

Business, Energy and Industrial Strategy Committee

Oral evidence: The rolling out of smart meters follow-up, HC 158

Wednesday 30 October 2019

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Members present: Rachel Reeves (Chair); Stephen Kerr; Peter Kyle; Mr Ian Liddell-Grainger; Mark Pawsey.

Questions 1- 70

Witnesses

I: Mary Starks, Executive Director of Consumers and Markets, Ofgem; Lord Duncan of Springbank, Minister for Climate Change, Department for Business, Energy and Industrial Strategy; Daron Walker, Senior Responsible Owner for Smart Metering Implementation Programme, Department for Business, Energy and Industrial Strategy; Richard McCarthy CBE, Chairman, Data Communications Company.

Examination of witnesses

Witnesses: Mary Starks, Lord Duncan of Springbank, Daron Walker and Richard McCarthy CBE.

Chair: Thank you very much to the four of you for coming to give evidence to our Select Committee this morning on smart meter rollout. This will be the last public session of this Select Committee in this Parliament, so I would like to start by putting on the record what a privilege it has been to be the Chair of the Business, Energy and Industrial Select Committee and thanking the members of this Committee for all their work over the last couple of years in holding Government and business to account. It has been a real honour to work with all of you. We will move straight into the questions.

Q1 Mr Liddell-Grainger: I am somebody who does not do technology, so can I start with this? The installation of smart meters has decreased by 6.7% compared to the figures of 2018. I have two houses, and one of them has one. I do not have a clue what the damn thing does. I do not know why I have it, because all I can tell is that it goes green or red, and I do not understand the rest of the information. Mine is British Gas, and I have had this out with the CEO of British Gas. Why is the rate declining? Is it because people do not understand them? This is also on the SMETS meters. How are you going to reverse this? It is government policy, and it is something that we should do. I cannot use mine, but I agree this is something that we should do. How are we going to reverse the decline? Why is the rate dropping? If it is dropping, do we need to re-educate people with a slightly more formal programme? Do I give that question to BEIS? Who wants to take it on?

Lord Duncan of Springbank: Shall I take it first? One of the challenges with smart meters is, as you describe it, the question about what they are for. They are at their best when you can utilise them as a means of identifying your usage of gas or electricity, with an element where you can decide. You then need to do the next thing, which is to change your behaviour as a consequence. It is not just a light show; it has to then motivate you to do something else. Some people are very efficient in the way they use their energy and some people are very inefficient. This is a challenge for everybody.

The bigger challenge—this is also about public perception—is that, on one level, it is about how you adjust your consumption and, on the next, it is about moving into the “Star Trek” phase; that is, the idea of technology actually being our friend. When you get to the stage where the tariffs that you are charged vary on a half-hour basis and you can identify when to do your laundry, when to run your washing machine or whatever else, that is the next phase, where the smart meter becomes part of the smart grid. Once you have got to that stage—this is why the Committee on Climate Change are so impressed with both what we are trying to do with



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the meters and what they can achieve—you can begin to address over-consumption and you can begin to be much more efficient in the grid workout. That is perhaps the most important part.

As to the question about the reduction in the take-up number, we need to look at it over a slightly longer span, if I am being honest. I would like to see it on the uptick all the time, but there are sometimes fluctuations within that. One of the reasons for that is around the adjustments that we have had to make from the move from the early meters—the SMETS1 meters—to the SMETS2 meters. In that area, the companies have had to re-educate their technicians to be able to install the SMETS2 meters, which has meant a number of them have been taken offline to do that, resulting in a slight dip in the rollout. This will pick up again.

I do not think, at the moment, that it is a perception issue. There is a significant uptick and people do begin to appreciate, in the short term, where they can make the savings, and the Government will appreciate it in the longer term, when we get to that smart grid world.

Q2 Mr Liddell-Grainger: Your argument is interesting, because take-up has dropped. We work in the world of politics and I know perfectly well, as you do because you were an MEP, that people vote with their feet. Now, I do accept that the changeover has made a difference. One of the things about smart meters, of course, is that these machines send information back so they know what you are using and when you are using it, which I agree is absolutely vital. However, given that take-up is going down—I do not think, whichever way you look at this, it is going up—when do we now expect to get 100% coverage of smart meters, 1 or 2, across the UK?

Lord Duncan of Springbank: We have set a target of 2024 to get 85% coverage. That is a 15% tolerance. The reason for that is that, in some respects, it is slightly easier to pick the low-hanging fruit. The challenge is, of course, once you get into that 15%. That is where we need to redouble our efforts and that is why we are examining now how we can move into that category of individuals who are unwilling. There are those who are unknown—they do not know what the benefits or the prospects might be—but they can be educated. However, there is another group, which may well fit within this 15% tolerance, of individuals who are not minded towards having this sort of technology in their home, fearful as they may be around privacy or data management or simply just the intrusion of having people in their house. There are a number of individuals that we need to think carefully about.

We are putting in around 17,000 a day, which is quite impressive, across the entire UK. We hope that that will improve now that we are at the stage where we are moving to the full rollout of SMETS2, which will hopefully be achieved by the end of the year. Once we are at that stage, we really are at the right level of technology and information. There have been hiccups along the road.



- Q3 **Mr Liddell-Grainger:** Let me give you an example of this, which I would like you to think about. I have a flat here, and I have a landlord who does not want to put in smart meters. The landlord is German and they do not want to put them in. It has been a devil of a battle with myself and a couple of other tenants, and they are now thinking about it. I get the privacy thing, but how do we get over this for people such as tenants? London is tenant city. This question may also be for Ofgem: how do we force the issue with people who are unwilling but who should be putting them in, such as multiple-use landlords?

Lord Duncan of Springbank: That is spot on. One of the challenges is that you may well be willing to do it and very happy to have it done, but of course you cannot control the landlord's willingness at all. We need to look at this, and that is why one of the other Departments looking at housing will need to consider looking at obligations that may well fall upon landlords to be part of this changeover. What we cannot have is a landlord who has no great love for smart meters and who simply does not want the inconvenience. We have to correct for that.

We can do that through the means by which we move forward with landlord obligations. It will rest, I suspect, in that instance with one of the other Departments—MHCLG.

- Q4 **Mr Liddell-Grainger:** With no disrespect, I do not see that. Why should a landlord do it? What is in it for them? The point you made when you started is the right one: maybe we need to create an incentive to put them in. If that is the case, what would be the incentive? I just do not buy what you said at the end. There has to be some sort of stick. How do we have the stick and the carrot?

Lord Duncan of Springbank: You are absolutely right. Let me put it another way. Currently, the incentive for a landlord is to be able to demonstrate that they are a green landlord. In this particular climate, that will become much more important. That is one aspect.

Once we get to the 85% rollout and we are considering the other 15%, we do need to think about what the stick is to move. Once you have an 85% smart network within that grid, the cost of maintaining the operation of the non-smart meters is significant—that includes the individuals who have to go and visit, the call centre handlers and so on. There is every possibility that, at that point, it would become more expensive to hold a non-smart meter. You will therefore see a disbenefit immediately in so far as it will cost you more to maintain the old-fashioned installation rather than the new one.

You will find the stick, and it will become quite significant as you move forward. Once you move down from 15% to 10% to 9% and so forth, the expense of maintaining these relic meters will be very high indeed. You would really have to love your old meter to want to do that, because, in truth, the cost would then become significant.



Q5 Mr Liddell-Grainger: Can I ask Ofgem a question? You have heard what the Minister said, and I am intrigued. Where do you think we should be by 2020? Given what you have heard the Minister say, should there be a stop on the old meters—the non-smart meters? Where does Ofgem stand on this?

Mary Starks: Where we stand is that there is an obligation on suppliers in their licence; it is a condition of doing business. There are a set of obligations that basically amount to two things: suppliers are obliged to push the rollout at pace and get this important technology that we need for net zero out into homes, but they are also obliged to give customers a good experience in doing so. We need both the pace and the quality of customer experience.

On the quality of customer experience, obviously, if you have customers who are not persuaded that this is a good thing, it is going to be a harder sell. There are two possible futures. You could get to a future where so many people have a smart meter—people who have smart meters tend to like them—and so, by the time most people have got them, it is seen as the normal way of doing things and the ambient experience is positive. You could get quite a powerful tipping point.

As you say, you could work through all the people who want one and then hit a hard core of resisters. What we need to think about across Government is how we make it attractive for the last 15% to want to opt into this technology. That is a combination of, as you say, a cost element as well as a rising tide of expectation around participation in a smarter, greener future. The expectations will change as we go forward.

Lord Duncan of Springbank: There is one good part that strikes me about this. If you get to the stage where the energy suppliers have a variable tariff and it varies in real time, you may actually begin to see immediate benefits in your bill. That is only if you get to the stage where they offer tariffs that literally change on a half-hourly or hourly basis, because at that point you could be seeing a change in your behaviour and thinking, “I should be doing this when my tariff is at the lowest point in the cycle.” So you could begin to see quite quickly, in a given quarter, tens or hundreds of pounds in your pocket rather than in the pocket of the supplier. That is the big incentive, and that is what I hope will percolate through to those who possess smart meters.

Q6 Mr Liddell-Grainger: There are three things wrong with that. First of all, most people do it by direct debit. Secondly, my smart meter certainly cannot tell me that, so it is not that smart. I will admit that it is fairly old, and that, as I said, I do not completely understand it. Thirdly, I have heard what you have said, but you are Ofgem; you are the watchdog. You came from the Financial Conduct Authority, so let us see here what you used to do there. What are you going to do to force this issue? Even an old technophobe like me thinks that we do have to roll these out, so how are you physically going to do it? Do not give me the waffle. What are you going to do for the future, between now and 2020?



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Mary Starks: The obligation that I talked about, with those two elements—the pace and the customer service—falls due at the end of 2020, so that is the moment where we face the music. We got to the end of the previous programme—the advanced meter rollout—which was a commercial version of this, and we looked at whether suppliers had taken all reasonable steps to meet their obligation. We found that three of them had fallen short, and we fined them quite heavily. I am not making any kind of prediction about what we will find when we make that assessment at the end of 2020, but we absolutely stand ready to take tough action on these companies if they have fallen short.

Obviously, we do not just do nothing until the end of 2020 and wait and see what happens; we have a series of interim steps that we take. At the beginning of every year, we say to each supplier, “What is your rollout plan for that year?” and we expect that plan to be ambitious. If it is not ambitious, we reject it and we say, “Come back with something better.” This year we rejected six plans and they have now come back with what we regard as a good level of ambition in them.

Q7 **Chair:** Did you reject the plans of any of the big six energy companies?

Mary Starks: Off the top of my head, I cannot remember.

Chair: Maybe you can come back to us on that.

Mary Starks: I can do, yes. They did all come back with something that we thought was good, so everybody now has a plan that we think is acceptable.

At the end of the year, we look back at how the supplier has performed against that plan. If we think they have fallen short, we take action with that. Over the last two years, we have fined two of the big six for falling short.

Q8 **Mr Liddell-Grainger:** Who were they? Can you name them?

Mary Starks: Yes, I can. It was SSE and EDF. That is public.

Q9 **Mr Liddell-Grainger:** Can I just ask one last thing? We have had various smaller energy companies go bust. Who becomes responsible for their metering?

Mary Starks: When a small company goes bust, we appoint a supplier of last resort through a competitive process and that company takes on their customers, their meters and their metering obligation.

Q10 **Mark Pawsey:** I want to pick up the point about the rate of rollout, but can I come back to you, Lord Duncan? This is a programme that was spoken about in 2009 and the rollout started in 2011. In response to Mr Liddell-Grainger, you said that the Government were looking at the problem of landlords. You have had eight years to look at the problem of getting smart meters into tenanted properties. What has happened in those eight years?



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Lord Duncan of Springbank: Right now, the rollout is at 17,000 a day. We are making that progress.

Mark Pawsey: You have accepted that there is a challenge in getting them installed in tenanted homes, and you are telling us that you are looking at it.

Lord Duncan of Springbank: No, I am saying that the challenge is if a landlord is unwilling to allow that to happen. That is a different sort of challenge.

Q11 **Mark Pawsey:** Let me press you, if I may. We have had, up until now, an “all reasonable steps” obligation on the energy companies. What does that mean? Mary Starks, your job is to police these energy companies. How can you make a judgment on whether somebody is taking all reasonable steps? If we are going to move this programme, we have to move it to something a little more ambitious than simply asking people to take all reasonable steps, have we not?

Lord Duncan of Springbank: That is why we are. Here we are only looking at “all reasonable steps” in isolation, but the next phase has to move beyond that to place legal obligations upon the suppliers themselves.

Q12 **Mark Pawsey:** If “all reasonable steps” has not worked, why did we start off with it in the first place? Why did we not start off with something else? Daron, perhaps you might be able to help us with that.

Daron Walker: I might pass to Mary in a moment, but I will say a couple of things. “All reasonable steps” is a formulation that is used in a lot of energy licence obligations. It is a standard concept. The reason why it was an appropriate thing to do in the phase between the start of the rollout and now was that there were lots of uncertainties. I am sure you will talk about some of the things that we faced over the period. There were new technologies, new communications hubs and new meters being developed. To have the flexibility of “all reasonable steps”, to allow for the fact that we did not quite know what the path would be as we went over the period, seemed like an appropriate and valid starting point. The proposals we are consulting on now for post-2020 are proposing to do away with “all reasonable steps”. Over the next 12 months, the remaining technology barriers will be removed and then we are moving to a fixed tolerance under these proposals, subject to consultation, which moves away from “all reasonable steps”.

Q13 **Mark Pawsey:** Everybody was supposed to have had a smart meter by 2020 using this “all reasonable steps” process, which was frankly never going to work, was it?

Lord Duncan of Springbank: I do not think that is true. The challenge right now is that this is a technology that can do good and save you money on your bills, but if you genuinely are, like Mr Liddell-Grainger, a technophobe, you might think, “I do not really care enough about that”,



for whatever reason. It might sound good, but if we cannot get someone who is literally being offered a saving on their bill to pick that up, there is a challenge. When we are looking at the reasonable steps, the important obligation that rests on the suppliers is to identify how to make sure they can roll out a technology that can then be embedded into day-to-day life.

- Q14 **Mark Pawsey:** Sure, but part of the rationale of this programme was about not just the benefit to consumers, which does need to be explained to them, but the benefit to the grid as a whole. When Mr Walker gave evidence to us previously, one of our questions was about why we have not done here what we did when we switched from town gas to natural gas. For that, we had a team of engineers that started at one end of the street and simply went along all of the houses changing the meters. Remind us why that was not going to be a good idea in this process if there are lots of benefits to the grid in getting there and we are taking forever to deliver this programme.

Daron Walker: Back in 2009, we did consult on a number of different options, one of which was to use the networks to roll out. The key deciding factor on that was the fact that energy suppliers in this market are actually responsible for metering. In many other jurisdictions around Europe, it is the networks who are responsible for metering. That is one part of the answer. The second part of the answer is that we saw different energy companies being at different stages, so British Gas and increasingly E.ON and some of the others were already rolling out smarter-type meters. We did not want to delay that innovation and delay the ability of customers to start benefiting from smart meters. In the overall assessment, we believed that supply-led rollout would deliver benefits sooner and at a lower cost overall.

- Q15 **Mark Pawsey:** What is the impact of the delays? We wanted to go to a smart grid, but we cannot do that because not enough people have smart meters. We wanted to go to half-hourly charging, but we cannot do that because we have not rolled it out fast enough. What is the impact of these delays? What effect is that having on our ability to renew our electrical infrastructure?

Daron Walker: It would be better if we just finished everything by next year. The good thing about smart metering is that people start to benefit as soon as they install a smart meter. There are now tariffs in the market that are making use of half-hourly tariffs. There are a couple of companies that are offering those tariffs, so they are settling on a half-hourly basis through an elective approach rather than a market-wide approach.

I am just as ambitious for this programme as I am sure all of you are, but what we will increasingly see over time with time-of-use tariffs, as more and more consumers get these smart meters, is some of those benefits flowing through. The ambition of having market-wide rollout under the proposal by the end of 2024 gives plenty of time to deal with the smart energy grid, even if it is disappointing.



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Q16 Mark Pawsey: We are still going to leave the choice as to whether or not a consumer has a smart meter with the consumer. If, by 2024, we do not have enough take-up, what is your strategy then? What are you going to do about it?

Lord Duncan of Springbank: If we get to 2024, there is a 15% tolerance, so that is 85% rollout across the entire country.

Q17 Mark Pawsey: Are you confident we are going to get to 85% by 2024?

Lord Duncan of Springbank: Yes.

Mark Pawsey: What if we do not?

Lord Duncan of Springbank: We will.

Q18 Mark Pawsey: What if we do not? What is the contingency?

Lord Duncan of Springbank: The point we are making right now is that if we get to a stage where an energy supplier has failed in their obligations—these are now legal obligations—they will then experience the full force of the law at that point to re-advise what it is they have to do to deliver that. They will be guilty then of failure and, at that point, the obligation will rest upon—

Q19 Mark Pawsey: What penalty do they then suffer if they are guilty of failure?

Lord Duncan of Springbank: There will be two penalties. One will be a financial penalty, if indeed we move in that direction. The second will be—and perhaps this is the more important one—that they will have an awful lot of climate protestors glued to the side of their building if they are failing to meet what is a moral obligation to help with climate change.

Q20 Mark Pawsey: Mary from Ofgem, the market-wide half-hourly settlement is a fundamental way of moving forward. What is your view of the failure to install sufficient smart meters to be able to deliver that?

Mary Starks: The half-hourly settlement programme and the smart metering programme co-deliver benefits, but the half-hourly settlement programme is not waiting for the smart metering programme, so we can get on with both. We already have, as you say, elective half-hourly settlement in place. Suppliers can choose to settle on a half-hourly basis, so we are seeing time-of-use tariffs and EV tariffs in the market. That stuff is starting to come through. There is nothing in the half-hourly settlement programme that is holding that back. What we need to do next year is decide whether and how to move to full market-wide half-hourly settlement. There is a programme underway to do that.

Q21 Mark Pawsey: Are there enough smart meters in the population for that objective to be met?

Mary Starks: It is partly about the numbers in the population. It is also about who has a smart meter. Going forward, it will be really important



that people with electric vehicles who have smart meters are charging their vehicles at a time of day that makes sense for the grid.

Q22 Mark Pawsey: Could you make acquisition of an electric vehicle conditional upon installing a smart meter?

Mary Starks: It might well be possible to do that. That is the right way to think about these things. It is a question of capturing the bulk of the demand that can be sensitive to time of use in the smart and half-hourly-settled world. The rest matters less.

Lord Duncan of Springbank: The other point that you are all touching upon is that there is still relatively wide ignorance across the country about the value of smart meters and joined-up thinking when it comes to the challenges of climate change.

Mark Pawsey: Despite the huge advertising campaign.

Lord Duncan of Springbank: You made the point there about the charging of electric vehicles. We have to move to decarbonising the car fleet in its entirety in relatively short order, but the important thing for anybody who has an electric vehicle is to charge it at a time where the cost to them is at its lowest. It is about trying to link up in people's minds the different elements of their ambition. There is no doubt that somebody with a hybrid or electric car has the ambition, but there should also be that benefit that they can recognise, and we need to make sure they are aware that charging at a time of peak cost is just a disbenefit to them. We need to make sure that it all joins together.

Q23 Mark Pawsey: Most people who have researched electric vehicles would know and understand that. That is not the group of people we have a problem with, is it?

Lord Duncan of Springbank: No, but bearing in mind that the number of people with an electric vehicle is remarkably small, the point is that in relatively short order—within our careers—we will need to see a rollout to people who are not just the pioneers, but those who need to be delivering it. They will need to know that plugging in their car at peak time is simply a cost to them that need not be met.

Q24 Stephen Kerr: Before I ask any questions, can I just put on the record that it has been an enormous pleasure to be a member of this Select Committee in this Parliament? Mary Starks, why are we still installing SMETS1 meters?

Mary Starks: The expectation on suppliers is that they should now be moving to install SMETS2 meters for by far the bulk of their effort. There are some customers for whom, on an individual consideration basis, a SMETS1 meter might still be the right answer if they are not in a property where SMETS2 works yet. For some pre-payment customers in particular, a SMETS1 meter can be the right answer. Our aggregate expectation on suppliers is that they are absolutely at this point moving into a SMETS2



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world, and any SMETS1 meter installation will be by very considered exception and will be absolutely because that is in the customer's best interest.

Q25 Stephen Kerr: Given the technical problems that there are with SMETS1 meters, their interoperability and their ability to connect with DCC, why are you allowing these meters to continue to be installed? I must confess that I cannot understand why you would allow it to go on. It is a waste of money.

Mary Starks: We only allow it where it is very clearly in the customer interest, so where the customer wants to move from a dumb meter to a smart meter and they cannot yet accept a SMETS2 meter.

Q26 Stephen Kerr: But with all the technical problems that SMETS1 meters have, there is a very high possibility that SMETS1 meter owners are going to have a reinstallation. They will have to have a SMETS2 meter instead of a SMETS1 meter.

Mary Starks: The ambition is to enrol all SMETS1 meters into the DCC over the course of the next year or so and then, at that point, the SMETS1 meters become fully interoperable so those technological problems become a thing of the past.

Q27 Stephen Kerr: The problem is that I have been on the Select Committee, as I mentioned in my opening comments, for the last two and a half years, and I have heard this repeatedly presented as evidence before this Select Committee and in other arenas: that there is going to be this mass switch-on of these dumb and otherwise SMETS1 meters, but it is not happening. Currently, the number of dormant meters that are connected to the DCC, Richard McCarthy, is fewer than 1,000.

Richard McCarthy: No, that is actually not correct. It is not a large number. It is over 4,000. About 4,500 dormant meters are now connected.

Q28 Stephen Kerr: How many SMETS1 meters are there, in total, currently in the market?

Richard McCarthy: It is around 14 million.

Stephen Kerr: It is 14 million, and we have 4,500 that are connected. Now Ofgem is saying that we will have all this done by the end of next year. I just find that incredible. I do not believe that, frankly.

Richard McCarthy: You are right to ask me, and I am pleased to share with you the position we are in. It is not exactly the position that I wrote to you about in June, so I want to be absolutely up front with you about that. I am disappointed, but I can tell you that there is real progress. Earlier this year when we met, we did not have any meters in that position. We have proved that we can turn dormant meters on.

Chair: That is 0.1%, with respect, Mr McCarthy.



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Richard McCarthy: I appreciate that point, Chair, but I said that we would install small numbers through the summer, and that has been the case. We only have one home where actually the meters now need to be replaced. In all other places, the first migration has been successful over the year. Where we have had to produce a fix, that is now working.

Remember that there are three cohorts. The first cohort will move from the small numbers into large numbers of dormant migrations and also the migration of the active meters that are continuing to be smart. There are two further cohorts. The next cohorts go live in quarter 1 and quarter 2 of next year, and the third cohort goes live at the beginning of quarter 3.

Q29 **Stephen Kerr:** Can I ask you about the first cohort again? How many SMETS1 meters are in the first cohort?

Richard McCarthy: I need to write to you about that exact number.

Stephen Kerr: This is fundamental, because currently there are only 4,500 that are connected to the DCC.

Richard McCarthy: I do appreciate that but, as I said to you, next month—in November—we go from the small numbers to starting to migrate up to 50,000 a day.

Stephen Kerr: In November.

Richard McCarthy: From that month onwards. We will gear up to 50,000 to 70,000 migrations a day.

Q30 **Chair:** How many are you doing at the moment?

Richard McCarthy: We have just completed 1,000 in one day. If you think about where we were with 4,500, we have ramped up from a handful in the first week to tens, to hundreds and we have now done 1,000 in one day. The process now of ramping up the migrations is significant, and our capacity is up to 50,000 to 70,000 a day. You will now see the first cohort go into the large-scale numbers and then the second cohort and the third cohort next year starts small and then builds up again.

Q31 **Stephen Kerr:** Sorry to interrupt. Are these dumb meters or are these live meters?

Richard McCarthy: These are both. The DCC is migrating dormant meters, and the agreed priority with the Department, with Ofgem and with suppliers is that we absolutely focus on getting dormant meters over. Our programme is still to have all eligible dormant meters transferred on to the DCC network by the end of next year. We are still on track to enable that to happen. The active meters—the ones that are still smart—will be transferring from November/December onwards, through next year and into the first half of 2021.

Q32 **Stephen Kerr:** During the general election, in moments when I can think about things other than getting re-elected, if I want to find out how you



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are doing against the numbers you are giving us in this evidence session, where would I find that data? Are you going to publish this on your website, in terms of how many meters you have converted today versus the day before? Are you going to have a running tally?

Peter Kyle: A smart website.

Stephen Kerr: A smart website even, yes, as Peter Kyle suggests.

Richard McCarthy: First of all, you can write to us.

Stephen Kerr: No, I want transparency. I do not want to have to be writing all the time.

Richard McCarthy: We are discussing with BEIS the amount of detail that we are putting on to our website. I have up-to-date data every day of the week.

Stephen Kerr: I am not so interested in you having it; I want it and I want the public to see it, because this has cost the public £13 billion.

Lord Duncan of Springbank: Can I then make a commitment that we will make sure that BEIS, in discussion with Richard, ensures that the website reveals its data in real time? That way, during the election, you will know exactly what is going on.

Stephen Kerr: Thank you very much, Lord Duncan. I would welcome that. I look forward to receiving the link so that I can find it. Can we talk about SMETS2 meters now, Richard McCarthy? Unfortunately, there are huge issues with SMETS2 meters. I speak as a Scottish Member of Parliament. There are huge issues, are there not?

Richard McCarthy: No.

Q33 **Stephen Kerr:** Are there not? Is the fact that we do not have very many SMETS2 meters in the north of the British Isles not due to technical issues?

Richard McCarthy: The position today is that 22% of all installs are now in the north, each day, each week. The number of installs in the north is now running at 70,000 a month; that is 19 times higher than when I met you earlier in the year, and it is still rising. In fact, it increases by 100% per month, and it has done for the last four months. The technical problems are solved. We now have meters that work adequately and within the right radio frequency limits in the north, and they are now being installed at a large rate.

Q34 **Stephen Kerr:** Does that include prepayment SMETS2 meters?

Richard McCarthy: I will finish this and I will come back to prepay. It is really important to say this. We have a rising total in the north, which actually addresses the first question. The total number of SMETS2 installs is now rising and continues to rise. At the peak, smart meter installations were 110,000 a week. We are now at 85,000 SMETS2 installs a week and continuing to rise. When I wrote to the Committee in June, we were doing



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20 installs per minute per working day. On Monday, that number rose to 30 installs per minute per day, and we are now at 31, literally a day later. It is really important to recognise that the number of installs on SMETS2 is rising and bridging the gap towards the peak that was achieved.

Q35 Stephen Kerr: So there are no technical problems in the north whatsoever now with SMETS2 meters.

Richard McCarthy: I will now address prepay. Prepay is rising particularly fast at the moment. At the end of September, there were 7,000 prepay meters on the wall; the Minister wrote to you about that earlier this week. The number today is 17,500, so you can see an exponential rise. It is correct that in the north we only have low numbers at the moment. The development of the firmware needed to make the communication hubs work for prepay has taken longer to fix. That is now effectively fixed, and we will see those numbers rise significantly again into the new year. The technical problems are resolved, but it is fair to say, and I completely accept, that the numbers are behind in the north on prepay.

Q36 Stephen Kerr: One of the key features—Lord Duncan touched on this in terms of energy efficiency and the climate agenda and so forth—is the in-home displays. That is a vital part, and this is a point that Ian Liddell-Grainger made. More than a third of people who have SMETS2 meters do not have an in-home display, for various reasons. What is being done to rectify that?

Richard McCarthy: To my knowledge, everybody who has a SMETS2 meters is given an in-home display unit.

Q37 Stephen Kerr: Do they work?

Richard McCarthy: It is a question of whether they use them.

Stephen Kerr: That is not the information that we have been given. Up to 70% of premises can connect a smart meter with an in-home display but, where there are properties with very thick walls or high-rise apartments, you need to have an alternative home area network. I thought you would have perhaps known about that.

Richard McCarthy: Where you have a working SMETS2 meter, you have an in-home display unit that works as well, because it is simply telling you what the meter is doing. You are right to point out that, at the moment, single band communications hubs only reach approximately 70%. That number is rising; it is a bit over 70% now of homes in the country. To get to 95% or 96%, you need dual band communications hubs. We are in the very final stages of testing, and we will see those go into large-scale offer into the market in the new year. Alt HAN then takes you from 95% to 96% up to 99% to 100%.

Stephen Kerr: You are a year late.



Richard McCarthy: It has taken longer to develop the dual band communications hubs than we would have liked. First of all, you have to produce brand new meters, and meter manufacturers struggled to get those right initially. Secondly, our integration testing of the software going into the hubs has proved that we have had to do more tests and more development. I am glad to say that we are now at the very end of the pre-production phase.

Q38 Stephen Kerr: You probably would agree that that has been the story of the DCC. Constant technical issues, constant technical testing that has resulted in failure, and constant new plans being announced, all of which generally are targets that are missed. It is not an impressive record. No wonder people like me are sceptical. I want smart meters to be successful, by the way, because I recognise their importance.

I have one more question. I know I am trying the patience of the Chair on the very last time I will be sitting here—or hopefully not; that had better not appear in anyone's election leaflet. I want to hit on the SMETS1 issue again and the fact that it is not going to be possible to enrol and adopt all of these SMETS1 meters at the DCC. I know the figures are put at 2%. That is a very high number of smart meters. Can you tell us what you are going to do about that?

Richard McCarthy: First of all, as I said to you, of the 4,500 at the moment, only two meters in one home require replacement. The indications are that the numbers will be very small. I hear what you say, and I understand the point made about delay. Just so you understand, there are 560 different technical configurations in the SMETS1 world and each combination requires 700 tests. It is right that it has taken longer and we have had to reset our programmes.

I want to say that I struggle with the word "failure", because when we install, we install very successfully. We have tackled some of the most complex technical problems. We do the migrations for SMETS1 over the year, and I hope the Committee will invite myself and our chief executive back in the future to test our ability to deliver against the programmes I am telling you about. You should look through the delays and see behind that. We are actually delivering something of extraordinary technical complexity with real success.

I would like to make one point of clarification, because I made an error in something I said to you and I want to put that straight on the record. It is the number of prepay meters that is doubling per month at the moment. Scotland and the north is rising, but it is no longer doubling. That is where we have seen the rise of over 19 times over the year, and it is continuing to rise. I said that was doubling and that was incorrect.

Stephen Kerr: I want to put on the record that the reason I am sounding so sceptical when I actually do believe in the importance of this major infrastructure investment in our country is because, as a Member of Parliament since 2017, I have asked a number of times in the House of



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Commons, as *Hansard* will show, "When is this going to happen?" and I get told, "It is going to be in the autumn of 2017", and then, "It is going to be in the spring of 2018." At the end of the day, I could not get away with that lack of adherence to a programme or an objective in my previous employment, and that is why it is right that you come here and account for this. I hope that Ofgem is doing that and I hope the Government are because, at the end of the day, £13 billion has been spent by British consumers on this programme and thus far it is not delivering very much at all.

Q39 Peter Kyle: I just want to follow up on that line of questioning. In the flat that I have in Hove, I have a SMETS2 meter but I cannot have access to an in-home read-out as well. It is good to hear that you are improving that kind of connection because, for somebody who is interested in the relationship we have with energy consumption, it is very frustrating that you have to go and log on to a website and connect and log in to an account in order to just see what your usage is. The usage you get back is broken down over increments throughout a day but it is very raw. Even though you do it for a while, because you are interested in your energy use, you do not sustain it because it actually is a bit of a pain to do it. I am pleased that there are going to be improvements in that.

Can I turn to you, Daron Walker? The cost-benefit analysis for 2019 has been presented in a way that is fundamentally different from last year, and it makes it really difficult for us on the Committee to compare like-for-like costs. Why have you decided to do that?

Daron Walker: It was not intentional to confuse the Committee. Let me just start with that.

Peter Kyle: Just to confuse everyone.

Daron Walker: We have changed the appraisal period for the assessment of the cost and benefits for the programme, because the rollout is going to take longer. More meters are going to be installed after 2020 than was originally envisaged back in 2016. To ensure that we appraise assets over the life, we have extended the appraisal period out to 2034. My rule of thumb is that it is roughly four more years of rollout to 2024, so we have added four years of appraisal at the end.

Q40 Peter Kyle: It has made it difficult to compare like for like. What thought did you put in to transparency? It is all very well and good having a Select Committee, but the power of transparency is that consumers can look at it.

Daron Walker: There is an annex at the back of the CBA that talks through the steps to move from one CBA to the other but, if it is helpful, I can set out a few of the key movements in the different CBAs.

Q41 Peter Kyle: It has been noticed by the Committee and it has been frustrating to the Committee. If it is frustrating for us, given it is our job to go into this, I can only imagine what it is like for a consumer who actually wants to understand how their money is being spent and how the



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costs and investments are rolling out over time, because this is a massive area of public investment. I hope in the future you can pay attention to this. If you come back next year and you have done the same thing again, the Committee would take a very dim view of it.

Lord Duncan of Springbank: Let us look at the annex inside that and put it in a form that allows the comparison. That might help. We can do that to help that comparison be more straightforward. We will do that as a Department.

Q42 **Peter Kyle:** I appreciate that. Signposting to it and making sure it is front and centre is very important. The cost-benefit analysis appears to show that undiscounted costs to the programme have come down slightly. Is this because costs have come down slightly, or is this an accounting issue and there are some costs that are going to be put into next year's accounts?

Daron Walker: It is a mixture of things. Because meters are being rolled out later, the costs of those meters in the system to 2030 are lower because you have had fewer years of having to pay for those meters. That is one of the reasons. The other thing that has happened is that the cost of meters has come down relative to 2016, so the meters are now getting cheaper as they are rolled out at scale and manufactured at scale. That is on the upside. There are other costs that have gone the other way. Installation costs, as was described in the NAO report, are higher than we envisaged in 2016 but that is more than netted off by the reduction in asset costs.

Q43 **Peter Kyle:** Are there any other parts where there have been unexpected cost increases?

Daron Walker: Nothing major. There is one cost that is probably worth explaining, because you will probably ask about it, and that is around the DCC's cost. Between 2016 and 2019, we have made some changes about where the costs of comms and data for SMETS1 meters are charged. Up until 2016, we effectively had all of the costs of comms and data for SMETS1 with the energy suppliers. Now that the enrolment programme has started, we have moved those costs beyond 2020 and, in effect, into the DCC's costs. If you look at the CBA, the cost of DCC has increased by just over £450 million, but over £300 million of that is effectively just a transfer within the business case. Previously, it was being paid for by suppliers; now it is being paid for by the DCC.

Q44 **Peter Kyle:** You say installation costs have increased.

Daron Walker: Yes.

Peter Kyle: Is that per installation? You have been doing this for a long time now. Why would that be the case?

Daron Walker: The main reason for that is the thing that we were talking about earlier: that the rate of installation from the start of last year through to the first half of this year has gone down, because of the



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transition from SMETS1 to SMETS2. A big part of the driver is that when you install fewer for the same fixed costs of installers, it costs more per meter. We expect that to improve again. Industry data suggests that the rollout rate will actually tip up again in the next stats. That dip that we have seen over the last six quarters is going to reverse next quarter.

Peter Kyle: I spent a morning work-shadowing somebody who is installing smart meters down in Brighton, and it was really fascinating.

Daron Walker: Good.

Q45 **Peter Kyle:** The professionalism of the staff who were installing them was extraordinary. It was also very interesting to speak to the consumers in the home about the different reasons why they were doing it. Some of them felt bullied into doing it, while others really wanted to do it. The scale of what you are doing is quite extraordinary. It really is a very big project. It puts into context the challenges you face—I have never doubted that—but it is still our job to make sure that you do so efficiently and effectively and that we start to get the costs under control for this programme.

One of the connection methods has been GPRS. Consumers are moving to 5G in the next 12 months. Is GPRS going to last the distance?

Richard McCarthy: First of all, as we have put out in the public domain, we are actively working with the Department now on what will be the very long-term solutions, looking at the technological developments that you now have with 4G and 5G. What we have secured is continued access to 2G. We have locked that into a number of our contracts to ensure that the meters that we are installing now do have a decent length of life against 2G.

Q46 **Peter Kyle:** How long?

Richard McCarthy: We are up to 2033 in our main contract.

Q47 **Peter Kyle:** Is this all included in the cost-benefit analysis?

Daron Walker: It is.

Peter Kyle: Good. We have received some evidence to suggest that the hardware costs that have been listed in the cost-benefit analysis are simply unachievable. Are you basing your costs on manufacturing costs or sales prices? How are you estimating?

Daron Walker: The costs in the CBA all come from industry data. The energy suppliers provide the data, and we assess it and assure it and make use of that data. We are not taking the data from other sources. It is the energy suppliers' data that we are using to create the CBA.

Q48 **Peter Kyle:** Richard, it will not be a surprise to you that it did leap out to the Committee that the costs for your organisation have leapt by 24% compared to the forecast last year. Do you want to talk us through why?



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Richard McCarthy: As Mr Walker explained, 75% of the increase in cost for DCC is literally a transfer SMETS1 activity from energy suppliers through to DCC. The bulk of the remaining 25% relates to the development of our new test facility where we also now have a security and technical operations centre in Manchester. We have built a series of test labs, which the Committee would be very welcome to see, where we do state-of-the-art testing. We did a business case that we tested thoroughly at the board level to ensure that, over time, it delivers value back to the programme, rather than buying test services externally. If you come to the labs now, you will see all sorts of different tests of different meters and communication hubs going on at this point in time.

Q49 **Peter Kyle:** My question to you, hearing that, is why that is new this year. For an organisation of your scale and size, why was this not planned and known about last year when you did the forecast? If you are acting so rapidly, this speaks to an organisation that is acting rapidly and not strategically.

Richard McCarthy: That is not about annual budgets. You are talking about a cost-benefit analysis, which is only renewed by the Department every so many years. We do consult with energy providers and also put out into public consultation our cost projections.

Q50 **Peter Kyle:** Your control consultation states on page 18, "In aggregate, costs are £2.117b, or 103%, higher over the Licence term compared to DCC's forecast as part of the bid." Why are you 100% out on the bid that you put in to Government? Do you understand what that looks like to consumers who are paying taxes?

Richard McCarthy: I do understand that. First of all, I have explained a significant element of that, which is the transfer of the SMETS1 costs that did not sit in our programme. DCC was simply established to roll out SMETS2 meters. It is now a multi-programme organisation. It is delivering the switching programme that will move to 24-hour switching for Ofgem. That, again, was not featured in its programmes. It is delivering meters and communication hubs at a much higher specification for security than was originally anticipated at the beginning of the programme. The combination of the technical challenges, the transfer of costs through the cost-benefit analysis and new programmes of activity are the main drivers of those cost increases.

Q51 **Peter Kyle:** Mary Starks, you sought to refuse £250 million in funding to DCC between now and 2026. Why?

Mary Starks: Just to preface that, it is out for consultation at the moment; we have not made any final decisions. The way that the DCC licence works is that Ofgem has a role in price controlling DCC, allowing its revenues. There are two parts to that. One is a forward-looking part, where we look at DCC's costs forecasts and we look at the justification for them. Where DCC is unable to provide sufficient evidence, we do not



approve or sign off the forecast looking forward. We have refused to sign off on £230 million of forward-looking forecasts.

At the end of the year we then look back at what DCC has actually spent relative to the forecast and we scrutinise everything that DCC has spent over and above the forecast that we previously had.

Q52 Peter Kyle: Do you have all the powers you need? When we have been talking about the price cap and so forth in the past, it has been very clear that you have not had the powers you need, which is why we ended up having to legislate for them. When it comes to your relationship with DCC and the smart meter programme, do you have all the powers you need to scrutinise and to challenge, and to make sure that the programme is enforced in the correct way?

Mary Starks: Yes, we do. The way we oversee the costs of the programme is likely to evolve over time. In the early stages, we have had quite a close scrutiny of every item of expenditure as it has come through because the challenges have been emerging. As the programme matures and we get more into steady state, I would expect to be able to move towards a slightly more conventional price control where we agree more of it up front. That would give us a better regulatory grip and it would give customers more confidence about what they are going to pay, and it gives you more operating certainty.

Richard McCarthy: Yes, and we would support that.

Q53 Peter Kyle: Considering how much of our session today has already focused on the core aspects of smart meter rollout, it is interesting that there is so much additional work and additional functionality that you are already passing off to DCC. Why is it that you are allowing DCC and other organisations in the programme to expand so much when we are still struggling so much to get the core business right?

Mary Starks: I do not think we are allowing the programme to expand beyond core. What we are doing is re-envisioning DCC's role in delivering that core. As Daron was explaining, some of these costs that had been sitting with suppliers have transferred into the DCC. In a programme sense, that is not an expansion but it is a different way of doing things.

Q54 Peter Kyle: Finally from me, this is a slightly tangential question to you, Richard. We on this Committee have been exploring the net carbon zero target of 2050 and how we are going to achieve that. It is very clear that the only way we can achieve that is to deal with a massive issue to do with carbon, which is heating homes. To make sure we achieve that, we are going to have to undertake an infrastructure transformation inside people's homes, which is actually going to dwarf the scale of the smart meter rollout. As the Government, and we as a body politic and as legislators, start to grapple with that infrastructure, what lessons do you think we should be applying from the smart meter rollout as we start our thinking about how we design a programme that can take carbon out of



the way we heat our homes?

Richard McCarthy: It is really important to connect the two programmes together. I do not know if we talk about this enough, but what we are doing is digitising the last great analogue service in this country. We are building the third spine of the energy network, which is the digital spine, and that is a route to part of your longer-term success as a country, in terms of how we get to a low-carbon or zero-carbon economy. That is really important.

The benefits of the lessons learned are the rigour of testing and the confidence attached to a programme that is in development. There is no doubt that this is, and more importantly will be, seen as a very successful programme. I appreciate the points that have been made and I am not in denial about the delays and the greater complexity that we have, but we have built a very secure universal service that all meters will be on. We must learn and look at the time it takes to get the technical solution right and, critically, the time it takes to test. We are providing a service that goes into everybody's home, and we need to understand the importance of that. All the SMETS1 changes are done over the air, not by entering someone's home. We need to learn why that is complex, and we need to learn what that means in terms of the time for programmes. I hope we are transparent about this and we are very keen to share that experience.

Let us also think about how we use that digital network to do more than just smart meters. We are hoping that the digital network will be the one that supports the rollout of EV charging points. We might as well collect our digital data in one place, and that way we can set smart multiple tariffs that encourage all of us to use electricity at the right time. There are things about energy, the design of energy-efficient homes and the development of behaviours and opportunities through technology that can make it easier to move to a zero-carbon economy.

Lord Duncan of Springbank: I have a very quick point on that. Next year, this Committee will need to examine what the Department of Business, Energy and Industrial Strategy is doing. Right now, we are having the scientists explore the very point you are making: what shall be the means of decarbonising the domestic supply? Will it be a rollout of wider electricity, or will it be hydrogen and so forth? There are some very big questions coming, each with very significant costs. We will be publishing on this in the early part of next year, and this Committee will want to explore that.

Q55 **Chair:** Richard McCarthy, I just want to go back to the point around the DCC's costs and the fact that they are 103% higher. In your answer to a previous question, you suggested that those increases were due to taking on more responsibilities, and specifically around SMETS1. Is the 103% increase in your costs all because of taking on SMETS1?

Richard McCarthy: No. SMETS1 is a significant part of the story.



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Q56 **Chair:** What percentage of that 103% is due to that?

Richard McCarthy: If you are going right back to the beginning, I will need to write to the Committee. In terms of the change in the cost-benefit analysis, 75% relates to—

Chair: No, I am just asking about costs rather than the cost-benefit analysis. In aggregate, costs are £2.1 billion higher over the licence term compared to DCC's forecast as part of your bid.

Richard McCarthy: To give you an accurate answer in terms of the percentages, I will need to write to you.

Q57 **Chair:** I would like to know the breakdown of that £2.1 billion. It is obviously a huge increase, which is going to be borne by taxpayers. What was down to taking on responsibility for SMETS1, which you indicated in a previous answer was the reason for that increase? Can you break that down into the different components?

Richard McCarthy: I will do. Just to clarify, I did say earlier that it was about SMETS1, about the additional programmes—particularly switching—and about the higher level of security standards that we have had to meet through the programme. We will write to you in more detail, Chair.

Q58 **Chair:** Which part of the £250 million, Mary Starks, are you consulting about not releasing?

Mary Starks: The consultation applies to the whole price control. We are taking views on all of that. There are a range of things in the £230 million forecast. One of the things that we typically look at is salary costs relative to industry benchmarks and whether procurement is going to be done competitively. There are a range of tests we do to make sure that the costs are economically and efficiently incurred.

Q59 **Chair:** Are you confident that those costs are economically and efficiently incurred?

Mary Starks: Yes, for the ones that we allow.

Q60 **Chair:** What is this £230 million or £250 million that you are consulting on?

Mary Starks: That is cost where we have not seen the evidence that allows us to be satisfied that those costs are economically and efficiently incurred. It does not mean that they cannot be, and that the DCC cannot come back with more evidence so we can get better assured, but that sum of money is one where we are not yet confident.

Chair: Of the £2.1 billion, you are challenging £250 million.

Mary Starks: A portion of it, yes.

Q61 **Chair:** Okay. Going back to the wider issue about the cost-benefit analysis, what evidence is there to prove that there will be £1.4 billion in



consumer time-saving benefits in the 2019 cost-benefit analysis?

Daron Walker: We have always said in the various CBAs over the last x years that there were going to be time-saving benefits for consumers, but we were not able to monetise it. Over the last two years, we have been doing primary research to get empirical data for the time savings for the different consumer aspects. For example: no longer needing to read meters themselves—quite a few consumers read meters themselves—and PPM customers being able to top up online or over their mobile rather than having to visit a convenience store.

All of that data has then been crunched together to create a benefit that we can monetise. We have used the process that the Department for Transport uses for non-commuting leisure time. It is a standard appraisal approach. We just did not previously have the data. Now we have the data, so we have included it in the CBA.

Q62 **Chair:** You have also extended the appraisal period of the CBA, and that has increased net benefits by £3.3 billion. Although we understand that the rollout is being extended, the expected lifetime of smart meters has not increased. How can you justify that increase in net benefits of £3.3 billion?

Daron Walker: The way we justify that is that, even with the previous CBA, we were replacing the meters that came to the end of their life in the period of 2025 to 2030, and we continue to do that. The costs and benefits include meter replacements up to 2034, so that is why we are able to make that statement. If we were not replacing the old meters with new SMETS2 when they came to the end of their life, you would be on to something that would not be fair and transparent. But we are doing that, so it is valid to take that out and include it in the CBA.

Q63 **Chair:** That is a large increase in net benefits.

Daron Walker: It is partly because we are effectively getting more years of benefits from the meters that were installed before 2020 as well. What we are also seeing in the early 2030s is the take-up of demand-side response, so more time of use and making use of electric vehicles. We have not even monetised a significant proportion of that but you start to see some of those benefits coming through, which is why the benefits are higher during that period of 2030 to 2034.

Q64 **Chair:** Nothing has materially changed; it is just that you are putting values against these things that you had not previously put values to.

Daron Walker: Exactly, and, with the extra four years, we expect to have more electric vehicles, for example, and potentially more heat pumps in the system, so you will be able to make value from switching from high-cost times to low-cost times.

Q65 **Chair:** An even bigger addition to your benefits is the £6.2 billion of consumer benefits related to reduced energy consumption. Are you



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systematically monitoring the smart meter population and their energy usage compared to what it was previously or compared with similar households?

Daron Walker: We have periodically done an analysis of the energy savings over the time. As part of the CBA, we assessed a whole load of data from the energy suppliers about what they were achieving in terms of energy efficiency. One of the companies that has the most robust set of data is British Gas, which is achieving savings of more than 3% across both gas and electricity, whereas, in our business case, we are assuming 2.2% in gas and 3% in electricity. We have effectively said that that can be achieved for at least a third of the market, so we have put that into the CBA.

We think there is further upside. If you start thinking about the data that will become available from SMETS2 meters to third parties that consumers might work with to have bespoke energy efficiency advice, that will drive additional savings. There is a set of innovation competitions running where people are starting to join smart thermostats up with smart metering data. There is upside even beyond what we have done. We have stayed on the prudent side, but we have good evidence supporting our assumptions.

Q66 **Chair:** The latest domestic compliance survey report shows that only 60% of consumers recall being offered energy saving advice, which means there has been no material improvement over the last 12 months. Mary Starks, can you provide an update on the level of compliance by suppliers with their obligations to provide advice on energy saving?

Mary Starks: Sure. In March this year we put six suppliers on performance improvement plans specifically on this point. That has had an effect. All six have shown very serious increases in performance. To give one example, E.ON, which started out somewhere below 60%, is now comfortably above 70% and on track to hit 80%. That is where we want them all to get to. We now have a group of the biggest suppliers that are all getting 70% to 80% recall. You can do better, but that is pretty good for a recall stat.

The bigger challenge that we have at the moment is around the newer and smaller suppliers, many of which are not performing well in this area. We need to change that, it has to be said. We have a range of challenges around compliance issues with smaller suppliers across the whole waterfront.

Q67 **Chair:** When somebody is offered a smart meter and they accept it, do you monitor what proportion of those actually end up in homes, rather than the engineer being cancelled?

Mary Starks: I suspect that, somewhere in the system, we do.

Q68 **Chair:** The reason I ask is that I have been offered a smart meter on two occasions by Npower, which was my previous energy supplier, and then I



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changed to Bulb. Both of them offered me a meter, both of which I accepted, and then on the day both of those installations were cancelled by the energy supplier. I certainly recall being offered a smart meter, but I still, as yet, do not have one. Does anybody actually monitor whether that offer is then followed up with a delivery of a smart meter?

Mary Starks: We certainly monitor suppliers' performance around things like making appointments that have been set. We have a range of ways in which we try to keep our finger on the pulse of customer experience in this programme. That includes quarterly surveys and social media monitoring. We regularly talk to Citizens Advice and the ombudsman service about these things, so we have a reasonable sense of where the problems are. Where the problems are particularly acute with one supplier, we obviously go and talk to them about that.

Q69 **Chair:** Who is the best in getting smart meters into people's homes?

Mary Starks: Different suppliers are good in different ways. British Gas went quite ambitious quite early, so it has installed a lot of SMETS1 meters. Other suppliers are waiting for SMETS2 and so we have yet to see that ramp up. SSE consistently does pretty well on customer experience and less well on rollout rates. It is quite a mixed picture.

Q70 **Chair:** Do you publish a league table of how happy you are with the companies that you regulate?

Mary Starks: No, we publish a range of different information but we do not have an overall smart league table. For example, we are about to start publishing performance on energy efficiency advice, so the performance this quarter will be made public early next year.

Chair: Thank you very much to the four of you for coming to give evidence to our Select Committee this morning.