



Business, Energy and Industrial Strategy Committee

House of Commons, London SW1A 0AA

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The Rt Hon Claire Perry MP
Minister of State for Energy and Clean Growth
Department for Business, Energy and Industrial Strategy

21st January 2019

Dear Claire,

I write on behalf of the Committee to thank you for giving evidence at the recent session on the Smart Meter Rollout programme. The session provided helpful insight into how the programme is being implemented. We were pleased to hear that you accept the majority of the conclusions made by the National Audit Office. After considering the evidence provided, we have a few follow-up questions, as set out below. I refer to the relevant question number from the session's transcript in brackets.

The NAO report revealed several problems with deploying SMETS2 meters in the DCC North Region. Can you set out how you will ensure that a like-for-like installation rate is achieved in this region by Q3 and what steps you will take to monitor progress in this area? (Q76)

Regarding costs, it was noted by the NAO that marketing expenses borne by suppliers rather than directly by Smart Energy GB were not factored in to previous cost-benefit analyses, even though these costs are passed on to consumers. Will you include these costs in your next cost-benefit analysis? Furthermore, can you explain how you plan to ensure that unexpectedly high installation costs are brought down as the rollout continues? (Q181 & Q158)

We understand that only limited attempts have been made to monitor ongoing energy savings, and that it is not clear to what extent these are attributable to the smart meter rollout. The NAO sensitivity analysis shows that the cost-benefit case for smart meters depends on the energy efficiency savings that can be made. Will you commit to undertaking an analysis of progress so far to determine what savings can be attributed to smart meters, and then continue to monitor this key outcome going forwards? (Q186, Q146-8)

Multiple stakeholders raised concerns about the distribution of benefits to consumers of varying socioeconomic status. The NAO estimates that the cost of the programme will be distributed in a roughly flat manner across billpayers. Will you include as part of your upcoming cost-benefit analysis an up to date breakdown of likely benefits as a function of socioeconomic status? (Q150)

The Committee notes that the export tariff for small scale renewable energy installations will be replaced by the Smart Export Guarantee (SEG) from April, which will require export metering and half-hourly settlement. Will you consider extending the export tariff for small renewable installations which, due to the delays in the smart meter rollout and the finalisation of market-wide half-hourly settlement regulations, may not be able to participate in the SEG?

We have been made aware of situation on a park home site where residents are being charged for smart meter installations; can you provide an update on what steps will be taken to stop this practice? (Q193)

Finally, as mentioned at the session, a whistle-blower within Ofgem was recently prevented from providing evidence before an employment tribunal because the Utilities Act 2000 was invoked to prevent the disclosure of information relevant to the case. The opinion of the judge in that case was that using section 105 of the Utilities Act to gag whistle-blowers is in contravention of the European Convention on Human Rights. In principle, do you agree with this view and, if so, what steps will be taken to amend the law accordingly? (Q155)

It would be helpful to have a response by Friday 1 February.

with best wishes



Rachel Reeves MP

Chair of the Business, Energy, and Industrial Strategy Select Committee