

Non-domestic smart meter rollout post-2025 – Energy UK response to DESNZ consultation

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About Energy UK

Energy UK is the trade association for the energy industry, representing companies investing billions of pounds to secure our country's current and future energy needs.

From growing start-ups to major electricity generators, grid and infrastructure developers and energy suppliers, our members are driving change across power, heat, transport and flexibility.

We provide a collective voice for the sector working with governments, regulators, charities and other organisations to provide crucial insight that shapes policy, offers solutions and promotes best practice.

Our broad view across the whole system supports evidence-based positions which are not tied to particular technologies, and are focused on delivering strategic benefits for people, businesses and the economy.

We champion initiatives such as our Vulnerability Commitment, which pushes suppliers to go beyond regulation to support customers with additional needs, and TIDE, the industry's drive for greater inclusion and diversity. Through our Young Energy Professionals Forum, we support the development of future leaders.

We are equally committed to our team and are proud to be recognised as a 'Gold' Investors in People employer.

Executive summary

Energy UK welcomes the Department for Energy Security and Net Zero's (DESNZ) consultation on the non-domestic smart meter rollout post-2025 proposed framework (the proposed framework), to drive higher levels of non-domestic smart meter uptake. The smart meter rollout is essential for an energy system which can meet future electricity demand in the most efficient, affordable, lowest-carbon way.

Energy UK particularly welcomes the move away from the 'hard targets' framework that has guided the smart meter rollout since 2022, and the recognition that flexibility is needed to deliver new installations in a way that accounts for broader commercial priorities. This includes balancing emerging challenges as the rollout extends, including declining customer demand (with an increasing proportion of customers with traditional meters being smart adverse, or whose premise would require remedial work), and the need to upgrade advanced metering portfolios to 4G.

Suppliers are also increasingly incentivised to encourage customers to have a smart meter installed, due to the migration to market-wide half-hourly settlement (MHHS)

that is underway. MHHS is a vital enabler of consumer-led flexibility and requires a smart meter to unlock the full customer benefits. MHHS can also support cost savings for suppliers, as it enables more detailed consumption data and improvements in energy consumption forecasting. It is therefore important that the proposed framework aligns with the Government's agenda to cut red tape and kickstart growth, and Ofgem's strategy to drive investment and innovation, to support the delivery of these benefits.¹

It is also positive that DESNZ is consulting separately on the rollout in the non-domestic market, acknowledging the heterogeneity that exists within it. Due to the distinct nature of its customers, the non-domestic market demonstrates different characteristics, needs, and behaviours to the domestic market.

However, while we have previously called for additional policy levers, DESNZ has pursued one lever without looking at the relative impacts of all the options. We have serious concerns about the framework as currently proposed.

Main concern

As currently detailed, the proposed framework would introduce an inconsistent customer experience. This is because:

- TPIs regulations are yet to be embedded, and workarounds for TPIs could be exploited. For example, a TPI could set up a separate independent Meter Operator (MOP) contract outside of suppliers' sight or control.
- It would likely lead to a 'race to the bottom' in the enforcement of the smart-contingent terms, where suppliers may:
 - Choose not to enforce the terms, given the competitive risk if not all suppliers are doing so; or
 - Choose to enforce the terms, and the customer switches away, which may have an impact on customer bills, as the supplier has already hedged that position and will need to recover their potential losses.

Further, these issues may result in no significant improvement in the overall success of the smart meter rollout, while adding substantial administrative burden on industry, and raising costs for customers.

Other practical concerns

- The proposed timescales are not feasible for delivery, as sufficient time would be needed to undertake legal due diligence and ensure the correct processes and systems are in place.
- The proposed framework does not address the various systemic issues that can prevent customers from installing a smart meter. For example, where it is

¹ [HM Treasury, Radical action plan to cut red tape and kickstart growth, 2025](#); [Ofgem, Markets Regulatory Strategy and Vision to 2030, 2025](#).

very expensive for customers to have a smart meter installed at their premise due to remedial work costs.

- The proposed code of practice is disproportionately prescriptive, and would be challenging to implement and monitor.
- The proposed governance arrangements would be difficult to implement, and may result in an inconsistent regulatory approach.
- Members also note a lack of engagement with industry on the proposed framework to ensure that they were practical and implementable, ahead of being presented in a consultation at a relatively developed phase.

It is also important to note that there are now over 10,000 pages of energy industry codes for market participants to navigate (including suppliers), placing a heavy administrative burden on the sector. The demonstration of compliance efforts regarding highly complex regulation makes the cost to serve a retail energy account in the UK double the level in France.² This makes attracting investment and innovation in the market very difficult, which would enable better outcomes for customers. As such, we suggest that a strong rationale should be required to introduce narrow, prescriptive energy regulation (which not all parties need to abide by), to ensure that it is minimising any additional costs or complexity being added into the system.

For the reasons outlined above, we strongly recommend the following:

1. **DESNZ should carry out a thorough further review of these proposals**, which are unworkable in their current form. This should include:
 - a. Undertaking a proper impact assessment of legitimate counterfactual frameworks.
 - b. Ensuring that the framework is introduced once the TPI regulatory regime and Consumer Outcomes work have been embedded.
 - c. Engaging with the broader industry sufficiently.

Further, we recommend that implementation is 12 months after the government decision, to allow time to design and draw up new contracts, and introduce the necessary terms and conditions.

2. **In the meantime, more direct demand drivers should be assessed**, targeting commercial and social landlords. For example, requirements to install smart meters in vacant properties, public sector buildings, and at change of ownership/tenancy.

Concerns

The proposed framework could introduce an inconsistent customer experience

Potential for gaming

TPIs are essential to smart meter uptake for non-domestic customers, guiding businesses through the contracting process. However, the proposed requirement for

² [Energy Security and Net Zero Committee, The cost of energy - Oral evidence, 2025.](#)

universal implementation of smart-contingent contracts could be rendered ineffective, as it does not address the issue that unregulated TPIs can exploit workarounds. This could lead to an inconsistent customer experience across the market.

For example, a TPI could set up separate independent MOP contracts for customers that want to avoid the rules brought in by these proposals. These contracts allow a MOP to manage a site's meters, and such an arrangement would be outside the supplier's sight or control. Customers could also do this themselves, though only the most smart meter averse would be likely to do so.

We also note that the TPI contract definition in the proposed licence conditions references a specific type of TPI relationship, rather than the definition that is used in wider regulation, namely that of "people or organisations (other than energy suppliers) with a role in arranging energy supply contracts of behalf of energy consumers".³ Using this definition would improve clarity and ensure better outcomes for customers.

Finally, while the draft code of practice states that a supplier must take all reasonable steps to ensure that a TPI Contract includes a term relating to smart meters, this may have little impact in practice, as suppliers have little leverage with TPIs to ensure that this takes place. Further, it is inappropriate to place obligations on suppliers in relation to TPI conduct.

Unintended market incentives and consequences

The proposed framework introduces a perverse market incentive where suppliers would have to make tough commercial decisions when considering enforcing the smart-contingent terms, given the competitive risk of being one of the few to do so. This risks creating a 'race to the bottom' in the enforcement of terms and conditions, as suppliers balance compliance obligations against competitive pressures from customers switching away (when stricter enforcement is applied by a supplier).

It is our understanding that this could happen under the proposed legal drafting for the proposed framework, which does not require suppliers to strictly enforce the terms of the smart-contingent contracts (although it does require suppliers to report on the number of sanctions that have been applied, as a performance assurance measure).

In this situation, as the supplier has already hedged that position, they would need to recover potential losses. This would create significant unintended consequences, including higher costs for customers, undermining the expected benefits of the scheme.

³ [Department for Energy Security and Net Zero, Regulating third-party intermediaries \(TPIs\) in the retail energy market: government response, 2025.](#)

Further, this would not increase overall smart coverage but merely redistribute customers across the market, undermining the policy intent. This is likely, as suppliers who include smart contingent terms in their contracts today often find that customers continue to refuse the offer once under contract, or do not allow access for meter installation, even where they have previously agreed to it.⁴

The proposed timescales are not feasible to deliver

The proposed timescales for implementing the universal implementation and communication requirements are not feasible for industry to deliver. For example, suppliers are already negotiating contracts that will go live in 2027. To ensure they are compliant with the requirement for smart-contingent contracts, they will need sufficient time to do the necessary legal due diligence before including such terms in their contracts (and which they can only begin in earnest once the framework is finalised).

Further, they will have to implement differential renewal processes, which would require process and system changes.

Customers unable to have a smart meter may be left worse off

Non-domestic installations are often complex, and a material proportion of customers are unable to progress to a smart meter installation due to technical constraints.⁵ Many of these cases require remedial works that can be costly and disproportionate to the smart meter benefits available.

This may result in several unintended consequences, including:

- Customers potentially facing financial penalties or losing access to competitive tariffs despite being unable to install a smart meter.
- Customers with high remedial costs disengaging with the rollout.
- A decline in sentiment towards smart metering.

Collectively, these impacts risk undermining confidence in the programme and reducing the effectiveness of the rollout as a whole.

The proposed code of practice is disproportionately prescriptive, and would be challenging to implement and monitor

The proposed code of practice is disproportionately prescriptive, going much further than the voluntary guidance which was previously developed. This risks entrenching existing rollout issues rather than fixing them, and sends the wrong signal to industry about where efforts should be focused.

⁴ Importantly, in practice, the proposed framework would not solve this issue.

⁵ One supplier's data shows that around 50% of cases require additional work/action by the customer, which means the smart install cannot be completed. This includes around 25% which require customer action.

For example, the rules relating to supplier proportionality go into extreme detail on the many actions a supplier must take in different scenarios, before any compliance action is taken. This goes far beyond what is outlined in the voluntary guidance, and by doing so, limits the ability for suppliers to tailor their approaches to their specific customers. It is also not in suppliers' interest to take such punitive enforcement action, given that as discussed above, this would likely lead to a loss of business.

It is disappointing to see this level of prescription proposed, as a lot of work has previously been done with DESNZ to demonstrate supplier activities to ensure a positive smart meter consumer journey, including on smart-contingent contracts.

The proposed code is also somewhat duplicative, with some rules already in the energy licence. For example, SLC 0A (Standards of Conduct) was recently extended to all non-domestic customers, making the 'Fairness and Proportionality' section largely duplicative. We also provide further examples on this in response to Question 3.

While we acknowledge that some of the existing protections only extend to microbusiness customers, we consider that this is sufficient, given that microbusiness customers make up most of the business market, and often have a reduced capacity to engage with their energy supplier.^{6 7}

Further, the level of complexity would make the code difficult to implement and report on for suppliers, and for the monitoring body to ensure consistency across industry. This complexity would also require significant operational costs for suppliers, which are not justified. Detailed consultation with industry, Ofgem, and other stakeholders should be required to design a proportionate approach to monitoring and compliance of the licence conditions. A delay to the implementation of the proposals, as proposed above, would allow for this process to take place.

More broadly, we note that DESNZ has not provided evidence that the existing voluntary guidance document is not effective in ensuring that customers are protected from any smart-contingent contract related harm.

The proposed governance arrangements would be difficult to implement, and risks an inconsistent regulatory approach

We disagree that the proposed governance and reporting processes are simple and would be easy to implement and ensure compliance with.

Firstly, we are concerned that the governance arrangements would span DESNZ, Ofgem and the Retail Energy Code Company (RECCo). It would be difficult to ensure that the framework is interpreted consistently across these organisations, which

⁶ Noting that one member does not agree with this position.

⁷ [Department for Energy Security and Net Zero, New threshold for businesses accessing the Energy Ombudsman, 2024](#); [Ofgem, Non-domestic 2024 research report, 2025](#).

could lead to inconsistent outcomes across the monitoring, compliance, and enforcement activities.

Further, we do not support RECCo having primary responsibility for monitoring and evidencing the implementation of smart contingent contracts.⁸ It does not have the necessary skills to do so, given its remit for technical compliance of the mechanics of the energy industry. Meanwhile, it would be important for the monitoring body to be proportionate to the aims of the code of practice. This is particularly pertinent in relation to the non-domestic market, as there is a distinct lack of understanding of how this market operates within the REC and how it differs from domestic.

Including RECCo in the governance arrangements also highlights a wider concern that policy responsibilities are increasingly being shifted away from primary decision makers. Another example of this is the tariff interoperability work currently underway.

There was a lack of engagement with industry, to ensure that the proposals were practical and implementable

We note that DESNZ did not engage across industry on the proposed framework at an early stage, to understand the potential market wide implications, or to ensure that they were practical and implementable. This is disappointing as many of the issues outlined in this response could have been identified and addressed through discussions with our members, to ensure a more practicable and ultimately more robust proposed framework.

Recommendations

Implementation of a proposed framework for the non-domestic energy market should be delayed until at least 2028

We strongly recommend that implementation of a proposed framework for the non-domestic energy market should be delayed until at least 2028. This would allow sufficient time for DESNZ to make significant changes that address current concerns, including:

- **Undertaking a proper impact assessment to inform the design of the policy framework**, that considers the practicality and market implications of the proposed changes, as well as further assesses the impact to customers.⁹
- **Ensure that the proposed framework is introduced once the TPI regulatory regime and Consumer Outcomes work have been embedded**, so that Ofgem is confident that it can monitor and enforce requirements on TPIs, and that the proposed framework aligns with, and is not duplicative of any TPI regime and Consumer Outcomes requirements.

⁸ Noting that one member does not agree with this position, and considers that RECCo could provide a more responsive performance assurance framework than Ofgem.

⁹ Instead of producing an impact assessment alongside the government response that shares the policy decisions, as currently proposed.

- **Engage with the industry sufficiently**, to ensure the proposals are practical and implementable.

In the meantime, more direct demand drivers should be assessed

We strongly recommend that more direct demand levers should be considered, to drive uptake of smart meters in the meantime.

For over a decade, suppliers have worked to incentivise customers of the benefits of smart meters, and to accept a smart meter appointment. To ensure the high levels of smart meter coverage needed for the clean power transition, further intervention from the Government is needed to support this.

We recommend requirements on:

- **Commercial landlords** to install smart meters in vacant properties.
- **Social and commercial landlords** to install smart meters at change of ownership/tenancy.
- **Local authorities** to install smart meters in public buildings.
- **Building standards, for both commercial and public sector buildings**, to include smart meter requirements.
- **Commercial sector** minimum energy efficiency standards to include smart meter requirements.

We provide more detail on the specific consultation questions in the following response.

Additionally, should you like to discuss this response in further detail with Energy UK and its members, we would welcome this engagement.

Kind regards,

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Response to consultation questions

Section One: Non-domestic smart-contingent contracts

1. Do you agree with the proposed policy package with respect to non-domestic smart-contingent contracts set out in Section One? Please provide rationale and evidence to support your answer.

We have concerns with the proposed framework with respect to non-domestic smart contingent contracts, as currently drafted.

Please see earlier in our response under the heading 'Concerns', where we highlight the following:

- The proposed framework could introduce an inconsistent customer experience, including the potential for gaming and introducing unintended market incentives and consequences.
- The proposed timescales are not feasible to deliver.
- Customers unable to have a smart meter may be left worse off.
- The proposed code of practice is disproportionately prescriptive, duplicative and would be challenging to implement and monitor.
- The proposed governance arrangements would be difficult to implement, and may result in an inconsistent regulatory approach.

2. Are there any specific elements of the policy package where you agree/disagree? Please provide rationale and evidence to support your answer.

Proposed code of practice

Please see our response to Question 3.

Proposed licence conditions

Proposed licence conditions 53.9/47.9 are duplicative of the requirements in SLCs 11.B/11.

Proposed licence conditions 53.7/47.7 as drafted would apply to all non-domestic customers including those that already have a smart or advanced meter. As such, it would be more appropriate for this to apply to only customers with traditional meters. This could be achieved by making relevant premises a defined term.

Assumptions about uptake

We disagree with the consultation paper where it states that a lack of uptake of smart meter by non-domestic consumers is generally driven by a lack of motivation, rather than organisations having negative views about smart meters themselves. DESNZ's

research finds a small difference between those indifferent and unlikely to accept a smart meter, at 21% and 19% respectively.¹⁰

Further, the behavioural assumptions in the analytical evidence are overly optimistic. The forecast 88% non-domestic smart meter penetration by 2030 assumes smooth customer acceptance and does not reflect DESNZ's research, which shows that adding a contractual requirement to accept a smart meter increases uptake intentions by only around 4% at a population level (from 55% to 59%).¹¹

Public Sector Buying Organisations

With respect to the 'all reasonable steps' obligation for TPIs, this would also cover Public Sector Buying Organisations. While it is welcome that flexibility is proposed (as suppliers do not have a direct contractual relationship with the customer in these circumstances), we would urge DESNZ to consider additional policy levers to ensure that all public sector premises install smart meters. This could be an impactful policy avenue, demonstrating how DESNZ is leading by example.

3. Do you have comments or views on the proposed consumer protection code of practice provisions, including:

- a) whether they achieve the right balance between protecting consumers from the risks of inconsistent treatment from the market whilst minimising risks of misuse by stakeholders that may wish to avoid smart metering installations for other reasons, and**
- b) their alignment with other consumer protections? Please provide rationale and evidence to support your answer.**

Please see earlier in our response under the 'Concerns' heading, where we outline that the proposed code of practice is disproportionately prescriptive, and would be challenging to implement and monitor.

Additionally, we note the below concerns with the proposed requirements. If DESNZ is minded to proceed with the code of practice, we recommend that these are removed:

- 2.1 (b) i requires suppliers to pay attention to the needs and circumstances of any customer they have reason to believe is in financial difficulty. However, there is no requirement on non-domestic suppliers to assess a customer's financial status, and affordability is not assessed in the same way that it is with domestic customers. Further, where a customer is impacted by the costs of remedial works, this would be dealt with under requirement 2.3, which covers circumstances outside of a customer's control.

¹⁰ [Department of Energy Security and Net Zero, Non-Domestic Smart Meter Consumer Segmentation Phase 2: Research into ideas for driving smart meter uptake in the non-domestic sector, 2025.](#)

¹¹ [Department of Energy Security and Net Zero, Non-Domestic Smart Meter Consumer Segmentation Phase 2: Research into ideas for driving smart meter uptake in the non-domestic sector, 2023.](#)

- 2.1 (b) ii requires suppliers to pay attention to the needs and circumstances of any person who resides at the premises to which the smart-contingent contract relates. Unless there has been a recent site visit, non-domestic suppliers are unlikely to be aware of who is accommodated at a relevant premises.
- 5.3 (c) iii requires suppliers to specify the number of smart-contingent contracts entered into that fall within each of the categories set out in 2.1(b). For the reasons set out above, non-domestic suppliers would not be party to the information required for 2.1 (b) i and 2.1 (b) ii.
- 3.1 requires suppliers to communicate the terms and conditions of a contract (including the consequences of non-compliance), which is already addressed in the supply licence conditions.

3.2(b) also introduces a requirement on suppliers to take accountability for the actions of TPIs. This is inappropriate, particularly in light of Ofgem's forthcoming direct regulation of TPIs.

Finally, we note that introducing two separate installation times (depending on the number of sites), adds unnecessary complexity and reduces flexibility for customers. This is because:

- Businesses with 300 separate locations would presumably fall into the 'small business' category, if only one location required a smart/AMR meter, however this is not clear. Given there are two main rounds for contracting (October and April), this could also lead to a spike in installations over that three-month period, which would be difficult for a supplier to deliver.
- As some businesses are seasonal (for example, an ice cream shop which is busy during summer), it may not be reasonable to penalise them if they do not want the inconvenience of an installation during this three-month window. For businesses with three or more meters, the contract period may also be very long (for example, five years), such that this requirement would be an inefficient in incentivising update.

As such, we suggest that all customers should be required to accept a smart meter installation within 12 months.

4. Do you have comments or views on the proposed governance arrangements for the consumer protection code? Please provide rationale and evidence to support your answer.

As highlighted already under the 'Concerns' heading, we do not agree with the proposed governance arrangements, which would be difficult to implement, and risk an inconsistent regulatory approach.¹²

¹² Noting that one member does not agree with this position, and considers that RECCo could provide a more responsive performance assurance framework than Ofgem.

The code of practice introduces a multi-layered regulatory structure that is unnecessarily complex, and risks creating inconsistency and uncertainty for suppliers. It is unclear whether Ofgem or RECCo's interpretation would take precedence in a compliance or enforcement context. This ambiguity is likely to undermine confidence in the framework from the outset, and complicate suppliers' ability to comply.

Further, RECCo's remit is centred on the technical operation of industry codes. It does not have established experience in regulatory oversight, nor does it have deep familiarity with the complexities of the non-domestic smart rollout.

Introducing RECCo as an intermediary between suppliers and Ofgem also adds administrative burden without delivering clear benefits. For example, this structure may slow the identification of issues and delay appropriate regulatory intervention. Where there is a risk of customer detriment, for example inappropriate application of smart contingent terms, any delay increases the likelihood of harm.

It is also unclear why oversight of this aspect of the smart framework should sit with RECCo when all other major rollout obligations remain within Ofgem's remit. Splitting responsibility for a single programme across multiple bodies risks fragmented decision making, inconsistent assessments, and a disjointed approach to compliance.

Given these concerns, and in the absence of a clear and compelling justification for reallocating responsibilities, our view is that all compliance and monitoring activity should remain with Ofgem.¹³ Ofgem has a whole system view of the smart rollout, expertise in market and consumer protection, and the regulatory powers necessary to act swiftly where there is a risk of customer harm.

5. Do you agree that the code of practice best sits within the Retail Energy Code? Please provide rationale and evidence to support your answer.

Please see earlier in our response, which outlines that we do not agree that the code of practice best sits within the REC.

Section 2: Driving smart meter uptake in the commercial private rented sector

6. Do you have views on the interactions between the policy proposals in Section One and commercial tenants' rights to arrange for the installation of smart meters in their premises? Please provide rationale and evidence to support your answer.

While it is positive that DESNZ is looking to strengthen commercial tenant's rights, it is not clear that what is proposed will have a tangible impact for customers.

7. Do you agree with the proposals to publish a DESNZ policy statement regarding interactions between the policy and commercial tenants'

¹³ Noting that one member does not agree with this position.

requests, alongside boilerplate letters for commercial landlords and tenants to support each other with the smart meter installation process? Please provide rationale and evidence to support your answer.

No response.

8. Do you have comments or views on the draft DESNZ policy statement and boilerplate commercial landlord/tenant letters included in Section Two? How could they be adapted or utilised to maximise smart meter uptake in the commercial private rented sector? Please provide rationale and evidence to support your answer.

No response.

9. Do you have views on the ideas for managing the interaction between these policy proposals and cases of remedial works needed in non-domestic premises? Please provide rationale and evidence to support your answer

Earlier in our response, we have outlined concerns that the proposed framework does not substantially address the problem for customers where remedial works are needed before a smart meter installation can take place. Such remedial works can be high costs for customers, including millions of pounds for large customers, which vastly reduces the benefit of installing a smart meter for those customers.

As such, we would welcome being involved in discussions with a wide group of stakeholders, and any organisations who have relevant financing options, to enable customers to better access support.

However, we do not support exploring a longer-term financing option where energy suppliers cover the costs of works. Ultimately these costs would likely be socialised across all customers, which is not fair or proportionate.

Section 3: Policy scope

10. Do you have views on whether the policy proposals should apply only with respect to designated premises, or all non-domestic premises? Please provide rationale and evidence to support your answer.

No response.

11. Do you have views on the interactions between the policy proposals and meter type (i.e. arrangements with respect to the installation of SMETS versus advanced meters). Please provide rationale and evidence to support your answer.

No response.

12. Do you have any early views on future options for how designated premises could be defined post-MHHS or any comments on interactions with the proposals set out in this consultation? Please provide rationale and evidence to support your answer.

No response.

13. Do you have views on whether the proposals in this consultation could be suitable for other specialist forms of energy contracts available in the non-domestic market? Please provide rationale and evidence to support your answer.

As outlined throughout this response, we do not believe that this level of prescriptive intervention as drafted is appropriate. Extending the proposals to other specialist contract types would risk introducing further complexity, reduce flexibility for both suppliers and customers, and could lead to a suite of unintended consequences.

14. Do you have any additional evidence on the nature and types of non-domestic organisations who remain permanently outside of fixed term energy contract, including the nature of customers on evergreen contracts? Please provide rationale and evidence to support your answer.

No response.

15. Do you have any other views on policy scope that may inform policy design decisions? Please provide rationale and evidence to support your answer.

No response.

Section 3: Policy engagement strategy

Q16. Do you have views on, or suggestions to inform, the policy engagement strategy set out in Section Four? Please provide rationale and evidence to support your answer.

We would suggest it is premature to develop an engagement strategy at this stage, when there are still key issues with the proposed framework that need to be addressed.