

Citizens Advice Response to BEIS' Consultation on the New and Replacement Obligation (NRO) Activation Date

The logo for Citizens Advice, featuring the text "citizens advice" in white lowercase letters inside a dark blue speech bubble shape.

**citizens
advice**

Introduction

The Citizens Advice service provides free, independent, confidential and impartial advice to everyone on their rights and responsibilities. It values diversity, promotes equality and challenges discrimination. Since 1 April 2014, the Citizens Advice service took on the powers of Consumer Futures to become the statutory representative for energy consumers across Great Britain.

The service aims:

- To provide the advice people need for the problems they face
- To improve the policies and practices that affect people's lives.

The Citizens Advice service is a network of nearly 300 independent advice centres that provide free, impartial advice from more than 2,900 locations in England and Wales, including GPs' surgeries, hospitals, community centres, county courts and magistrates courts, and mobile services both in rural areas and to serve particularly dispersed groups.

In 2017, Citizens Advice Service helped fix 163,000 energy problems through our local network and 61,000 through our Consumer Service Helpline. Our Extra Help Unit specialist case handling unit resolved 8,367 cases on behalf of consumers in vulnerable circumstances, and their Ask the Adviser telephone service handled 2,593 calls from other advice providers in need of specialist energy advice.

Since April 2012 we have also operated the Citizens Advice Consumer Service, formerly run as Consumer Direct by the Office for Fair Trading (OFT). This telephone helpline covers Great Britain and provides free, confidential and impartial advice on all consumer issues.

This document is entirely non-confidential and may be published on your website. If you would like to discuss any matter raised in more detail please do not hesitate to get in contact.

Response

Q1: Do you agree with the proposal to activate the NRO on 31 March 2019?

Summary

Citizens Advice support the intentions of the 'No Backwards Step' principle and agree that an energy supplier should not be allowed to install a traditional meter in cases where a fully operational SMETS2 smart meter could be installed and where a consumer has no objections.

The NRO should result in fewer time-consuming visits to consumer properties by ensuring that consumers do not have meters installed which will have to be removed shortly after in order to meet the 2020 deadline. Because it comes into effect after the SMETS1 end-date it should not result in more SMETS1 meters being installed with their accompanying reduced functionality. Citizens Advice does however have concerns regarding the potential impact on consumers using prepayment, potential additional costs that may be passed on to consumers and the guidance and communication a consumer will receive about this process.

Prepay delays

We are aware of ongoing challenges with the rollout of SMETS2 prepayment meters and that because of these there are currently very few SMETS2 prepayment meters in operation. If SMETS2 prepayment is not fully up and running in a reliable and consistent way by the time of the SMETS1 end date and the activation of the NRO there may be a risk of a "cliff edge" for the installation of smart prepayment meters where consumers either receive SMETS2 prepayment meters that suffer performance or functionality issues or find themselves being put into credit mode while prepayment functionality issues are resolved. Dependent on supplier interpretations of "all reasonable steps" consumers may also find themselves having standard 'non smart' prepayment meters installed which will need to be replaced again before 2020. None of these outcomes would be optimal for consumers though of most importance will be

ensuring that prepayment customers are able to remain on supply and, if placed in credit mode, do not run up unmanageable debts.

The benefits of smart prepay are clear, including easier ways to top-up and, in the future, reduced costs as prepayment consumers no longer have to subsidise a second metering system thanks to smart meters being able to operate in either credit or prepay modes. Citizens Advice has consistently called for prepayment customers to be neither “guinea pigs” exposed to technology which is still being refined nor “left to last” because the products they need are unavailable while those on credit can benefit from SMETS2 meters.

If, as seems likely, the challenges for SMETS2 prepay are not resolved by the time of the SMETS1 end date and NRO activation then there will need to be clear, coordinated and consistent guidance provided to consumers about what they can expect and when. As the statutory advice provider for energy consumers we would welcome a discussion with BEIS about the information, advice and messaging that consumers will be provided if this is the case.

Costs

Any additional costs that this process places on suppliers will in turn be passed on to consumers through their energy bills. Extra costs seem likely to emerge, particularly if consumers find themselves having standard meters installed which are then replaced again before the 2020 deadline.

Citizens Advice would welcome greater clarity on what the estimated cost impact of this will be. The activation of the NRO also presents an opportunity to firmly establish supplier policies for consumers who do not wish to have a smart meter installed, specifically what will happen in the future when standard meters are no longer available. Previous guidance has always been that consumers will be able to have the smart functionality of their meter ‘switched off’ meaning that they (or future residents of the property) could have functionality switched back on at a later date if requested but precise policies on this are not currently established for all energy suppliers.

Guidance and communication

As noted above consumers will need clear and consistent guidance on what they can expect from this process, while we have particular concerns regarding prepayment all consumers are likely to be impacted by different supplier interpretations and implementations of ‘all reasonable steps’ as well as

aforementioned approaches for consumers who do not currently want a smart meter. We would expect that suppliers would only not install a SMETS2 smart meter for reasons of significant technical and/or safety issues or consumer choice.

When requesting or accepting a smart meter a consumer should reasonably expect to know whether they are likely to receive a smart meter and if they are likely to receive WAN functionality and have automated readings taken. After the installation it should then be made clear to consumers the type and functionality of their meter and the form of payment required. Instances where this is not the case often lead to consumer confusion, back billing and a poor consumer experience.