

Energy Action Scotland Response: Heat Networks, Implementing consumer protections

Introduction

Energy Action Scotland¹ is the national third sector membership organisation dedicated to ending fuel poverty in Scotland. Energy Action Scotland has been working with this remit since its inception in 1983.²

Fuel poverty is driven by four main issues, these being: high energy costs; low disposable incomes; poor energy efficiency of homes, and; how energy is used in the home. In Scotland, consistent with the definition within the Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019, there are over 1 in 3 households estimated to be in fuel poverty. Almost 1 in 4 of Scotland's households endure extreme fuel poverty, simply unable to afford anything like the level of energy required to maintain and protect their health and wellbeing.

Fuel poverty is not evenly distributed in society and factors including geography and climate impact on communities whose residents may further be affected by medical and social conditions that magnify disadvantage. We believe that households in Scotland with electric heating and a relationship with the Radio Teleswitch to control the times and costs of their heating are amongst those with the highest likelihood of being in fuel poverty. It is clear that there is potential for further detriment to be experienced by these energy customers in the event of a poorly executed transition away from RTS to more modern and appropriate metering.

We remain unconvinced that the outstanding number of households with RTS meters will see meter upgrades of the magnitude required prior to the switch off date of 30 June 2025. We are committed to helping our members and those that depend on their services to provide the best support that we can to ensure that there is an increase in demand and that the conditions to ensure that there is no detriment being experienced are met.

1. Do you agree with our proposed policy intention as set out under 'what we are consulting on'?

Energy Action Scotland believes that beyond the 30 June there will remain significant numbers of households with an RTS meter. We appreciate that a number of these will be legacy systems which no longer are required to provide heating control as a consequence of customers having installed gas or alternative heat sources.

We support changes to licence conditions to ensure that energy suppliers continue to upgrade and replace RTS meters beyond the end of June 2025.

¹ www.eas.org.uk

² Energy Action Scotland works closely with its sister organisation National Energy Action to provide a cross UK experience

We are concerned that the language contained in the proposed changes is ambiguous and potentially alarming in proposing the suppliers no longer supply electricity to properties with an RTS meter. We assume that this is meant to reflect that the supplier is obligated first and foremost to change the meter configuration rather than enable them to cut the supply to a property.

We welcome the introduction of a requirement for suppliers to replace meters promptly beyond the 30 June. The 30 day period feels fair but we'd question why this requirement isn't extended to all types of meter change including smart meter upgrades, changes to smart meters no longer working in smart mode, the wiping of debt on meters etc.

2. Is there anything missing in the proposed policy intention as set out under 'what we are consulting on'?

Within the policy there are areas of prescription and areas that are open to interpretation. When suppliers are unable to install a meter upgrade it isn't clear what 'reasonable steps' are.

This is also true to the commitment to prevent detriment for customers by applying a tariff that is not equivalent to their current tariff. This is especially concern for customers in Scotland where dynamic switching tariffs are enjoyed by customers through OVO's Total Heat Total Control tariff and Scottish Power's Comfort Plus tariff. We do not believe that it is right or fair than any customer ensures a financial detriment as a result of a meter change. It is incumbent on Ofgem to protect customers from practices that will knowingly cause detriment and increase hardship.

Households with electric heating, typically storage heating, already experience some the highest costs to heat their homes and can ill afford and additional increase in their costs as a result of the failure of industry to provide them with the lowest cost tariffs for their circumstances.

3. What are the consequences of a consumer retaining their RTS Meter following the cessation of support for RTS?

Energy Action Scotland believes that consumers are likely to experience considerable uncertainty and be at risk of detriment if an RTS meter is retained in their property.

There is no clear position on the contractual position of consumers who have relationships with energy suppliers to provide energy to them consistent with the functionality of the RTS meters.

In the absence of the radio signal it is possible that households will no longer access two rate tariffs and be moved to the default tariff. This will introduce a significant increase in their costs which is unfair. Those costs may not be realised until meter readings are submitted which may plunge consumers into energy debt.

It remains far from clear what communications will be rolled out beyond end June 2025 to households that continue to have RTS meters installed in their properties. Energy Action Scotland believes that there needs to be further communication, high profile and above the line, led by Government, Ofgem and industry to minimise any detriment to consumers.

4. What are the main barriers suppliers face in their RTS replacement programmes, that we may not have considered?

We believe that suppliers and Ofgem have underestimated the scale of the geographic, social and cultural circumstances of communities across GB. The challenges of remote and rural communities may appear obvious but in practical terms the location of these properties will increase time and cost which we do not believe have been fully factored.

The inability of energy suppliers thus far to collaborate and maximise the meter installation capacity is likely to push the costs of this meter upgrade higher than if they had pooled resources.

In communities where English is not a first language it is likely in our view and in the experience of our member partners, West of Scotland Racial Equalities Council and the Edinburgh & Lothians Racial Equalities Council, that more local work is required to ensure that people are aware of the potential impact of the removal of the RTS signal.

We believe that there has been a failure to consider the additional costs that customers may be faced with when meter installers identified works beyond the install. This evident from customer experiences now. Social landlords have reported consistently that installers are advising customers of changes 'required' which come at additional cost to the customer. In the absence of any 'objective' review of these 'requirements' there is a risk that customers will face unnecessary cost or may not complete their meter changes. This issue has been understood for some considerable time yet there is no clarity over how issues will be resolved or where costs will rest.

5. Are there any obstacles to suppliers not providing a similar tariff arrangement for consumers upgrading to smart from an RTS Meter?

Energy Action Scotland believes that the main obstacle is the ability to provide consistency with the dynamic teleswitching tariffs. We understand, perhaps wrongly, that even replacing these meters with the most modern of smart meters cannot mirror that sort of time and costs switch of the DTS tariffs.

If these tariffs cannot be matched then their needs to be a mitigation provided to compensate households for any uplift in costs directly attributed to the meter change.

6. Do you think the exception to the replacement of RTS meters appropriately covers some of these barriers? Do you have other views on how this exception should operate?

In the absence of a definition of what 'all reasonable steps' are it is difficult to comment on what circumstances that suppliers might identify as being consistent with that position.

Energy Action Scotland does not believe that an exception should arise where costs is a factor. Should the supplier being unable to fulfil its requirement due to a cost of reconfiguration being unresolved this does not constitute grounds for exception.

Energy Action Scotland supports the proposal that an exception can be made where it would mean that a customer would suffer a loss of supply. As identified there should still be a requirement to ensure that there is no-detriment where that exception has been applied. It should be for suppliers and regulator to ensure that there is a fair process that protects customers in this situation.

7. Do you think the exception to the replacement of RTS meters should only be applied when it would result in a consumer being off supply?

Energy Action Scotland supports the proposal for the exception applying where it would result in the customer being off supply.

8. Is there anything else you would like to add in your response?

Energy Action Scotland remains concern about the inconsistency of approach by suppliers and the qualifications and experience of their meter installers. Industry provides assurances that it has metering solutions that it can deploy in all circumstances yet with only 5months to go customers tell us that there are failed installations, where connections are not being made to DCC, and of installations of such poor quality that there has been a risk to people and property.

Energy Action Scotland believes that suppliers and their installers should be obligated to achieve the best available signal where one can be provided and a clearer range of alternative metering solutions are available for those customers that do not wish to have a smart meter.

Submitted by:

Frazer Scott

Chief Executive Officer, Energy Action Scotland

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