



**Consumer  
Focus**  
Campaigning for a fair deal

**Consumer Focus response to Ofgem's  
consultation on *Commercial interoperability:  
Proposals in respect of managing domestic  
switching where meters with advanced  
functionality are installed***

**October 2011**

# About Consumer Focus

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Consumer Focus is the statutory consumer champion for England, Wales, Scotland and (for postal consumers) Northern Ireland.

We operate across the whole of the economy, persuading businesses, public services and policy-makers to put consumers at the heart of what they do.

Consumer Focus tackles the issues that matter to consumers, and aims to give people a stronger voice. We don't just draw attention to problems – we work with consumers and with a range of organisations to champion creative solutions that make a difference to consumers' lives.

# Our response

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Consumer Focus welcomes the opportunity to respond to this revised consultation on commercial interoperability. We support what the proposals are trying to achieve, in particular facilitating trialling of smart prepay at reasonable volumes to help earlier delivery of smart benefits to prepayment meter (PPM) customers. However, we feel that further steps are needed around this payment type and customer provision of information if these proposals are to deliver the necessary consumer protection.

We also query whether the proposed definition of an advanced domestic meter (ADM) will capture all the ADMs currently installed as intended. Anecdotal reports from suppliers suggest that many, if not the majority, of advanced domestic gas meters installed are not capable of operating as a PPM. We encourage Ofgem to confirm what kinds of meters are in place and their functionality before finalising a definition.

We welcome the flexible approach towards provisions in this area. Consumer Focus believes that the effectiveness of these proposals and the customer experience will need close monitoring. In particular, it will be important to see if in practice the new supplier has appropriate customer service incentives to maintain advanced functionality, ensure a smooth change of supplier process and offer fair terms. Initial reports from Consumer Direct identified that at least one supplier has been either refusing to accept customers who have a smart meter (despite their duty to offer terms), or exchanging the meter. Whether this was influenced by the attractiveness of the customer, including their debt, risk is unclear, as were the precise reasons for refusal. As part of this monitoring we recommend that Ofgem also liaise with switching sites to help identify issues.

Consumer Focus would also welcome close monitoring of the costs incurred from stranded assets and the provision of services to new suppliers – in particular where these costs fall. We further urge the regulator to give urgent appropriate consideration to small supplier interoperability. Many micro-businesses, such as the corner shop, the local publican or high street hairdresser face challenges with switching. This needs to be recognised.

Example calls to Consumer Direct regarding businesses are outlined below:

**(06/04/2011)** The consumer's contract with supplier A is due to end and notice has been given, they have agreed a contract with supplier B. However supplier B is unable to support the smart meter that supplier A has installed. The consumer feels that this is very unfair to consumers as he is unable to go to another supplier if they cannot support the smart meter system.

**(01/04/2011)** Consumer's contract with supplier A ends on 03/04/11. Consumer sent cancellation notice within renewal period in November. Supplier A confirmed cancellation. Consumer found supplier C via a price comparison website. Supplier A installed a smart meter in November 2010. Consumer has two electricity meters. Supplier C claims it cannot support smart meter but were able to take over the other meter. As a result consumer will be placed onto 'out of contract' rates. The consumer has complained to the price comparison website as they should have known that supplier C couldn't work with a smart meter.

**(13/05/2011)** Business consumer states that he agreed electricity transfer from supplier A to C in late 2010. Supplier A had installed a smart meter type in 2010. Consumer set up Direct Debit with supplier C and started paying monthly. However C have now refunded the payments –saying they don't support the meter type.

**(22/03/2011)** Consumer tried to join supplier C via broker, agreed deal, then supplier C said they could not honour it as they did not know a smart meter was involved - pointing out that this is covered in their terms and conditions. Consumer has discovered that it looks as though he will have to take a more expensive contract with supplier A.

**(22/06/2011)** Consumer took over property in March of this year and used broker X to find a good rate for their energy. Broker X agreed a contract for consumer with supplier C. C then cancelled the contract on the grounds that consumer had a smart meter which they could not support. Consumer was assured by broker X that the error was theirs and that they would make up the difference of her rates between A and her deemed supplier C. Broker X have now reneged on the offer of compensation and have told consumer they will not refund her.

## Introduction

Consumer Focus fully supports Ofgem's commitment to ensure that consumers' right to switch continues to be upheld. As noted, by current estimates up to one million domestic customers could be negatively impacted if barriers are not resolved<sup>1</sup>. The proposals must strive to ensure that when a customer moves energy company that they do not have to change any part of their smart metering system – whether their meter, communications, in-home display (IHD) or other dependent appliances. This is particularly important in instances where the customer may have paid an additional amount for smart-related equipment such as an enhanced IHD or smart fridge. Failure to address this issue could result in increased customer inconvenience; higher costs<sup>2</sup> to the consumer; loss of income if people have to take time off work for an installation visit<sup>3</sup>; increased environmental waste; as well as barriers to switching and competition.

We recognise that delivering interoperability pre-DCC (Data Communications Company) poses real challenges given the supplier-led roll-out model and technological issues. Given the decision to roll-out gas and electricity meters by 2018/19 there will inevitably be instances where customers have to have their meters replaced and/or will suffer a loss of smart functionality on change of supplier. There is a real risk that if early recipients of smart meters have a poor experience it could also undermine overall customer acceptance and engagement with roll-out. This could result in negative impacts on the business case and failure to realise key consumer benefits.

One approach to protect consumers and ensure a successful roll-out could be to limit the total number of meters installed pre-DCC, particularly in the case of PPMs, or to halt roll-out altogether until issues are resolved. We have considered advocating for this. However we recognise that there is a need to trial new technologies at scale to understand operational, technological and engagement challenges. This is particularly the case for prepayment. In addition, perhaps more importantly, some consumers may welcome having advanced domestic meters with displays ahead of 2014. Assuming they have a high-quality experience, they may value the benefits they derive from early smart functionality more than the need to switch easily and the resultant advantages. Indeed the Retail Market Review (March 2011) found that 40–60 per cent of customers are 'sticky' (cannot switch or choose not to) and that vulnerable consumers are disproportionately represented in that group<sup>4</sup>. Our March 2010 survey<sup>5</sup> found that 79 per cent of people are interested in having an energy display which shows information such as how much energy they are using, how much this is costing, carbon emissions and previous energy usage. Our May 2011 survey showed that 49 per cent of customers are interested in having smart meters – with 21 per cent very interested and 28 per cent quite interested.<sup>6</sup>

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<sup>1</sup> Assuming up to four million customers may have a meter with advanced functionality installed by 2014, and an annual supplier switching rate of 16.5 per cent for these customers, then up to one million customers may be affected by Ofgem's proposals. Open letter on commercial interoperability 18 August 2011, p. 2

<sup>2</sup> This could be as result of the customer having to pay for new compatible equipment, the cost of stranded assets passed on via bills, or lack of competitive pressure on pricing for example

<sup>3</sup> According the [UK Cost of Waiting Survey](#) (PDF 4.72MB), waiting in for the meter man results in loss of earnings, disproportionately impacting those on low incomes who are paid by the hour. This results in days taken off sick – a cost to the economy, and inconvenience and annoyance for customers

<sup>4</sup> *The retail market review – Initial findings and proposals* March 2011 <http://bit.ly/fl6DuH> (PDF 3.98MB)

<sup>5</sup> This was an online Omnibus survey of 2,048 consumers aged over 18 years conducted by ICM on behalf of Consumer Focus. Full findings will be available in January 2011

<sup>6</sup> The research was carried out by TNS Research International on behalf of Consumer Focus in January 2011. A sample size of 2,049 adults were surveyed in face-to-face interviews across GB,

In short, the benefits of getting smart early may, in the customer's view, outweigh the potential disadvantages. It should be the customer's choice as to whether or not they accept a smart meter in this early phase. They should be able to make this decision when they are wholly informed of the teething problems that they may encounter including any potential barriers to switching, or loss of service should they move home. In addition, where they opt to have a smart meter, they should be protected as far as possible from any potential barriers to switching and steps should be taken to ensure that they have a high-quality experience. This is essential not just for the individual customer but the wider success of the programme. It is this approach that has informed our response below.

### Question 1: Do you agree that suppliers should be required to inform the customer of any potential loss of service before a switch takes place?

Yes definitely, but these proposals alone are inadequate. Greater consideration is needed around *what* information is provided, *when* it is provided and *how* it is delivered. This should be in a way so that the customer can make informed decisions that meet their needs and minimise disruption.

- **Pre-installation of smart meter**

Consumer Focus strongly advocates that *before* customers have a smart meter installed, suppliers clearly explain if it does, or does not, affect their right to switch supplier. Suppliers should make clear any issues that the customer may face in attempting to switch eg potential loss of service or possible inconvenience caused by a meter exchange. This includes the supplier being required to make clear to the customer, prior to selling them any kind of enhanced display or smart appliance, that the device may not work or have full functionality if the customer moves home or switches supplier. It is imperative that suppliers are transparent about the teething problems that customers may face if they receive their smart meters prior to DCC becoming operational. It is critical that customers are able to make an informed decision about whether or not they want a smart meter during this early non-mandatory phase. We recognise that this may result in some customers rejecting a smart meter, but we think that this is preferable to customer backlash that could be caused by failure to inform consumers of the barriers to switching until such a time that they have made the effort to find a better deal. We urge Ofgem to embed this within the Supplier Installation Code of Practice, in such a way it can be easily updated or removed as necessary.

- **Switching sites and front-line advisors**

Consideration needs to be given as to what information will be provided by suppliers to switching sites and front-line advisors who help customers find a better deal and make them aware of any barriers. It is important that these services are well informed to advise consumers. They can play a useful role in managing expectations and facilitating the process. Example calls from Consumer Direct below:

**(24/03/2011)** Consumer is shopping around for an energy deal. Agreed rates with supplier X but supplier X have now stated they cannot take the supply due to his smart meter.

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comprised of a representative sample across all social and income groups. Interviewees were restricted to those over 18 who were wholly or partly responsible for paying energy bills at that address

**(24/06/2011)** The consumer contacted a price comparison site and entered into a contract with supplier Y over the phone. Yesterday the consumer received an email stating that supplier Y has had to cancel the contract. The consumer called the price comparison site and they stated that supplier Y cannot work with her smart meter.

- **Prior to switching**

Consumer Focus supports the potential new supplier being required to explain any possible loss of service or if the customer's meter has to be replaced prior to the switch taking place. We welcome new obligations in addition to existing consumer protection law on 'material information' and current licence conditions. It is important that this information is clearly communicated to customers and we would encourage suppliers to share with consumer groups how they feel this can be best achieved. For doorstep sales, for example, it might be possible to include it within the clarification check, whereas for switching sites or online sales a few questions could be incorporated into the site process. It is not sufficient to rely solely on information being included in the new terms and conditions. Consumer Focus research found that only 26 per cent of people have read in full their energy terms and conditions<sup>7</sup>. We also query whether existing legislation would require suppliers to flag up if any enhanced IHD or smart appliances would not work if the customer moves to a new home with a different Home Area Network (HAN) technology.

We support staff being required, during the course of the sales process, to ask the customer questions to ascertain their current meter functionality and whether they are willing to lose certain services when switching supplier. We agree that while customer questioning might not always be reliable, this kind of direct engagement would at least help to alert the customer to the fact that some of their services may not be maintained or that the meter may need to be exchanged. This is likely to be more effective than hard copy information alone. Our consumer research indicates, and anecdotal reports from Consumer Direct suggest, that customers are often unaware if they have a smart meter. In particular they confuse having a clip-on display with having a smart meter.

We seek clarity as to what the process will be if sales assistance is unable to identify what kind of meter the customer has, or who installed it. At what point will the customer be given specifics about the service they will receive should they switch? It is also particularly important that customers are not held to the terms and conditions where there has been a loss of functionality of service and they were not made aware of this prior to the switch.

## Question 2: Do you agree that old suppliers should be required to disable any misleading information prior to the switch taking place?

We agree that it is essential that customers are able to trust the information they receive from their metering systems. Potential consumer detriment on switching includes loss of IHD functionality or erroneous information being displayed such as old inaccurate tariff data. Assuming that the old supplier is the only party technically capable of disabling misleading information, it would make sense for them to lead the process. However it is important to ensure that the old supplier only disables the minimum information so the customer retains maximum functionality. We are aware that some suppliers report that this could be technically challenging and as they are losing the customer there is arguably little incentive to maximise the customer benefit.

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<sup>7</sup> This stretches from 20 per cent for 18–24s to 35 per cent of 55–64s. Those in social groups DE said they were most likely to read the terms and conditions; 30 per cent versus C1 23 per cent and AB 25 per cent

Consumers will need to have any changes explained to them in a timely way to help inform their decision as to whether or not to switch. For example, they should be told if there will be a zero tariff on their screen or no information, if they will still have historical information in kilowatt hours, outside temperatures etc. This is particularly important where they may have purchased an enhanced IHD at considerable extra cost. There may be additional consequences for customers with smart appliances or micro-generation that need consideration.

### Question 3: Do you agree that the old supplier should be prohibited from removing historic consumption information from the meter?

Yes, we strongly support this proposal – it is in line with the Government’s wider approach on data access and use and the proposed EU Energy Efficiency Directive<sup>8</sup>. The Government has stated that at least 13 months data should be stored on the meter to help facilitate consumers accessing their information while keeping data in the home<sup>9</sup>. If more than 13 months consumption information is available it should also remain in the meter and available to the customer – it is ultimately the customer’s personal information. Historic consumption information of this kind can help the households better manage their energy use, query historic bills, or make more informed switching decisions. We also request that further consideration be given to whether other kinds of data should remain on the meter. For example data that indicates the quality of supply or number of outages could be used as evidence for compensation payments. Government has stated that customers should have a choice as to how their own data is used and by whom, except where it is required to fulfil regulated duties. This is not the supplier’s data to remove.

### Question 4: Do you agree that suppliers should not be allowed to charge customers for the replacement of a prepayment ADM in these circumstances?

Yes, we strongly support this proposal. We further believe that it should be extended to *all* customers who need to have an ADM meter exchanged when they switch supplier. It would be unacceptable if householders are faced with additional charges – whether an up-front cost or higher tariff – because their new supplier is unable to support their advanced metering system when they seek to switch.

Initial calls from Consumer Direct and discussions with the energy companies suggest that at least one domestic supplier is opting to replace ADMs rather than support a separate system – as we understand it this is the case with some existing meters on change of supplier. It is therefore particularly important that this applies to all ADMs not just prepayment.

PPM customers tend to be disproportionately on low incomes<sup>10</sup>. Additional charges could have a particularly detrimental impact on those that are already struggling to afford their bills.

Any charges will act as a further deterrent to switching in addition to the potential inconvenience, and in some instances cost, of having to take time off work to wait in for the meter installer.

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<sup>8</sup> Directive of the European Parliament and of the Council on energy efficiency and repealing Directives 2004/8/EC and 2006/32/EC

<sup>9</sup> Department of Energy and Climate Change Smart metering implementation programme, August 2011 <http://bit.ly/w565G2> (PDF 198KB)

<sup>10</sup> *The retail market review – Initial findings and proposals* March 2011 <http://bit.ly/fl6DuH> (PDF 3.98MB)

We would remind Ofgem that in the response to the smart metering consultation DECC stated that ‘a wide range of respondents were in strong support of a ban on up-front charging for mandated smart meters...most concerns were over negative reactions from customers and the anticipated impact on roll-out’. These concerns apply equally to ADMs on change of supplier. Customers will not make the distinction as to whether they have a fully compliant smart meter as part of mass roll-out or an ADM which is semi-smart – the overall feeling will be that a smart meter ended up costing them more and caused them problems.

On average more than 8,500 PPMs are installed every week to recover debt<sup>11</sup>. There may therefore be instances where a customer with an ADM switches to the new supplier in credit mode and then is subsequently moved onto prepayment to recover a debt. We seek reassurances that in this instance, customers will also not be charged after their initial switch if they are put onto prepayment and have an ADM.

We also seek clarification as to what protections will be put in place to prevent suppliers from introducing longer-term contracts to lock the customer in until they have recouped the cost of their meter, or termination fees should the customer wish to leave them within a certain period of the smart meter being installed. The following call was recorded by Consumer Direct:

**(05/04/2011):** Consumer had a smart meter installed by supplier X. They received a price increase notification with a 500% increase on the electricity standing charge and 50% increase in the gas standing charge. Consumer wants to cancel but thinks there is a £100 charge due to the meter being fitted.

**Question 5: Do you agree that the old supplier must make available to the new supplier all the information they would need to help maintain the provision of services based on ADM functionality?**

Yes, in principle we agree. Further work is needed on what this data is likely to be. From a customer point of view any steps that can be taken to help enable the new supplier to maintain all or part of the services relating to the existing ADM are welcome. As noted, it will also support the obligation for the potential new supplier to inform the customer whether there may be variation to the services related to the ADM that would be to the disadvantage of the domestic customer. Ofgem may want to consider a timeframe within which this information must be provided to ensure that there is no ‘gamesmanship’ and that customers can still be switched in a timely manner.

**Question 6: What kind of information would the new supplier need access to in order to ascertain whether they can maintain advanced services?**

Suppliers are best placed to answer this.

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<sup>11</sup> Source: Ofgem Social Obligations Monitoring Statistics Quarter 4 2009 – Quarter 4 2010 there were 444,342 PPMs installed to recover debt (8,545 per week)

Question 7: Do you agree that a large supplier should make available on request all the services that a new supplier would reasonably require to maintain some or all of the services relating to the ADM functionality?

Question 8: Do you consider the proposed volume thresholds are appropriate? If not please suggest what would be more appropriate thresholds?

We support this attempt to facilitate customers switching between smart offers, rather than the ADM operating in dumb mode on change of supplier. In order for the customer to be able to benefit from the full functionality of the smart meter, the incoming energy company has to be able to utilise not only the meter but also the communication link from the meter. As we understand it, until technical specifications are agreed the incoming supplier is unlikely to be able to use many meters in smart mode.

The proposed thresholds would seem to facilitate reasonable testing of new technologies at volume without suppliers having the challenge and cost of putting additional arrangements in place. We query however the cost–benefit implications of developing systems and processes to manage the range of different meter types and communication protocols pre-DCC. If this requirement is introduced close monitoring will be needed to understand how industry responds in practice: What solutions are offered? Do suppliers opt to operate the meters in dumb mode? And if not, what are the barriers to them adopting interoperability and communication services? Any solutions that are proposed should facilitate, wherever possible, the introduction of the DCC, not run counter or separate to it. It would not be cost effective for investments to be made in new services and functionality with no guarantee that they would have enduring use once the DCC is operational.

We are mindful not to put unnecessary burdens on small suppliers to help support competition. However, in this instance, given the potential customer detriment we seek clarification as to why this proposal does not apply to small suppliers with more than 20,000 gas or electricity ADMs, or more than 5,000 ADMs operating in prepayment mode.

We support the relatively lower threshold around the provision of services for PPMs given the increased likelihood of meter exchange when a customer using advanced payment services switches. We hope that the threshold will still facilitate the testing of ADMs in prepay mode at reasonable volumes. This is particularly important as we are aware that there are special technical challenges involved with this payment method that need to be addressed. We are also mindful that historically in the Ofgem/DECC technical working groups, there has been a tendency to put PPM concerns to one side as they are either considered too difficult to handle or a minority concern. Most suppliers have been slow to trial smart prepayment. Given this and the historical lack of competition and innovation in this market, it is important to encourage testing in this area.

Question 9: What costs do you consider suppliers will need to incur to ensure compliance with the proposed licence conditions?

Industry is best placed to answer this question.

Question 10: Do you consider that additional incentives are necessary for suppliers to avoid ADM meter exchanges on a change of supplier where possible?

Question 11: Do you consider that the measure outlined here places appropriate incentives on the installing supplier in respect of the costs of a meter exchange?

Firstly, we strongly suggest that Ofgem provides public guidance on how it would see competition law being applied to situations where a customer with a smart meter cannot switch supplier (or cannot do so without their meter being changed). Preventing, or impeding, a customer from switching is likely to fall foul of multiple pieces of legislation. We would welcome a strong statement from Ofgem that leaving a customer in this situation is likely to expose the supplier to enforcement action.

We also ask for a guarantee that the supplier installing a smart meter in advance of mandatory roll-out will honour the terms offered by an alternative supplier if they cannot support their meter. For example, if customer with supplier X with an ADM tries to switch to supplier Y and the switch collapses because supplier Y cannot support the ADM, then supplier X should be obliged to honour the unit rates supplier Y offered that customer.

We welcome the focus on facilitating smart prepayment – it is important that customers are not locked into an uncompetitive deal or receive poor customer service. However we would seek to further understand the costs and practicalities involved in this proposal before advocating for financial incentives to be placed on companies to develop interim solutions for prepayment ahead of DCC being in place. We have particular concerns about where any costs would fall – prepayment remains one of the most expensive payment methods, with disproportionately high numbers of customers on low incomes. We do not want to exacerbate this differential.

An alternative approach may be to focus on the quality of the prepayment experience for ADM customers and to ensure that any potential disadvantages are addressed. For example, suppliers could be given greater flexibility to roll-out smart prepay where they can offer the customer some kind of price guarantee and assurance of an improved level of service. This could be, for example, a commitment that their tariff will never be more than the cheapest available PPM tariff in the market, and that they will be offered the additional smart benefits such as remote top-up options and a prepay-ready IHD. If the customer was dissatisfied they would also still have the option to switch supplier, but their meter would be changed at no cost.

Consumer Focus PPM research suggests that prepayment customers potentially have the most to gain in terms of improvements in customer service from smart metering and, in the long-run, improvements in competition and a downward pressure on price. For example:

- new and more convenient ways of paying, such as top-up and payment by text message, phone or internet mean that customers can avoid having to make trips to prepayment outlets. This could remove the hassle of going out at night or in the winter to get the power back on
- more accessible information on energy consumption via IHDs and easier access to key data. For example, at the moment we understand that, on Quantum PPM meters, the consumer has to press a button over 30 times to access account information. In our recent qualitative research into attitudes toward prepayment<sup>12</sup>, none of those interviewed were aware that this information was available on their meter. These kinds of usability issues can be addressed

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<sup>12</sup> *Cutting back, cutting down, cutting off – Self-disconnection among prepayment meter users* Consumer Focus, July 2010, p. 12 <http://bit.ly/dZmcZ3>. This is the biggest ever study of PPM

- removal of the dependency on tokens or cards to load payment onto meters – British Gas reports that in 2010 more than 300,000 replacement cards/keys were issued that resulted in cost and inconvenience to customers
- low credit warnings could be provided via the display – at present where a meter is located outside of the property eg in a basement, low credit warnings cannot be heard and it can be particularly difficult for customers to keep track of their energy use. This means they can unwittingly self-disconnect
- using the installation visit to plug the prepayment information gap that customers tell us exists
- helping all customers understand how to more effectively use their energy meter and manage their energy use to budget more easily

In practice while more PPM customers are switching, the Ofgem Probe into the Energy Retail Market found that around 45 per cent of those who did switch did not receive a price reduction<sup>13</sup>. Also, that overall, the Retail Market Review (March 2011) found that 40–60 per cent of customers are ‘sticky’ (cannot switch or choose not to) and that vulnerable consumers are disproportionately represented in that group<sup>14</sup>. While steps are being taken to address this, it is unlikely that there will be any dramatic shift in behaviour in the short term.

We feel that such an approach would strike the right balance between ensuring both early movers and consumers benefit. It would also be particularly valuable to customers who have effectively been put on to ADM prepayment because of debt, not because of any real desire to use that payment method.

### **Fixed nominal charge**

Given the risk that early movers are taking and their vested interest in the success of roll-out, we believe that the installing suppliers have a reasonable incentive to offer good terms to the new supplier even though they are losing the customer. That said, the proposed fixed nominal charge could act as an additional reason to ensure that this is the case. It could also give the new supplier greater incentive to offer more competitive terms of supply to the customer. The cost of the fixed sum must be set at a level that does not dis-incentivise the new supplier from accepting any services by the old supplier that would allow the consumer to maintain ADM functionality. Similarly another unintended consequence might be that the supplier offers long-term contracts to customers proactively seeking smart meters (as opposed to those that get them as part of the ongoing meter replacement programmes) to limit the risks associated with a switch.

While in theory it is hard to imagine that suppliers would wish to reject a customer, in practice calls to Consumer Direct and our discussions with at least one supplier suggest this is the case. We query what mechanisms are in place to ensure that customers are offered fair terms of supply should they wish to switch. This is particularly the case where a customer has a poor credit rating, or is struggling to pay, as some PPM customers are.

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energy customers. The study explored attitudes to this payment method, and the extent to which PPM customers self-ration or self-disconnect

<sup>13</sup> *Energy Supply Probe initial findings report* October 2008 <http://bit.ly/fl6DuH> (PDF 3.98MB)

<sup>14</sup> *The retail market review – Initial findings and proposals* March 2011 <http://bit.ly/fl6DuH> (PDF 3.98MB)

Question 12: Do you consider that £60 represents an appropriate proxy for the cost of a meter replacement in these circumstances? If not, what would you consider a more appropriate amount?

Industry is best placed to answer this question. However £60 seems reasonable and is not dissimilar to charges levied today by meter operators. As noted, care must be taken to ensure that the figure selected does not incentivise meter exchange.

Question 13: How long a lead time do you consider is appropriate for enabling suppliers to be compliant with the proposed licence conditions?

Consumer Focus is not best placed to answer the detail of this question. However, in terms of information provision prior to the installation of the smart meter, we would expect that this could be incorporated with relative ease into the Supplier Smart Metering Installation Code of Practice (SMICOP) and developed alongside current engagement strategies. This should enable it to be implemented relatively quickly as part of the suppliers voluntary approach and underpinned by a licence condition as part of the current process by quarter 2/3 2012. In terms of timescales for compliance Ofgem should be mindful that failure to address this issue in a timely way could result in consumer backlash with the resultant negative impact on the benefits realisation. Similarly it poses a reputational risk for smart metering which has promised to make switching faster and help customers reduce their energy bills. .



**Consumer Focus response to Ofgem's consultation on *Commercial interoperability: Proposals in respect of managing domestic switching where meters with advanced functionality are installed***

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