

Feed-in Tariffs – Use of Photographic Evidence for Biennial Meter Verification

7 June 2021

Introduction

Energy UK is the trade association for the energy industry with over 100 members spanning every aspect of the energy sector – from established FTSE 100 companies right through to new, growing suppliers and generators, which now make up over half of our membership.

We represent the diverse nature of the UK's energy industry with our members delivering over 80% of both the UK's power generation and energy supply for the 28 million UK homes as well as businesses. The energy industry invests £13bn annually, delivers £31bn in gross value added on top of the £95bn in economic activity through its supply chain and interaction with other sectors, and supports 738,000 jobs in every corner of the country.

This is a high-level industry view; Energy UK's members may hold different views on particular aspects of the consultation. We would be happy to discuss any of the points made in further detail with Ofgem or any other interested party if this is considered to be beneficial.

Executive Summary

Energy UK welcomes and supports Ofgem's move towards modernising compliance requirements for the Feed-in Tariff scheme (FITs) by allowing the use of photographic evidence for biennial meter verification (BMV), as had been allowed and shown to work during the height of the Covid-19 pandemic.

However, we believe that these improvements should be introduced as a hybrid model that provides the flexibility to use either photo evidence or physical visits, regardless of the method used in the previous BMV. The current proposal to not allow the use of photographic evidence for two consecutive BMVs could prove to be unintentionally more onerous for both licensees and generators and we believe that a combination of the assurances set out for accepting photographic evidence, coupled with additional processes whereby Licensees would escalate an investigation into any installation where fraud is suspected, would provide sufficient controls to guard against fraudulent activity.

Moving forward, we would welcome Ofgem giving further consideration to compliance processes that can be modernised to reduce administrative burdens and costs to licensees and customers, potentially building from the temporary procedures that were put in place during the pandemic.

Feedback on Ofgem's Proposals

Energy UK supports Ofgem's overall intention to allow the ongoing use of photographic evidence for BMVs, although we detail below some concerns with, and suggested improvements to the specifics of Ofgem's proposals.

Control One – Frequency

Whilst Energy UK agrees with and is supportive of the intent behind the proposals, we believe that it should instead seek to introduce a hybrid model that provides Licensees with flexibility to use either photo evidence or physical visits, regardless of the method used in the previous BMV.

It would be helpful if Ofgem could provide any applicable evidence or assessment in terms of the risks of fraudulent activity it has identified that would necessitate a process to not allow the use of photographic evidence for two consecutive BMVs. It is our belief that the proposed assurances as set out in the consultation document would provide sufficient comfort that Licensees were robustly able to prevent and detect fraud, especially where suppliers have read validation in place to identify erroneous reads and trigger a physical visit if necessary to reduce risks even further.

For both Licensees and generators, the following benefits could be realised under a process where photographic evidence can be used for all BMVs where appropriate, and such benefits may be diluted under Ofgem's current proposal:

- Cost and time savings for FIT generators, by removing the requirement for generators to travel to meter locations to attend a visit.
- A more coherent customer journey which doesn't require different methods to be used at each BMV.
- Flexibility for generators to meet their obligations where, going forward, they may be less inclined to allow access for perceived unnecessary site visits even where access restrictions due to Covid-19 are more permanently lifted.
- Removing the risk of human error in the meter read process (whereby meter readers can transpose information incorrectly during physical visits) and providing a means for improved customer service by way of being able to refer to photographic evidence without inconvenience to generators where information could have been transposed incorrectly.
- Removing the requirement for meter readers and FIT generators to travel to sites in all possible cases would enable a reduced carbon footprint, and supports delivery of net zero.

Additionally, the proposal not to allow the use of photos for two consecutive BMVs could be more onerous for both Licensees and generators. Licensees would be required to retain existing processes while also undertaking additional costs to set up the enduring process for receiving and validating photographic evidence in line with Ofgem's proposed controls. We do not believe that the additional costs of meeting the requirements as set out would justify the level of counter-fraud mitigation gained or outweigh the benefits to Licensees and generators of pursuing the hybrid approach set out above.

Control Two – Composition of the Photograph

Energy UK is broadly supportive of the proposed controls around the composition of the photograph.

However, in the scenario Ofgem noted in its consultation where the meter serial number is not in the vicinity of the meter read display, it may be beneficial to allow the use of video evidence in these rare circumstances.

Control Three – Declaration

Energy UK supports the requirement of an electronic declaration on each submission, which should be relatively simple to introduce and manage.

However, it should not be a requirement for this to be submitted to the CFR in each instance. Instead, the administrative burden could be reduced by obligating Licensees to retain declarations as evidence to be provided in any FIT audits, or where requested by Ofgem.

Control Four – FIT Licensee Assurance

Energy UK agrees that FIT Licensees should put in place procedures to manage risk against fraudulent activity, and members would update their fraud strategy accordingly.

Provided all Licensees implement the proposed assurances into their processes, this should offer enough control against the perceived risk of fraudulent activity to give Ofgem comfort to introduce a hybrid model that provides Licensees with flexibility to use either photo evidence or physical visits, regardless of the method used in the previous BMV. We consider that the four proposed processes are reasonable and feasible to meet Ofgem's objective to deter and detect fraud without the need to have

the additional step of a physical visit at the next BMV, and may indeed have added benefits such as the reduced risk of inaccurate transposition of reads as noted in our response to Control One.

By giving Licensees the flexibility to use whichever method of verification is most suitable in each case, any indication of fraudulent activity could be followed up by carrying out additional physical visits, and utilise the ability to withhold payments from the generator should they have such suspicions.

Means of Submitting Photographic Evidence

Energy UK is supportive of Ofgem's proposed methods for the submission of photographic evidence.

Switching

As highlighted above, we believe that it would be more beneficial to allow photographic evidence in all possible instances when a BMV is required, without the requirement to alternate between photographic and physical reads. This change to the proposal would then negate the need to notify the new Licensee of the method of the last BMV and reduce unnecessary administrative burdens.

However, if Ofgem's proposed solution is adopted as it currently stands, we would suggest that a more effective method of achieving its intended outcome would be to introduce a requirement for the CFR to be updated by the old Licensee with the last BMV meter read, the date of the read and the method of verification used. The new Licensee would then have this information to hand after a switch.

Draft Guidance

The drafting of the guidance reflects the policy as set out, although would need to be revisited should any amendments be made in line with industry.

For further information or to discuss our response in more detail please contact Steve Kirkwood on 0207 747 2931 or Steve.Kirkwood@Energy-UK.org.uk.