

Consultation Response

Smart Meter Guaranteed Standards: Supplier Guaranteed Standards of Performance

Office for Gas and Electricity Markets (Ofgem)

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About this consultation

The smart meter rollout continues to progress, with approximately 66% of all meters in homes and small businesses across Great Britain (GB) being smart or advanced meters, as of end of December 2024. Smart meters are a vital part of the energy market, bringing immediate benefits to consumers, helping them take control of their energy usage and gain access to time-of-use tariffs. Smart meters can bring an end to estimated bills and enable the transition to a more flexible energy market.

Consumers who want a smart meter should be able to get one installed quickly and they should work as intended. Some consumers have experienced delays in getting a smart meter, whilst others have had challenges with their operation.

Ofgem are consulting on proposals to update Guaranteed Standards Of Performance (referred to as “Guaranteed Standards” in this document) to improve the consumer experience of getting, and having, a smart meter. Guaranteed Standards set out minimum performance standards which all energy suppliers must meet, and when they don’t, automatic payments of £40 are paid to consumers.

About Age UK

Age UK believes every older person should be included and valued. We’re working locally, nationally and internationally to change the way we age. Together with our partners, we’re changing the day-to-day experience of getting older through essential services and local support. We transform older people’s wellbeing in the ways that matter most to them – whether that’s getting online or getting more active. Our specialist, impartial advice helps change older people’s worries into answers. And our friendship services change loneliness and isolation into comfort and connection. We campaign to put older people at the heart of public policy and shift the way ageing is treated and represented.

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Why Age UK supports the implementation of GSoPs for smart meters

Much emphasis has been placed on the importance of smart meters for helping consumers take control of their energy usage, gain access to time-of-use tariffs, bringing an end to estimated bills and enabling the transition to a more flexible energy market. Where consumers are unable to get a smart meter, they are being prevented from accessing these benefits. Crucially, that can damage trust in the energy market.

Furthermore, regarding the inevitable evolution of the energy market, smart meters will continue growing in terms of their importance as enabling technology for energy suppliers and consumers. The introduction of market-wide half-hourly settlement, in 2027, will expose suppliers to the true costs of their customer's electricity consumption patterns.

As a result, shifts in electricity consumption would reduce overall system costs, bringing down bills for all. Customers with a higher proportion of their consumption during more expensive (peak) periods will become more expensive to serve, and those with lower peak consumption, less expensive.

Consumers without smart meters cannot have their consumption measured half-hourly, though some meters may have a peak and off-peak function. That means those consumers have little or no capability to benefit from shifting their consumption and will not see a direct benefit MHHS. Consequently, these consumers will become more expensive to serve than households with a smart meter.

While Age UK believes that the market should be free to reward households for using electricity smarter, there is a real risk that some consumers will be exposed to higher costs as a result of not being able to have a functioning smart meter. While the higher costs of non-smart households could be socialised across households with smart meters, this would limit the incentive of having a smart meter.

It is considerably likely that the prices offered to households with or without a smart meter will diverge, leaving households with traditional meters or faulty smart meters facing higher prices for the same service.

It is right for Ofgem to introduce measures such as Guaranteed Standards of Performance (GSoPs). The introduction of GSoPs will be a mechanism for mitigating the risk of a divided market between customers with a smart meter and those without.

Effective Implementation

For Guaranteed Standards of Performance to be effective in their aim of improving consumer experience with smart meters, they must be understandable, applied automatically and applied immediately.

In terms of understandability, Age UK recognises the difficulty of striking the right balance between holding suppliers accountable while ensuring that the standards of performance are fair, and do not penalise suppliers for issues beyond their control. However, there is a risk that unspecific exceptions could be embedded within the reformed GSoP regulations which allow for suppliers to avoid paying compensation in some circumstances.

For instance, if the involvement of another party, other than the respective energy supplier, is required to provide a resolution, Ofgem should be mindful of opportunities for suppliers to inappropriately pass responsibility onto those parties (such as the DCC). Alternatively, if a consumer, out of frustration with the process or who has difficulty in engaging with their supplier, “agrees” for the smart meter to not operate in smart mode, there is a risk that suppliers could downplay the benefits of having a working smart meter or be incentivised to persuade consumers to leave things as they are.

Equally, from a consumer’s perspective, whether they are dealing with smart meter issues for the first time or not, they should be able to expect consistent support from their energy supplier. If a smart meter appointment is needed to exchange a broken smart meter, the timeframe for having that work completed should be the same as it would for a household that is receiving a smart meter installation for the first time.

Age UK recommends that Ofgem applies equal expectations to suppliers when they are offering installation appointments, investigating operational issues, and resolving smart meter issues regardless of whether a household is getting, or has had, a smart meter installation for the first time or whether it is not the first time. Age UK also supports the intention to apply GSoPs recurringly if an issue remains unresolved.

Furthermore, a consumer who has not received the standards of performance expected by Ofgem should not have to ask for compensation to be applied. Recent Standards of Performance compliance cases have demonstrated that GSoPs can be difficult to administer. In developing this policy further, Ofgem should consider the practical challenges for ensuring that suppliers apply GSoP credits automatically, from the point at which standards have not been met.