

# Energy UK Response to BEIS Consultation on maximising non-domestic smart meter consumer benefits, improving the data offer and enabling innovation

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## About Energy UK

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.

## Introduction

This is Energy UK's response to the [BEIS Consultation](#) on maximising non-domestic smart meter consumer benefits, improving the data offer and enabling innovation. Energy UK welcomes the opportunity to respond to this BEIS consultation and our Energy UK members contributed to this response. Our response is not confidential.

In principle, Energy UK and its members acknowledge the general approach, evidence and rationale underpinning BEIS' proposals to improve the smart meter data offer for non-domestic consumers and to drive forward innovation in the market for non-domestic smart meter data services. However, Energy UK and members believe the policy proposals set out here may need to be flexible to allow suppliers to meet the new proposed obligations in an efficient manner. There are a number of challenges in the way the proposals are being proposed; these challenges are outlined within our responses to the consultation questions below. If there were advance discussion with suppliers, BEIS could have ironed out some of these challenges ahead of the consultation process.

## Our Response

Our responses to the BEIS questions are as follows below. For awareness, the use of the term "smart" within this response refers to both SMETS and AMR meters, unless specifically called out.

**Question 1: Do you agree with the rationale and evidence underpinning our proposals to improve the smart meter data offer for non-domestic consumers? Please give reasons and evidence to support your answer.**

Energy UK and its members acknowledge the evidence and rational underpinning BEIS' proposals to improve the smart meter data offer for non-domestic consumers, and also acknowledge the view of the industry more generally not meeting Government's expectations within this area.

In particular, it is disappointing that the anticipated growth in the Energy Services (ESCO) sector has not materialised (whereby ESCOs could and would be utilising existing smart meter data obtained through the Smart DCC in order to deliver Energy Services products and services), leaving an obvious gap in the number of businesses benefitting from tailored energy management services for certain sectors of the non-domestic market. What is not clear however is whether the lack of anticipated growth is due to a genuine lack of interest, or due to the products and services being offered being seen as unattractive, or non-beneficial to certain groups of the non-domestic energy market. It would be helpful to understand if BEIS' research has identified if these are the reasons, or if there are other reasons in

play here; we believe this may be helpful to drive any next steps whether these are, for example, policy related or educational / informative steps.

Despite this, it is important that Government must acknowledge that suppliers are currently and have always been willing and prepared to provide an improved smart meter data offer for non-domestic consumers where demand from those consumers requires this, and Suppliers are as committed as ever to assist in ensuring all consumers get the full benefits of smart meters, regardless of their customer-categorisation.

**Question 2: Overall, do you agree that these proposals achieve the right balance between consumer needs and supporting market-led innovation in non-domestic smart energy management tools and services? Please give reasons and evidence to support your answer.**

Whilst Energy UK and its members recognise that Government is trying to achieve a balance between meeting consumer needs, and supporting market-led innovation, the proposals are clearly attempting to stimulate behavioural change for non-domestic consumers more generally. It is unclear whether or not that improving insight into energy consumption over and above the insight provided on monthly energy bills (or through other means) to such a diverse customer base will actually deliver the overall improvements Government is wanting to see. Furthermore, it is also unclear from the proposals how any such improvements could be measured over time / in future, given the risk for Suppliers that further prescriptive requirements may be proposed by Government in future if these current proposals do not achieve the desired effect. This is also especially relevant as a one-size-fits-all approach would not work across all Suppliers given the different business models, sizes, customer portfolios supported from single to multiple sites, and level of consumption of energy.

**Question 3: Do you agree with the rationale and evidence underpinning our proposals outlined in Box 1 (that non-domestic smart meter consumers must be entitled to a minimum baseline of free access to information based on their energy consumption data, presented to them in a user accessible format to allow insights into their energy consumption and usage)? Please give reasons and evidence to support your answer.**

Energy UK and members agree with the rationale and evidence underpinning BEIS' proposals outlined in Box 1 that "*non-domestic smart meter consumers must be entitled to a minimum baseline of free access to information based on their energy consumption data, presented to them in a user accessible format to allow insights into their energy consumption and usage*".

**Question 4: Do you agree with our evidence that data provision (which meets the criteria in Box 1) should be provided by default by the supplier as part of the standard smart meter offer without the consumers having to request it in order to drive consumer engagement? Please give reasons and evidence to support your answer.**

Energy UK and its members agree that the provision of data (for free and at a minimum threshold) should be provided by default by the supplier as part of the standard smart meter offer.

This is particularly relevant to smaller/SME non-domestic consumers due to their potential lack of time, conflicting priorities, resources and ability if they have to proactively ask their supplier to provide what could be determined as a basic level of information relating to their energy consumption. However, this may not be the case for other non-domestic consumers (especially larger consumers such as I&C's (Industrial and Commercial) or consumers with more than one meter), many of whom are likely to have comprehensive energy management tools/processes already in place.

Energy UK and members believe BEIS should acknowledge and consider that data provision provided by default should be amended to specifically focus to those non-domestic consumers (smaller/SME businesses) that will benefit more from receiving data provision provided by default compared to those large non-domestic consumers or non-domestic consumers who may have more than one meter due to the value, utilization and benefits smaller consumers will receive from the proposals. This would mean large non-domestic consumers or non-domestic consumers who may have more than one meter can still apply to receive their data but only by request which reflects current supplier obligations.

Another argument that Energy UK and members have against this proposal is there could be a number of obstacles that will affect suppliers meeting these proposed obligations. These obstacles include the issue of collecting data for non-enrolled SMETS1 meters, non-domestic consumers who have not opted-in to provide access to their meter data, and suppliers may not hold the data collection contracts for their non-domestic consumers. The market factors outlined in Question 9 can also be included as similar or extra obstacles to meeting these proposed supplier obligations. These obstacles will overall obstruct suppliers' data collection and data provision to customers. BEIS must consider how to take this into account and how to amend these proposals to make sure suppliers can meet their customers data needs.

**Question 5: Do you agree that the proposed implementation timeframes are sufficient to enable all suppliers to meet the free baseline offer? Please give reasons and evidence to support your answer.**

Energy UK and members strongly oppose with the proposed implementation timeframes due to a number of obstacles that will prevent suppliers being able to prepare to meet these policy changes once they go live:

- Suppliers do not always have easy access to the smart meter data that will need to be provided to their consumers. This is due to the restrictions of retrieving data from AMR meters and the difficulties to retrieving data from consumers that have direct contracts with Metering service providers that provide and receive their data.
- Dealing with other policy changes occurring in the industry which is already taking up a considerable amount of time for suppliers to prepare for, such as Faster Switching, MHHS programme and the current micro business policy proposals (Microbusiness Strategic Review). Taking these policy changes into account, suppliers would find it difficult to resource the policy changes within this consultation as well as meeting all of the other policy changes that are currently going on in the industry.
- Not being made aware of the consultation until the publication in July 2021. If suppliers were warned about this consultation earlier, there may have been more time for suppliers to plan and prepare for the future obligations to take place, given the impacts internally on systems and process changes.
- Suppliers will not be making any permanent changes until the policies are confirmed, which leaves even less amount of time for suppliers to prepare for and implement the changes.

Considering the above, Energy UK and members believe it would be more pragmatic for suppliers to have an extended timeframe for the policy changes, where the timeframe would naturally fit in and consider other policy changes that are occurring within the industry.

An ambitious approach would be providing an implementation timeframe as close as possible to when the MHHS programme will be completed. Considering this will only relate to electricity smart meters, the MHHS programme will still help improve suppliers' data capacity, processes on recording half-hourly data consumption and ability to offer more flexible products which will help align and support suppliers in meeting the proposed policy changes within this consultation. However, it is understood that this programme is estimated to be completed in four years (2025) which is a considerable amount of time in the future, therefore, any extra time nearer to the implementation of the MHHS programme would be a more natural fit for these policy changes to be implemented.

An alternative approach to the suggested timeframes above would be to have a soft launch for the proposed policy changes, where this could be introduced in July 2022 allowing Suppliers to have a number of years to comply with the changes as they develop their MHHS solutions (whilst not being fixed to any obligated short-term system and process updates), and a hard launch for when all suppliers are capable to meet these obligations accordingly nearer to the time when the MHHS programme is completed in the future. This approach could provide the time that suppliers need to adapt and adopt the proposed policy changes, and make sure that suppliers will appropriately meet the required obligations and Government expectations before the hard launch of the policy changes. This will also align with the improved capabilities that suppliers will obtain from when MHHS programme is underway

which will overall help support suppliers' preparation and ability to meet the proposed policy changes when they fully go live.

**Question 6: Do you agree that a free baseline data offer is compatible with market-leading functionalities and services? Please give reasons and evidence to support your answer.**

Energy UK and members agrees with this view, as long as the free baseline data offer does not prevent any innovation and competitive offerings which are already commercially available to consumers from suppliers, and therefore avoid any unintended consequences.

**Question 7: Do you agree with the proposals around timeliness of data provision, as set out in Box 2? Please give reasons and evidence to support your answer.**

Energy UK and members remain concerned that the proposals as written apply to all non-domestic consumers, which in effect forces half-hourly (electricity) and hourly (gas) data retrieval for all non-domestic consumers without any consideration on the supplier and smart meter systems and infrastructure impacts, and whether a particular consumer actually wants the data.

Whilst the general expectation is that the smart metering infrastructure should be capable of delivering this level of consumption data retrieval, we are not completely satisfied that this capability is the current reality, for example it is unclear whether the impacts of the additional demand on the Smart DCC network has been assessed. As such, Energy UK and its members believe that more analysis needs to be presented to show that the current smart meter infrastructure can actually deliver against the policy proposals, including any costs implications if enhancements are needed to the Smart DCC infrastructure to support these proposals, as this will be a critical supplier dependency.

**Question 8: Do you agree with the rationale and evidence supporting our proposals for suppliers to regularly inform consumers of their available means for accessing a free version of their energy consumption data? Please give reasons and evidence to support your answer.**

Energy UK and members acknowledge the rationale and evidence supporting BEIS' proposals for suppliers to regularly inform consumers every six months of their available means for accessing a free version of their energy consumption data. We agree that promoting smart meter benefits is important, but informing consumers every six months may be too regular and unnecessary for suppliers, and may ultimately be counterproductive if not welcomed by consumers.

We believe the most suitable obligations for suppliers when providing their non-domestic consumers with data is to meet similar obligations stated in licence conditions 47.15B (electricity) and 41.15B (gas) which gives suppliers the discretion on informing matters stated in licence conditions 47.14 (electricity) and 41.14 (gas) at such intervals as are determined appropriate for the purposes of ensuring that the domestic consumer is regularly updated on relevant matters.

If this is reflected for non-domestic consumers, but specifically to inform their available means for accessing a free version of their energy consumption data, this will allow suppliers to inform their non-domestic consumers at appropriate intervals. The merit of this suggestion is that it may meet certain consumer preferences, avoid any unwanted communications for suppliers' consumers, and this allows suppliers to mould this extra communication within their current communications processes, plans and obligations that they already currently meet. For example, suppliers generally inform consumers annually (at a minimum) instead of every six months because an annual basis is more in-line with suppliers' current processes and obligations. This will reduce the risk of pestering consumers who may already be aware of their benefits but may not want to use them, as well as allowing suppliers to co-ordinate communications at the appropriate intervals. These requirements will also provide an easier procedure in repeating established processes that are performed for domestic consumer communications due to obligations will be reflected for non-domestic consumers.

Moving on from the above suggestion, Energy UK and members believe it would be beneficial for BEIS to clarify what type or level of communication suppliers will need to provide to consumers when informing them of their available means of accessing a free version of their energy consumption data. This would benefit suppliers understanding of what type of communications customers would prefer, for example, whether suppliers should use a sentence in regular communications sign-posting a webpage on the

supplier's website displaying in-depth details, or a separate communication outlining more in-depth details for the consumer. This will help set out Government expectations and provide guidance on what suppliers will need to provide, as a minimum.

**Question 9: Do you have any views on whether and how the market factors identified (meter storage, the role of DCDAs, half-hourly data schedules and 'smart type' meters) might affect the proposals outlined? Please give reasons and evidence to support your answer.**

Energy UK and members believe the market factors identified within this question and within the response to Question 4 will affect suppliers meeting the proposed obligations because these factors are key reasons why suppliers do not have full access to some of their consumers data. Some of the obstacles that these factors cause include:

- GDPR issues – some consumers are not the end user of the data which makes it difficult to request permission to collect their data from their service providers.
- High costs to retrieve data from consumers service provider which do not operate with the supplier.
- Inefficient process for consumer service providers to send their data to the supplier, only for the supplier to meet obligations by sending the data straight back to the consumer which the service provider will have in the first instance.
- Not being able to collect the required data due to:
  - Non-enrolled SMETS1 meters.
  - Meters that are not capable of half-hourly data schedules.
  - Some non-domestic consumers not opting-in to provide data access to their suppliers.
  - Suppliers may not hold the data collection contracts for their non-domestic consumers.
  - AMR meters are not able to store up to 12 months of data.
  - Smart DCC Network potentially not being capable to deliver against the policy proposals.

Overall, suppliers will struggle to overcome these obstacles to be able to meet the proposed obligations. We believe Government will need to take these situations into account when amending the proposed policy changes so that suppliers are able to meet obligations without any issues, difficulties, or obstacles. It is also worth noting that the timely implementation (and impact) of the MHHS Programme on overall data retrieval processes could be a potential risk; this is due to the future planned role for a MDR (Meter Data Retrieval) Party within the programme to retrieve smart meter data via the Smart DCC infrastructure.

**Question 10: Do you agree with our rationale and evidence for proposing that non-domestic consumers should be able to nominate a third party to receive up to 12 months of their consumption data free of charge and in a machine-readable format via the internet? Please give reasons and evidence to support your answer.**

Energy UK and members agree with the rationale and evidence for these proposals.

**Question 11: Do you agree with the proposals in Box 4 to streamline the third-party consumer consent process? We welcome views on how these can best be defined. Please give reasons and evidence to support your answer.**

Energy UK and members agree with this proposal.

Energy UK and members would like to clarify and share some factors that may prevent a nominated third party to receive data from suppliers for their relevant consumer for future reference. These factors include:

- Whether a supplier has obtained a letter of authority from the consumer allowing the third party to receive this data.
- Whether the third party is signed up to the future Alternative Dispute Resolution (ADR) scheme (although the Microbusiness Strategic Review Policy Consultation is still awaiting a decision on whether these obligations will be used).

**Question 12: Do you agree with our rationale for why our proposed licence changes are complementary to DCC services? IF NO, how do you think they could they be adapted to ensure they are complementary? Please give reasons and evidence to support your answer.**

Energy UK and members agree with this proposal.

**Question 13: Do you agree with our rationale for the proposed scope of the policy changes i.e. by meter type and business size? Please give reasons and evidence to support your answer.**

Energy UK and members broadly agree with the rationale and principles for the proposed scope of the policy changes. We believe there are number of factors that need to be reconsidered, specifically relating to the size and type of the non-domestic consumer, as well as non-domestic consumers with AMR meters.

#### Large non-domestic consumers and non-domestic consumers with more than one meter

As noted in the response to Question 4, it may not be valuable to provide data provision by default for certain sizes and types of a non-domestic consumer (large non-domestic consumers and non-domestic consumers with more than one meter). We would like to suggest again that these types of non-domestic consumers be excluded from the requirement to provide data by default.

Apart from this exception, we have no objections of including these certain non-domestic consumers in any of the other proposed policy changes.

#### AMR meters

As noted in the response to Question 9, AMR meters bring challenges for suppliers in implementing the proposed changes. Considering these challenges, we would like to suggest AMR meters to be excluded from the proposed scope of the policy changes.

**Question 14: How can Government best support industry to drive forward innovation for non-domestic smart meter data tools and services? Please give reasons and evidence to support your answer.**

Energy UK welcomes Government's support with suppliers working towards meeting these future obligations. Furthermore, it is important that Government ensures that it publicly backs and endorses smart meters and their benefits at every appropriate opportunity, including consideration of any policy levers that could be enacted to support the overall smart metering mandate and to enable the transition to Net Zero.

One area Energy UK believe Government could support industry in respect of these non-domestic proposals is to provide clarification and guidance on Government's expectations for suppliers on the different types or visual examples of user-accessible formats suppliers could use when presenting energy consumption data to the non-domestic consumer.

Considering that the proposals set out within this consultation are supposed to encourage and invite suppliers/third parties to have more flexibility in innovating their user-accessible format products and services, some suppliers may need extra guidance on Governments expectations in this space due to some suppliers who may not have these products/services established yet, and setting out Government expectations would avoid suppliers being penalised for not appropriately meeting their obligations or Government expectations.

Adding to this point, examples of user-accessible formats which are stated within the consultation paper (emailed 'visuals' of consumption through to online platforms, apps and more complex services) are not stated or confirmed within the licence conditions. Guidance in this area will help set out Government

expectations for suppliers to meet their obligations. A BEIS lead workshop or a best practice guide could be a suitable support for industry in this area.

Government has an option to add these user-accessible format examples within the licence conditions. This will mean that there will be less support needed to provide guidance within this area of meeting obligations. This something that needs to be considered by BEIS (as noted out in our response to Question 16).

**Question 15: Do you agree that an improved non-domestic data offer will support energy suppliers to deliver the post-2020 framework by acting as an additional consumer incentive? Please give reasons and evidence to support your answer.**

Energy UK and members believe the improved non-domestic data offer will not be an additional consumer incentive to support suppliers to deliver the post-2020 framework. Non-domestic consumers currently have the option to request and receive data from a supplier (as well as through other third parties which already provide data offering services). An improved version of the same service that suppliers already provide is still classed as the same incentive for consumers to receive due to not being a new service, and therefore this does not make it an additional or new consumer incentive.

As noted in the response to Question 14 above, broadly speaking, the key enabler to deliver the Post 2020 Framework would be Government's public endorsement and backing to smart meters and their benefits at every appropriate opportunity (at a national and local Government level), and consideration of further policy levers to support the overall smart metering mandate and to enable the transition to Net Zero.

**Question 16: Do you agree that the legal text proposed in Annexes A and B adequately captures the proposed policy changes in this consultation? Please give reasons and evidence to support your answer.**

Energy UK believes that the legal text proposed in Annexes A and B appropriately captures the proposed policy changes in this consultation. However, there is two sections of the legal text that may need to have more consideration to clarify supplier obligations.

The first section is relating to Electricity licence conditions 51.19-51.20 and Gas licence conditions 45.15-45.16, under 'Providing or making available consumption information to Non-Domestic Customers'. We believe this section (specifically clauses (i) and (ii)) should consider additional clarification on examples of user-accessible formats, such as regular emails, online platforms, apps and more complex services.

This will reduce the risk for suppliers to be penalised if they do not meet Government expectations on providing user-accessible formats.

Although, as relayed in our response to Question 14, this amendment may not be needed if Government wish to choose to provide a workshop or a best practice guide setting out their expectations on examples of user-accessible formats that suppliers could provide to their consumers. This something that needs to be considered by BEIS.

The second section is relating to Electricity licence conditions 51.4 and Gas licence conditions 45.3, under 'Condition 51/45. Smart Metering – Customer Access to Consumption Data', 'Application'. This addition to the licence conditions (example shown below) will take into account meters that are not able to communicate and record relevant consumption data, which will help suppliers comply with obligations without any obstacles.

*51.4 Parts C2 and D of this Condition apply to the licensee in respect of any Non-Domestic Premises at which:*

- a) *it is the Relevant Electricity Supplier; and*
- b) *there is installed a Smart Metering System or an Advanced Meter, **and that meter is communicating and recording Relevant Consumption Data** (the relevant non-domestic premises).*

**Question 17: What types of energy supplier data offerings do you think are likely to emerge in response to the policy changes in Box 1 and Box 2? We welcome views from energy suppliers on this question in particular. Please give reasons and evidence to support your answer.**

Energy UK has no comment on this question due to the question specifically requesting energy suppliers' views.

**Question 18: Under our proposed licence changes, how do you think suppliers would differentiate their “for free” data offering versus chargeable services, and what do you think would drive this?**

Energy UK has no comment on this question due to the question specifically requesting energy suppliers' views.

**Question 19: What do you foresee as being the primary costs and benefits (and to whom) of the proposed measures in this consultation? Please quantify these as far as possible (though we also welcome views on any wider system benefits which may be harder to quantify).**

Energy UK has no comment on this question due to the question specifically requesting energy suppliers' views.

**Question 20: In your experience, how much does it cost to develop varying levels of data offerings (ranging from emailed ‘visuals’ of consumption through to online platforms, apps and more complex services). Please quantify this as far as possible. We are particularly interested in breakdowns of one-off initial investment costs vs ongoing running costs, fixed vs variable costs and costs of in-house development versus commissioned out.**

Energy UK has no comment on this question due to the question specifically requesting energy suppliers' views.

**Question 21: Do you think there are any equalities impacts in relation to our proposals that have not been considered above? Please outline what these are, their potential impacts and how Government could take steps to mitigate them. Please give reasons and evidence to support your answer.**

Energy UK has no comment on this question due to the question specifically requesting energy suppliers' views.