



SCOTTISHPOWER

Sent via email only to: smartmetering@ofgem.gov.uk

Cecilie Ingversen

Ofgem

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London

E14 4PU

26 November 2019

Dear Cecilie,

Statutory consultation on the post-2020 smart meter rollout supplier reporting requirements

Thank you for the opportunity to respond to this consultation.

Our responses to the specific points raised by the consultation are included at Annex 1.

Ofgem's proposed reporting requirements are contingent on BEIS implementing a post-2020 regulatory framework in line with the rollout obligations it recently consulted on¹. As Ofgem will be aware, suppliers have expressed serious concerns about the achievability and design of BEIS' proposals, and there must therefore be some uncertainty as to whether BEIS will proceed as originally planned. Given this uncertainty, we do not consider it is appropriate for Ofgem to issue a statutory consultation on reporting requirements until BEIS has confirmed the rollout obligations.

While we do not accept that BEIS' proposals are a workable solution, and believe it would be highly detrimental both to suppliers and consumers if they were to be implemented, we have nevertheless answered Ofgem's consultation questions as though the BEIS framework was implemented as proposed. Should BEIS make changes to its proposed framework in light of supplier feedback, this will likely necessitate consequential changes to Ofgem's proposed reporting requirements. Should such changes prove to be of a material nature, we would expect Ofgem to re-consult.

Notwithstanding our concerns over the BEIS proposals, our main concern with Ofgem's proposals relates to the distinction between large and small suppliers. We think it is important that all suppliers, whatever their size, are subject to the same rollout obligations, and the same principle should apply to reporting. We do not believe the additional information that Ofgem proposes to request from large suppliers would be unduly onerous for small suppliers to also provide.

We trust you will find our responses helpful but should you wish to discuss any aspect of them, then please do not hesitate to get in touch.

Yours sincerely,

Claire Skelton

Head of Policy, Industry Relations and Security

Smart Metering Programme

¹ [Smart Meter Policy Framework Post-2020 Consultation](#)

Annex 1

Our views on the minded-to positions set out in:

Section 1.1: for reporting purposes, we are minded to define large suppliers as those with 150,000 or more gas and/or electricity customer accounts as of 31 December of each year from 2020 to 2023; those with less than 150,000 gas and/or electricity customer accounts as of 31 December of each year from 2020 to 2023 will be defined as small suppliers.

Insofar as it is necessary for Ofgem to distinguish between large and small suppliers for the purpose of reporting obligations, we are comfortable with a definition of large suppliers as being those with 150,000 or more customers.

However, as noted below (section 3.2) we do not see any reason why small suppliers should not provide the information that Ofgem is proposing to require of large suppliers. We think the same reporting requirements should apply to all suppliers regardless of size, making it unnecessary to define large and small.

Section 1.2: We are minded to require all suppliers to report to Ofgem annually their annual milestones for both gas and electricity as well as their performance against these milestones.

We agree it is reasonable for all suppliers to report to Ofgem annually their annual milestones for both gas and electricity as well as their performance against these milestones

Section 1.3: We are minded to require all suppliers to report their annual milestones for the year ahead as well as their performance for the previous year to Ofgem on 31 January of each relevant year.

Although we do not consider it would be unreasonably onerous for suppliers to report their annual milestones for the year ahead, we are unclear as to the rationale for it when the recent BEIS consultation suggests that suppliers can expect these milestones to be set, in accordance with the formula set down in SLC33A.4/39A.4, as hard targets.

Section 2.1: For Beginning of Year Reporting purposes, we are minded to require all suppliers to submit by 31 January in each of the four years from 2021 their calculated annual milestones for both gas and electricity for the upcoming year. This would include confirmation of their Qualifying Relevant Premises for both gas and electricity as well as total customer base as of 31 December of the preceding year.

We agree it is reasonable for all suppliers to submit by 31 January in each of the four years from 2021 their calculated annual milestones for both gas and electricity for the upcoming year.

Section 2.2: For large suppliers, upon receipt of their Beginning of Year Reporting, we are minded to review and respond to suppliers with relevant observations; For small suppliers, upon receipt of their Beginning of Year Report, we are minded to review the submission but only respond where we have a query about the calculation of the annual milestones.

We would reiterate our view that, whatever reporting regime is to be put in place in this regard, the obligations therein should apply equally to all suppliers.

Section 3.1: For End of Year Performance Reporting, we are minded to require all suppliers to submit by 31 January in each of the four years from 2022 their annual installation milestones for the preceding year for both gas and electricity as well as the number of installations for Qualifying Relevant Premises for both gas and electricity for the previous year. All suppliers should also provide a narrative setting out their...

Ofgem says the narrative would support it in determining, in line with its enforcement guidelines, whether to consider taking enforcement action against a supplier who is in breach of a licence condition. If that is the only purpose of the narrative, then we are unclear as to why it is thought necessary to require suppliers to provide a narrative when they have met their targets.

It may be helpful for Ofgem to supplement its standard enforcement guidelines with additional guidance on how it would be minded to take into account different types of mitigating circumstance, and how it might respond: for example, if a supplier can demonstrate that it had taken all reasonable steps.

Section 3.2: In addition to the information set out in section 3.1, we are minded to require large suppliers to submit additional information in the following areas as part of their End of Year Performance Reporting:

- **Number of installations delivered to credit and pre-payment customers for both gas and electricity in the preceding year.**
- **Number of installations delivered to domestic and non-domestic customers for both gas and electricity in the preceding year.**

We agree it is reasonable for all suppliers to submit this additional information as part of their End of Year Performance Reporting.

Section 4.1: We are minded to require all suppliers to publish, on their website:

- **their annual milestones for both gas and electricity for the upcoming year; and**
- **performance against these binding milestones for the preceding year.**

We are minded to require this information to be published at the same time as suppliers submit their reports to Ofgem in January of each year. Suppliers should also provide a link to Ofgem to where the information is published on the supplier website.

In principle, we offer no objection to the publication of data relating to past performance, though we are unclear as to the benefits consumers could be expected to derive from such data without the advantage of supporting contextual information. However, we also note the significant risk that any such contextual information would be commercially sensitive.

We also note the risk that publication of this information could result in negative customer sentiment, if suppliers are seen to be unable to meet their targets.

Regards the publication of supplier milestones for the upcoming year, we are similarly unclear as to the benefits of doing this.

Section 4.2: In addition to publication of information set out in section 4.1, we are minded to require large suppliers to publish, on their website:

- the planned split of their annual milestone delivery to credit, pre-payment, domestic and non-domestic customers; and
- their delivery performance against Beginning of Year Report as set out in their End of Year Performance report.

We are minded to require this information to be published at the same time as suppliers submit their reports to Ofgem on 31 January and suppliers should also provide a link to Ofgem to where the information is published on the supplier website.

As with our response to 4.1 (see above), while we offer no objection in principle to the publication of this data, we are unclear as to the benefits consumers might be expected to derive from it.

Section 5: draft licence conditions, as set out in Annex 2 and 3.

Until BEIS confirms the post-2020 framework to be implemented, we cannot offer a fully informed opinion on the proposed changes to the supply licence. We would therefore urge Ofgem to keep an open mind in this regard, and to similarly stay its hand in the interim.

**ScottishPower
November 2019**