



## **Energy Action Scotland response to Ofgem Policy consultation Extending protections for domestic customers who may have prepayment meters installed under warrant (Electricity and Gas Supply Standard Licence Condition 28B)**

### **About Energy Action Scotland**

Energy Action Scotland<sup>1</sup> is the Scottish charity dedicated to ending fuel poverty. Energy Action Scotland has been working with this remit since its inception in 1983 and has campaigned on the issue of ending fuel poverty and delivered many practical as well as research projects to tackle the problems of cold, damp homes. Energy Action Scotland works with both the Scottish and the UK Governments on energy efficiency programme design and implementation. Energy Action Scotland welcomes the opportunity to respond to this consultation<sup>2</sup>.

### **Our response to this consultation**

We are pleased that Ofgem is seeking to extend protections for domestic customers who may have prepayment meters installed under warrant (Electricity and Gas Supply Standard Licence Condition 28B). We fully support this approach, and it will be necessary until at least mid-2025, albeit we remain concerned about the significant challenge of reaching full roll out in considerable parts of remote and rural Scotland.

The protection afforded is of course limited and does not in itself address many of the challenges faced by PPM customers. We also believe that it is essential that prepayment customers continue to be protected by the Default Tariff Cap or equivalent forms of support. We urge Ofgem, the UK Governments, administrations, and individual energy suppliers to do all they can to accelerate the rollout of SMETS 2 smart meters to prepayment customers. We believe that Smart meters provide greater flexibility to PPM customers which can help them find the most competitive tariffs and afford easier payment, reducing travel and inconvenience.

To date, most smart prepayment meters customers have received first generation meters and continue to experience the consumer detriment that the Competition Market Authority (CMA) first observed.<sup>3</sup> There have and remain significant delays which have been further compounded by technical issues establishing the DCC network and most recently the impact on the programme Covid-19. In some parts of Scotland Smart Meter rollout has barely reached any level of market penetration due to signal issues and a lack of consumer confidence.

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<sup>1</sup> For more information visit: [www.eas.org.uk](http://www.eas.org.uk)

<sup>2</sup> Energy Action Scotland also works alongside our sister charity National Energy Action (NEA) to ensure we collectively have a UK wider reach.

<sup>3</sup> In a letter to the BEIS committee dated 25<sup>th</sup> October 2019, Lord Duncan, Parliamentary Under Secretary of State and Minister for Climate Change said "As at the end of September there were over 7000 SMETS2 meters operating in prepayment mode. Other large suppliers are completing trials and will be ready for deployment at scale in the next six months" See the full letter here <https://www.parliament.uk/documents/commons-committees/business-energy-and-industrial-strategy/Correspondence/2019-20/Letter-from-Lord-Duncan-on-smart-meters.pdf>

We are sympathetic to the reasoning of extending the smart meter deadline. But there needs to be greater emphasis on supporting those who suffer from the greatest levels of detriment. The vulnerable and those in remote and rural locations. PPM customers have potentially the most to gain from the installation of a smart meter but these more rural parts of the UK have amongst the lowest levels of adoption of Smart Meters.

We are disappointed that the Government and Ofgem have not ensured that any new annual targets for smart meter installation by suppliers include a sub-target to replace legacy PPM meters. We continue to stress this is approach is needed for replacing legacy PPMs (for example, no less than 15% of total installs have to be smart PPM) reflecting the national average of this payment type or a % based on the suppliers own customer base (from a baseline of 2019/20 or when the targets are in place).

Whilst Ofgem has an excellent understanding of the rollout plans for the larger energy companies, smaller suppliers are often not required to provide this information. In turn, energy customers (who are paying for the rollout) don't have sufficient detail of their own energy suppliers plans and neither do other parties who could support the rollout and offer bespoke advice. As a result, we urge the Government and Ofgem to ensure that these plans for a Government mandated infrastructure scheme, funded through bills, are published on annual basis in the public domain for scrutiny. This means that consumers will know when they should be able to get a smart meter from their supplier depending on their meter types and more generally how vulnerable customers will be able to access the benefits of smart meters, irrespective of the additional barriers they may face.

## **Response to the consultation questions**

### ***Question 1: Do you agree with our proposal to extend these protections until 30 June 2025?***

Yes. We are pleased that Ofgem is seeking to extend protections for domestic customers who may have prepayment meters installed under warrant (Electricity and Gas Supply Standard Licence Condition 28B). We support this and it will be necessary until at least mid-2025, if not beyond, depending on the progress being made on smart meter rollout. We still have concerns about the rate of installation in Scotland and the lack of transparency over how it is going to be achieved. It seems clear that more needs to be done by Ofgem, the UK Government and individual energy suppliers to accelerate the rollout of SMETS 2 smart meters to prepayment customers recognising that many of these households are already experiencing significant hardship and their priorities are unlikely to align with the technical rollout of Smart Meters.