



Anna Rossington, Deputy Director, Retail Directorate, Ofgem
By email only: CDconsultations@ofgem.gov.uk

2 October 2020

Dear Anna,

Extending protections for non-E7 restricted meter customers (SLC 22G): Pure Planet response to statutory consultation

Pure Planet supports the extension of the regulatory obligation under SLC 22G to ensure that Restricted Metering Infrastructure (RMI) customers continue to be protected. However, we have significant concerns about this consultation, and the lack of alternatives to more effectively protect customers in the long term.

In this response we urge Ofgem to go further than simply extending the regulatory regime to June 2025 and into perpetuity. Ofgem should take the lead in coordinating suppliers, industry and civil society to adopt enduring solutions to the complexities of RMI arrangements. We ask that the regulator:

- Demonstrate leadership in finding a Smart solution;
- Coordinate an holistic approach to improving consumer outcomes;
- Commit to revisiting regulatory obligations to ensure that suppliers can best support RMI customers; and
- Publish a fully costed Impact Assessment.

Please get in touch if you would like to discuss our submission further.

Best wishes,

Katie Davies
Regulatory Lead





Annex: Pure Planet Response

1. Demonstrate leadership in finding a Smart solution

The Smart rollout continues to be posited as the 'silver bullet' to better protect and improve the experience of RMI customers, however by Ofgem's own admission (p.5), there is currently no Smart solution available. Finding such a solution will require significant work and prioritisation from all stakeholders, and we're concerned that efforts have not been made in the last three years the CMA Order and SLC 22G have been in existence. Given the delays to the Smart rollout due to Covid-19 and the volume of other technological issues that persist (and impact a greater number of GB customers), we're concerned that without leadership from Ofgem to find a solution, the issues facing RMI customers will remain long after 2025. This is an unacceptable outcome, when Ofgem could use regulation to catalyse innovation in industry.

Furthermore, if and when a Smart solution is found, suppliers will face additional barriers to adapting metering arrangements for RMI customers. In a number of cases, a meter exchange would require the complete rewiring of properties, which the current obligations (SLC 22G.3) explicitly prevent suppliers from passing the costs directly to customers. This is likely to discourage suppliers and customers alike from pursuing a Smart solution. In [BEIS'](#) post-2020 decision it was suggested that suppliers may be permitted to target and mandate a Smart meter to some customer cohorts; we would argue RMI customers would be a good contender for this. Ofgem should consider the value of a dedicated Smart rollout programme for RMI customers, supported by Government or local authority funding for associated costs, and in collaboration with consumer groups such as Citizens Advice to help educate consumers about their energy use.

2. Coordinate an holistic approach to improve outcomes for RMI customers

We note how elsewhere, the regulator is making clear efforts to ensure policy achieves the [combined goals](#) of decarbonisation, innovation and customer protection. Whilst the timeframe for SLC 22G should be extended as a matter of urgency, we're concerned that leaving the obligation open to future extension risks missing an opportunity for Ofgem to coordinate an holistic approach to finding a long term solution.

We understand from thorough research undertaken by civil society groups like [Citizens Advice](#) and [Change Works](#) that RMI customers are more likely to be in fuel poverty, live in poorly insulated homes and are less able to engage with the market and other services such as PCWs. Ofgem should engage with the experts to develop a comprehensive strategy that improves RMI customer outcomes, affordability and access to the market. Ofgem should also encourage the uptake of existing support mechanisms such as ECO and the Green





Homes Grant, and leverage other work streams such as Faster Switching to help customers better participate in the market.

3. Commit to revisiting the regulatory obligation to ensure suppliers can best support customers

In the same vein, we're disappointed that Ofgem has failed to revise the current obligation to ensure suppliers support RMI customers efficiently and compliantly. As seen from two recent compliance cases, suppliers have struggled to interpret and implement the requirement to Ofgem's intention.

Pure Planet welcomes Ofgem's efforts elsewhere to encourage suppliers to innovate and streamline their operations. We think this improves customer experience, and leads to efficiency gains and ultimately lower bills. We believe SLC 22G contradicts this aim. The obligation prevents suppliers from adopting tailored solutions to best meet the needs of their current and prospective customers. For instance, whilst some customers may benefit from moving to a single rate electricity tariff this may be exorbitant for other customers with different meter configurations, consumption patterns and needs (see SLC 22G.1 "Relevant Tariffs"). The prohibition of making certain tariffs conditional on changing meter arrangements and charging for associated costs (SLC 22G.3) is likely to discourage suppliers from offering more suitable and affordable tariffs to customers, inadvertently contradicting Ofgem's policy intention to encourage engagement in the market.

Whilst it is absolutely right that all suppliers must treat all customers fairly and take reasonable steps to accommodate their specific needs, we believe that SLC 22G silos this customer base and adds unnecessary demands on suppliers. We're concerned this creates inefficient use of resources, stifles innovation and may continue to mean RMI customers are left behind. The market is very different now from in 2017 as new suppliers enter and some legacy suppliers are consolidated, and as such RMI customers, and the associated customer service and technological expertise, is much more spread out across the market. This means that more suppliers will need to accommodate a diminishing pool of the some 500,000 customers, including metering, billing and customer facing services. Given this changing landscape, Ofgem should publish an updated cost Impact Assessment(IA) as a matter of urgency. The decision not to update the 2017 document gravely contradicts Ofgem's duties and due process when changing regulatory obligations. An updated IA should accurately reflect the current and future cost of the obligation in light of a changing market and the growing costs and complexities of the Smart rollout. This would also be a useful vehicle to understand the impact of exploring alternative solutions to best supporting RMI customers.

SUBMISSION ENDS.

