Thank you for your letter dated 5th June to the Rt Hon Greg Clark.

We remain on track to offer smart meters to every home and small business by the end of 2020. SMETS2 meter installations continue to ramp up with over a million now installed and good progress is being made to ensure that SMETS1 meters are interoperable by the end of 2020.

The latest quarterly statistics showed that there were over 14.3 million smart and advanced meters operating across homes and small business in Great Britain at the end of March 2019, a 4.2 per cent increase on the previous quarter. Quarter 1 2019 was the ninth consecutive quarter when over a million smart and advanced meters were installed in domestic and non-domestic premises.

You asked about the rate of smart meter installs over the past six months and the reasons for the reduction in the install rate between Q4 2018 and Q1 2019. The quarterly statistics show that the monthly install rate by large energy suppliers for smart and advanced meters in domestic and non-domestic premises was 376,400 in Q4 2018 and this fell to 350,000 in Q1 2019. During this period, the industry has been actively managing the transition from the installation of first generation (SMETS1) to second generation (SMETS2) meters. This inevitably has had an impact on the pace of rollout as installers are taken off the road to be retrained on the installation processes for the new metering equipment, and companies have had to change their internal processes. On a positive note, the transition to second generation meters is progressing positively. Industry data shows that there were a total of 240,000 SMETS2 meters on the DCC system at the end of December 2018 and this had increased to more than 630,000 by the end of March 2019. The next official statistics will be published at the end of August and this will cover smart and advanced meters operating as at the end of June 2019.

As you know, the enrolment of SMETS1 meters into the national data and communications network is a key priority so that consumers can retain smart functionality when switching energy supplier. I am pleased to confirm that Government has now taken decisions in respect of over 99% of SMETS1 meter types, directing that they should be enrolled by the DCC into its national
data and communications network. These decisions have been taken following consultation with industry considering criteria such as technical feasibility.

The programme to upgrade systems to support the interoperability of SMETS1 meters is already underway and remains consistent with the plan described at the BEIS Committee hearing in January 2019. Following DCC's November 2018 proof of interoperability demonstration, DCC and energy suppliers have been testing the upgraded systems to support the first tranche of enrolled SMETS1 meters. This testing is due to complete at the end of this month followed by migration of SMETS1 meters onto the DCC system. DCC is prioritising the migration of the minority of SMETS1 meters currently operating without smart services. Migration will progress in a phased manner, as DCC and energy supplier systems are further upgraded and tested to accommodate additional SMETS1 meter types.

DCC is held to account for its performance on SMETS1 enrolment through smart metering Programme industry governance fora involving relevant industry parties. Government has consulted on a DCC incentives regime that ensures the DCC faces sharp financial incentive to enrol SMETS1 meters in a timely manner. I understand that Richard McCarthy is also writing separately to update you on the progress of the DCC.

You will be aware that the NAO reported that 70-75% of installations would be completed by the end of 2020 based on the roll out plans energy suppliers submitted in 2018. The large energy suppliers submitted updated annual plans to Ofgem earlier this year. These individual roll out plans are currently subject to a process of review and feedback by Ofgem as part of their responsibilities for regulating energy suppliers against their roll out obligations. You may have seen today that Ofgem issued an open letter outlining their observations on roll out activity as part of this review process. We will provide an update on the expected level of installations in our forthcoming Cost Benefit Analysis update that we will publish this Summer.

You asked for an update on the provision of energy efficiency advice to consumers. Ofgem has requested improvement plans with performance targets from several energy suppliers and will consider taking further action in line with their Enforcement Guidelines if energy suppliers do not show improved performance. This regulatory action by Ofgem complements the work undertaken by my Department to help suppliers deliver high quality energy efficiency advice to consumers. This includes the development of an energy efficiency toolkit and the facilitation of good practice sharing sessions between energy suppliers. A number of energy suppliers have started to show improvements in the provision of energy efficiency advice to consumers although there are variations in performance across individual energy suppliers, and still significant room for further improvement. This will continue to be an area of focus for both my Department and Ofgem.

Thank you for the Committee's ongoing interest in the Smart Metering Programme.

CHRIS SKIDMORE MP