

26 November 2019

Jacqui Russell
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Ofgem
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Email: alisonrussell@utilita.co.uk

Dear Jacqui,

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

Thank you for the opportunity to comment on the above statutory consultation. Utilita is a smart energy supplier specialising in providing high quality smart meter services to primarily prepay customers. Our portfolio has the highest proportion of installed smart meters operating in smart mode in the industry.

We are therefore extremely supportive of the aim to provide customers, especially prepay customers, with smart meters which will enable them to receive the benefits of smart meters as soon as possible.

However, we have a number of concerns on the consultation. The document is a formal statutory consultation, which has not been preceded by any discussion with industry, and which assumes the recently closed BEIS consultation is implemented unamended. We are aware that suppliers, including ourselves, have raised significant concerns in respect of the BEIS consultation.

The proposed framework has been under consultation by BEIS for much of the consultation period for this document, and relevant decisions have not yet been published. On this basis, we question the quality of this statutory consultation process into reporting requirements. While we note that the proposals are 'minded-to' positions, we find this inconsistent with the normal approach to statutory consultations, which should contain final, specific proposals.

In addition, independent analysis suggests the proposed targets are unlikely to be achievable without significant changes to the supplier obligation and mandating smart meters. To impose rigid targets on suppliers, while retaining customer choice, suggests failure to meet targets is likely to be outside suppliers' control.

We support an overall approach of appropriate transparency, and equivalent obligations between suppliers. Given that portfolios are dynamic, and that this can be expected to affect suppliers' ability to install exact numbers of meters, we can offer only limited support for the proposed requirements.

We do not oppose reporting after the year end based on installations delivered, at an appropriate level of aggregation, neither would we oppose an *indicative* planned number of installations for the succeeding year. However, we do not support the minded-to position for suppliers to publish their roll out forecasts on their websites.

To require not only the publication of a binding target, but to further require this to be sub-divided into customer payment types a year in advance, is impractical. Supplier portfolios do not remain static, customers may choose to accept or reject smart meters, and to update their payment methods. Requirements for publication must reflect such potential for variation and acknowledge that suppliers may not be able to deliver for reasons outwith their control.

As set out in our submission to BEIS in response to the framework consultation, we do not support the imposition of binding targets unless essential complementary changes are implemented by BEIS/Ofgem.

In addition, we do not support the reduced reporting requirements on suppliers below 150,000 customers. We would prefer that a reduced requirement is applied to all suppliers to provide equivalent and appropriate transparency.

It is not immediately clear what benefit can be expected to accrue directly to customers from the proposed reporting. However, if there is a benefit, it can only come from allowing customers to compare supplier performance. For such comparison to be effective, this needs to be a simple, directly comparable metric, with appropriate context. Requiring suppliers to publish the number of meters installed by them with no further context, will not help customers to make informed choices when reviewing the market. These numbers will not, for instance, reflect certain technical constraints or risks that may only affect certain geographical areas, or meter types¹.

There is already inequality between suppliers, with smaller suppliers having reduced obligations, for example in government schemes. Relieving such suppliers of the obligation to be transparent about their smart performance to customers will perpetuate this. If a reduced obligation is to be adopted, we suggest below 50,000 domestic customers, the level at which SLC27.1 applies.

We support the minded-to position that suppliers should not be required to publish additional information which might have commercial sensitivities or dependencies. We would support instead a continuation of the current arrangements with BEIS publishing central, consolidated statistics broken down into both geographical and meter type categories. It may also be possible to provide a central, aggregated forecast.

We hope these comments have been helpful, and would be happy to discuss any points in more detail.

Kind regards

By email

Alison Russell
Director of Policy & Regulatory Affairs

¹ This is noted in the context of ongoing technical issues with DCC's Northern Communication Service Provider, and the ongoing constraints around rolling out SMETS2 Prepayment Meters, which are beyond the control of individual suppliers.