Citizens Advice Response to DECC's "Consultation on the Smart Metering Rollout Strategy"

Introduction

The Citizens Advice service provides free, independent, confidential and impartial advice to everyone on their rights and responsibilities. It values diversity, promotes equality and challenges discrimination. Since 1 April 2014, Citizens Advice service took on the powers of Consumer Futures to become the statutory representative for energy consumers across Great Britain.

The service aims:

- To provide the advice people need for the problems they face
- To improve the policies and practices that affect people's lives.

The Citizens Advice service is a network of nearly 400 independent advice centres that provide free, impartial advice from more than 3,500 locations in England and Wales, including GPs' surgeries, hospitals, community centres, county courts and magistrates courts, and mobile services both in rural areas and to serve particular dispersed groups. In 2012/13 the Citizens Advice service in England and Wales advised 2.3 million people on 6.6 million problems.

Since April 2012 we have also operated the Citizens Advice Consumer Service, formerly run as Consumer Direct by the OFT. This telephone helpline covers Great Britain and provides free, confidential and impartial advice on all consumer issues.

In the last four quarters Citizens Advice Bureaux have dealt with 84,000 enquiries about fuel debt, while hits to the energy section of our website doubled in October and November, the period during which suppliers announced their price increases last year. Calls to the Citizens Advice Consumer Helpline seeking advice about energy doubled in the same period.

Question 1: Do you agree with the minded to position to set a de-minimis obligation for all large suppliers to install, commission and enrol 1,500 SMETS 2 meters or 0.025% of total meter points (whichever is the lower) within six months of DCC Live? Please explain your rationale and provide evidence.

Citizens Advice supports this proposal and the Government's stated priority to drive the installation of SMETS2 meters in consumer's homes as soon as is practicable. As noted in the consultation document SMETS2 meters are expected to deliver more consumer benefits, particularly once enrolled in the Data Communications Company (DCC) and generally improve consumer experience as compared to SMETS1 meters.

The fact that such a goal is a de-minimis should be emphasised, we would expect energy suppliers to install more SMETS2 meters than the bare minimum outlined in this consultation.

The "whichever is lower" approach to calculating the de-minimis amount also seems to be an appropriate mechanism to factor in the different customer-bases of energy suppliers.

Question 2: Do you agree that given the importance of consumers continuing to receive smart metering benefits upon change of supplier, all suppliers should be Users at DCC Live plus 12 months? Please provide evidence to support your position.

We agree that consumers should be able to retain smart metering benefits upon switching supplier as soon as is practicable, consumers seeking to benefit from smart metering, a programme they are paying for through their energy bills, should not find themselves in a situation where they can only get a better price for their energy by losing the benefits of their smart metering equipment. All suppliers and energy networks being DCC users will be a key step in ensuring that consumers are able to maintain smart functionality and continue receiving the benefits of smart.

Question 4: Do you agree that electricity DNOs should be mandated to be DCC Users from DCC Live? Please provide evidence to support your position.

There are various consumer benefits to DNOs being DCC users, particularly around improved network ability to respond to outages. As such DNOs should be strongly incentivised to become DCC users as soon as possible. On this basis a mandate is a reasonable approach.

Question 5: Would a direction from the Secretary of State, focused on electricity DNOs only, to be ready for Interface Testing provide additional impetus to be ready for DCC Live?

As outlined in response to Question 4 any action which will encourage DNOs to engage early and effectively with the DCC is likely to be of benefit to consumers.

Question 6: Please provide views on whether iDNOs should be mandated to become DCC Users from DCC Live plus 12 months. Please provide evidence to support your position.

Excluding iDNOs from a mandate may result in consumers receiving different services based on whether they happen to be serviced by a DNO or iDNO. Citizens Advice has consistently advocated for consistency in consumer experience - if consumer experience is allowed to vary by region, housing type or demography there is the potential for significant reputational risks to the rollout and of benefits not being equitably distributed among consumers. There is also a risk that this will undermine consistent messaging on smart metering. Variations such as this will also make the role of advice agencies such as Citizens Advice more difficult as messaging will not be consistent. Many consumers are unaware whether or not that are supplied via an iDNO risking confusion if service provision is different.

On this basis we we believe that iDNOs should be subject to the same mandates as DNOs just as iDNO customers would expect the same service quality as DNO customers.

Question 7: Do you agree with the position not to mandate GTs and iGTs to become Users at the present time? Please provide evidence to support your position.

As in our response to Question 6 we do would advocate that GTs and iGTs be mandated to become DCC users at go live. There may be scope to examine any

additional costs and the impact of these costs via the SMDG's costs and benefits sub-group.

Question 8: Are there benefits that could be driven by imposing a DCC Mandate for GTs and iGTs before the end of rollout? Please provide evidence to support your position.

As stated in our response to the preceding questions a consistent consumer experience is vital to the smart meter rollout, as such any variations by energy type, region or demographic should be avoided. Inconsistent experiences risk the reputation of the rollout, the consistency of consumer experience and make messaging and advice provision considerably more difficult. There do not appear to be significantly different obstacles facing GTs and iGTs than there are for other integral DCC users.

Question 9: Do you agree that 'Install and Leave' should be permitted where expected WAN coverage is not available; but only in cases where HAN is established? Please explain your rationale.

The proposed 'install and leave' policy is clearly not optimal for consumers who will expect their smart metering equipment to work as it should, and has been promised, from the day it is installed. The DCC's SLA allowing up to 90 days for the connection of the WAN would have to be made more robust (the consultation document describes connection as "usually within 90 days) as this represents time during which consumers will not be receiving the full benefits of their smart metering system.

This said aborted appointments are also frustrating for consumers, we already receive calls from consumers who have been left with the understanding that smart meters simply will not work at their house after aborted visits. Aborted visits also cost consumers time and money as they have to wait in for appointments, in many cases missing work.

On this basis we would be willing to accept 'Install and Leave' as a last resort only under the following circumstances:

- It is used only as a last resort. Suppliers should only be allowed to install in homes where the DCC has confirmed there should be WAN coverage.
- Getting the smart meter connected to the WAN will not require another visit to consumer's property
- Suppliers be required to explain clearly to consumers what functionality will and won't immediately be available to them and to provide a clear timeline of when full functionality will be in place (within the 90 day limit)

- Suppliers be required to keep consumers informed of progress in connecting their smart meter to the WAN
- Suppliers be specifically required to alert consumers when their smart meter is connected and they can expect to start seeing the full benefits of their smart metering system
- Suppliers be required to revisit the consumer's property if requested by the consumer to demonstrate and explain the system once it is operational in accordance with the requirements laid out in the SMICOP

We have additional concerns about the proposed 'Install and Leave' policy, specifically in relation to pre-payment customers as a lack of a WAN will impact their ability to top-up their meters and the ability to keep their tariff and debt rates up-to-date. The consultation document notes that suppliers have previously indicated to DECC that they would not 'Install and Leave' at a pre-payment property, though it is not clear whether all suppliers have stated this. On this basis we would not support an 'Install and Leave' policy applying to pre-payment customers and believe that regulation to ensure that prepayment customers are not subject to such a policy be put in place.

Question 10: Do you think there are grounds for the Government enabling "proactive" Install and Leave and would your organisation use it as part of their rollout strategy? Please explain how you would mitigate the potential challenges to consumer experience.

We would oppose any "proactive" install and leave policy. Such a policy has the potential to lock consumers out of many smart metering benefits, including smart switching, potentially for years.

Such an approach would be unacceptable and significantly risk the reputation of the smart meter rollout, generating extensive consumer confusion, undermining messaging about the benefits of smart and placing perverse incentives on suppliers to simply install as many meters as possible with no regard as to whether they will function as they should. It would also be impossible for suppliers to meet the requirements set by the SMICOP to demonstrate the smart system to a consumer if much of it is non-functional.

Question 11: Do you agree that the Government's minded to position on 'Install and Leave' should apply to both SMETS1 and SMETS2 installations? Please provide views on specific issues you think the Government would need to consider in implementing this provisional policy position; and in particular whether there is a suitable period of time during which we would expect WAN coverage to become available, where this has not been available on installation.

One requirement of our conditional support for 'install and leave' as a last-resort approach is that consumers not be subject to a second home visit to connect their smart meter to the WAN as this represents a significant inconvenience to consumers as well as a potentially significant financial impact. It is our understanding that while all SMETS2 meters would not require a revisit some SMETS1 meters may do. If this is the case then 'Install and Leave' should not apply to properties with SMETS1 meters.

SMETS1 meters also operate outside of the DCC, as such energy suppliers are entirely responsible for their connectivity - where suppliers are entirely in control of and responsible for connectivity it is not reasonable to allow them to 'install and leave' on the same basis as they could where it is a failure of the DCC to provide the promised coverage.

Given these two factors we would not support any 'Install and Leave' policy applying to SMETS1 meters.

Question 12: Do you agree that the Government does not need to regulate to exclude operation of SMETS meters in PPM mode from the scope of its minded to policy position on 'Install and Leave'? Please explain your company's strategy for handling PPM where the WAN is not available at the point of installation.

PPM users are more likely to be on lower incomes than the average energy customer. The annual household income of PPM households was markedly lower than in those households without one. Of those with a PPM, 60 per cent had a household income of less than £17,500 compared to 38 per cent of those without a PPM. In 2010 more than half received some kind of means-tested benefit, or disability benefit, and the main income earner did not have a job in just under half of cases. Over one-third of PPM households were home to someone with a

long-term physical or mental health condition or a disability. In 2013/14 we found that 50 per cent of consumers in the omnibus survey were not economically active[1].

As the consultation response notes many suppliers have already indicated to DECC that they would not 'Install and Leave' SMETS meters in PPM mode. This is a sensible approach from energy suppliers but from past experience we know that even when most suppliers make such a choice there may be some who do not. Such suppliers will risk the reputation of the entire rollout and not just their own. As such it seems clear that regulating to exclude PPM meters from an 'Install and Leave' policy will not be problematic for suppliers who have adopted a reasonable policy on this but would help ensure that all suppliers behaved reasonably.

As such we are of the view that government should seek to place into regulation specific protections for PPM customers from any 'Install and Leave' policy that is put into place.

Question 13: Do you agree with the proposal to enact the New and Replacement Obligation in mid- 2018?

We are supportive of this proposal with some caveats:

- We agree that it will be important to maximise the number of SMETS2 meters installed so that consumers can have access to the full range of smart benefits - as such any obligation should come into effect on or after the end-date of SMETS1
- That the timing of the NRO 'switch on' not result in an effective requirement for proactive 'Install and Leave' policies by effectively requiring suppliers to install smart meters where the communications infrastructure is not yet present or working adequately.

This said by mid-2018 we would expect such issues to have been resolved and SMETS2 to be the required specification for all installs.

Question 14: Do you agree with the proposal to set a SMETS1 end date of DCC Live plus 12 months? Please provide evidence for your answer.

We would be supportive of setting this end-date and would not want the timeline to be extended any further than DCC Live plus 12 months. In fact six to nine months may be more appropriate to ensure benefits are realised while still giving the DCC some time to stabilise. We have addressed elsewhere in this response the

[1] Topping up or dropping out - Citizens Advice https://www.citizensadvice.org.uk/global/migrated_documents/corporate/topping-up-or-dropping-out.pdf

importance of installing as many SMETS2 meters as possible so that consumers can receive the full benefits of the smart meter rollout. Such an approach will also help drive down operational costs as suppliers will all be installing the same standard of equipment and help ensure a more consistent consumer experience.

Question 15: What are the advantages and disadvantages of a SMETS1 'cap' on individual suppliers both in combination with an End Date and as the sole means that SMETS1 meter installations are regulated? How could such regulation best be designed? Please provide evidence for your answer.

The advantages to a 'cap' on SMETS1 meters are clear and many have been outlined previously in this response:

- Increase the number of consumers benefitting from a SMETS2 meter
- Increase consistency of experience among consumers
- Reduce operational costs for suppliers as all installers will be trained with and working on the same specification of meter
- Help ensure that suppliers do not over-procure SMETS1 meters and seek to install as many as possible before a designated end-date
- Reduce the need for consumers to be impacted by any enrolment and adoption processes to get SMETS1 meters into the DCC

The disadvantages to such an approach will primarily fall on those suppliers who 'went early' with smart meters and may have procured more SMETS1 meters who will have to operate and procure both types of meter for a period of time. This however was a known risk when the decision to go early was made and those suppliers who chose to do so have already seen significant advantages in terms of lessons-learned and in gaining consumers who actively sought out smart meters from competitors who did not offer them.

On this basis we would be supportive of a SMETS1 cap, likely founded upon a similar formula as the de-minimis approach suggested in Question 1 of this consultation which would address differences between large and small suppliers by applying both a percentage and number with the cap sitting at whichever number is lower.