasons set out in our response to question 7.
- 9.2. For domestic customers, we would have been unable to implement the policy at scale in 2013 due to constraints imposed by our head-end system. We are in the process of migrating our portfolio of ADMs to a CGI head-end which, we believe, can be used to apply changes to the configuration of the meter that could reduce the number of reads sent to British Gas⁷. However, we first need to complete the migration (quarter 2, 2014) and handle any exceptions.
- 9.3. At this stage we would have around 480,000 meters that may require some action to be taken if the existing rules were to be applied. We would need to phase our communications to these customers to around 40,000 per month, to ensure that we have the call handling capacity and are able to provide an acceptable customer experience. The winter peak could also impose some constraints on this so the ability to defer a mailing in December / January would also be sensible. Whilst we aspire

⁷ It may be possible to achieve a similar result by collecting the data at the head end but agreeing with CGI that (where the customer has chosen to allow access only to daily or monthly readings) it is not all sent to British Gas

to provide a good response time throughout the year, our usual standards were not maintained at the end of 2013 when energy prices acquired a huge political dimension. Our call volumes were dramatically increased. We postponed a number of mail campaigns at this time to avoid exacerbating the problem for customers and ourselves. Our recommendation, therefore, would be that a period of at least nine months, starting in January 2015, would be preferable.

Question 10. If we extend the Privacy Requirements, are there any reasons why suppliers wouldn't be able to comply based on the metering stock it would apply to?

- 10.1. We foresee no technical issues provided Ofgem regards as acceptable the receipt of data by a Data Collector (for micro-businesses with advanced metering) or a head end managed by a third party (for any customer with smart-type metering).
- 10.2. If that is not regarded as acceptable then we do not believe a technical solution exists for smart-type or advanced meters. The cost of physical visits to apply a software change (which does not exist) would be prohibitive so we would expect to deactivate the communications and effectively revert all these meters to dumb operation.

Question 11. We welcome views and evidence from stakeholders on whether consideration should be given to extending the existing SMICoP rules to the installation of Smart-Type Meters.

- 11.1. We have no objection to the rules being extended to include smart-type meters. We are unsure why it is necessary given the voluntary commitment by all large suppliers but we are unconcerned either way.
- 11.2. From the customer perspective it should make no difference whether the meter has some slightly different specification: the appointment process, standard of installation, and rules about sales and marketing, for example, should be applied. That has been the British Gas approach since the very early drafts of the SMICoP were produced and, as the consultation acknowledges, the other large suppliers

made a similar commitment (albeit with little impact given the volumes at stake).