

Energy suppliers and other
interested parties

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Guidance note on cooperation between competitors on the smart meter roll-out

This note focuses on suppliers discussing best practice in the roll-out of smart meters. The purpose of this note is to:

1. indicate that Ofgem considers significant consumer benefits could be delivered through such discussion
2. provide general guidance on the potential risks of breaching competition law and some examples of how suppliers can reduce those risks, and
3. provide some examples of where suppliers may want to consider sharing best practice.

The potential benefits of sharing information

The smart meter roll-out is a once in a generation opportunity for suppliers to visit all homes in Great Britain. This provides a great opportunity for suppliers to review and improve their consumer engagement practices and ensure their customers have a positive experience. While some elements of suppliers' practices will provide a point of competitive differentiation, there will be some areas where best practice can and should be shared in the interests of all consumers.

In our view, these include but are not limited to:

- identifying vulnerability and ensuring that those consumers' specific needs are catered for
- providing tailored energy efficiency advice, which can help consumers to lower bills, live in a more comfortable home and, ultimately, contribute to the UK's carbon reduction commitments
- achieving commercial interoperability when customers with SMETS1 meters change supplier
- improving the safety of smart meter installations
- developing techniques for completing difficult installations, such as where asbestos is present

- improving the quality of industry data (eg, on registration systems) to, for example, improve processes for changing supplier in the context of smart meter installations.

Different suppliers may employ different approaches in these areas, some more successful than others. We consider that if suppliers share best practice in a way that is compliant with competition law, then it could lead to significant consumer benefits.

Competition law

For the following reasons, we consider the areas listed above are relatively low risk activities in terms of breaching competition law.

1. They can deliver significant consumer benefits.
2. They are not directly linked to generating sales for the supplier (ie, suppliers are unlikely to compete on these factors in order to attract customers).

Suppliers may consider the following (non-exhaustive) principles to help to minimise the risk of breaching competition law when working collaboratively.

1. **External legal oversight:** Having an experienced competition lawyer present during any meeting between suppliers where there is a risk of coordinating commercial strategies. That lawyer should ensure that suppliers do not share commercially-sensitive information, the exchange of which might reduce competitive pressure on them. That lawyer should bring any discussion to a halt if he or she considered the information to be commercially-sensitive. If there was any doubt, the discussion would not continue and the lawyer should take it away to assess.
2. **Ofgem's involvement.**
 - a. At the request of suppliers, Energy UK or DECC, Ofgem may review any agenda, terms of reference for the meetings and the lawyer's letter of instruction.
 - b. Subject to resource constraints, Ofgem may attend relevant meetings with a view to providing policy input only.
3. **Sharing cost data:** It seems unlikely that this would be necessary in view of the topics considered above. If it is seen as necessary or desirable, any exchange should be anonymised and carried out through an intermediary, such as Energy UK. It should only be as granular as necessary for the purposes of the exchange.

This may be regarded as a "best-practice" and may involve a cost in having an external lawyer present. A less onerous (although not best practice) option would be for participants to seek formal guidance on the sorts of information that may and may not be shared and asking for consideration of that guidance to be minuted at each meeting.

This note should not be treated as fully comprehensive and is not a substitute for obtaining legal advice. For the avoidance of doubt, it remains the responsibility of energy suppliers to ensure compliance with competition law and to obtain any necessary legal advice for these purposes.

Examples of where suppliers may want to consider sharing best practice

Whether it is vulnerability, energy efficiency advice or other topics on which suppliers may be sharing best practice, suppliers may want to consider what wider sources of best practice are available. Under each heading below we list some areas where suppliers may

want to consider sharing best practice or other information – although this list is only indicative.

Vulnerability

1. How to identify vulnerability in customers, whether on the phone or through other types of contact which do not involve face-to-face contact.
2. How to identify vulnerability face-to-face.
3. How the installation of a smart meter can be tailored to ensure fair, flexible and inclusive provision of services for vulnerable customers.
4. Post-installation support that could be given, for example to ensure that any smart services or further communications are tailored to the customer.

Energy efficiency advice

1. How to identify (before and during the installation) what sort of advice would be most beneficial (eg, recommending double glazing may not be appropriate in rented accommodation).
2. How to tailor the advice to the individual.
3. What post-installation support works best to ensure long-term behaviour change.

Achieving commercial interoperability

1. Solutions and work-arounds that would allow for commercial interoperability.

Health and safety issues

1. The features of an installation that increase/decrease risks to health and safety.
2. Where a batch of metering equipment is identified as faulty and as such presenting a risk to health and safety.
3. Techniques that reduce the risks to health and safety or which deliver the same level of risk at a lower cost.

Techniques for completing difficult installations

1. The types of installation that cause difficulties.
2. Techniques that increase the likelihood of being able to complete the installation.

Improving data quality

1. Issues with the data contained on registration systems.