

11 March 2025

By email to:
smartmetering@ofgem.gov.uk

Stakeholder Consultation on Modifications to the Electricity Supply Licence to Amend the Current Electricity Metering Obligations to Further Protect Consumers

About us

Consumer Scotland is the statutory body for consumers in Scotland. Established by the Consumer Scotland Act 2020, we are accountable to the Scottish Parliament. The Act defines consumers as individuals and small businesses that purchase, use or receive in Scotland goods or services supplied by a business, profession, not for profit enterprise, or public body.

Our purpose is to improve outcomes for current and future consumers, and our strategic objectives are:

- to enhance understanding and awareness of consumer issues by strengthening the evidence base
- to serve the needs and aspirations of current and future consumers by inspiring and influencing the public, private and third sectors
- to enable the active participation of consumers in a fairer economy by improving access to information and support

Consumer Scotland uses data, research and analysis to inform our work on the key issues facing consumers in Scotland. In conjunction with that evidence base we seek a consumer

perspective through the application of the consumer principles of access, choice, safety, information, fairness, representation, sustainability and redress.

Consumer principles

The Consumer Principles are a set of principles developed by consumer organisations in the UK and overseas.

Consumer Scotland uses the Consumer Principles as a framework through which to analyse the evidence on markets and related issues from a consumer perspective.

The Consumer Principles are:

- Access: Can people get the goods or services they need or want?
- Choice: Is there any?
- Safety: Are the goods or services dangerous to health or welfare?
- Information: Is it available, accurate and useful?
- Fairness: Are some or all consumers unfairly discriminated against?
- Representation: Do consumers have a say in how goods or services are provided?
- Redress: If things go wrong, is there a system for making things right?
- Sustainability: Are consumers enabled to make sustainable choices?

We have identified access, safety and redress as being particularly relevant to the consultation proposal that we are responding to.

Question 1. Do you agree with our proposed policy intention as set out under ‘what we are consulting on’?

We welcome the proposed policy intention set out in Ofgem’s Open Letter. The industry has been aware of the need to switch off the RTS signal for well over a decade. In part due to the slow progress of smart meter rollout and concerns about the impact on consumers, several extensions have already been granted. These extensions reflect concerns about the readiness of the industry, particularly in ensuring all affected households receive suitable replacement meters, as well as the need for continuity in access to affordable and fair tariffs.

Considering this length of time, it is reasonable to expect that suppliers should now be urgently taking all reasonable steps to switch affected meters or have in place sufficient mitigations to protect consumers from incorrect billing or disconnection. However, through our engagement with consumer groups and charities in Scotland we are aware that consumers of different suppliers are experiencing different levels of care and support with the RTS switch over. These concerns have been previously shared with Ofgem through forums such as the Energy Consumers Network (‘ECN’) that Consumer Scotland convenes.

We welcome licence modifications that aim at supporting existing obligations suppliers have to support and mitigate any risks to consumers. To achieve Ofgem’s aim of increasing supplier focus and action in this area, and minimising consumer harm, new licence conditions must be consumer focused. This means:

- supporting a timely and efficient upgrade of affected RTS meters
- ensuring that consumers who must change tariffs as a result of the meter switch are no worse off than their existing arrangements
- ensuring that suppliers who are not taking all reasonable steps are held to account.

Question 2. Is there anything missing in the proposed policy intention as set out under ‘what we are consulting on’?

We would welcome additional consumer protections and redress mechanisms for RTS consumers that suffer detriment because of the RTS service cessation. From the proposed principles, there are two eventualities in which we envisage that RTS consumers may experience detriment following the cessation of the RTS service:

- i. RTS consumers who, after the RTS service cessation, are put off supply or suffer billing inaccuracies; and
- ii. RTS consumers whose suppliers who have not taken all reasonable steps (as described in Ofgem’s proposed policy outcome 3) and whose supplier ceases providing electricity to the RTS consumer after RTS service (as described in Ofgem’s proposed policy outcome 1).

Considering both the regulatory, and reputational, consequences for supplier, we would expect that scenario (ii) ought to be unlikely to happen. However, there is still a possibility that it may, and consumers must be safeguarded and reasonably compensated in the case of either scenario. Below, we have set out how we believe there is precedent for the protection of RTS consumers based on similar protections that apply to prepayment meter ('PPM') consumers that Ofgem could rely on to further protect RTS consumers.

Consumer Protections and Redress for Service Interruption Post-RTS Service Cessation

To further encourage suppliers to swiftly transition consumers to new meters, and provide redress for any inconvenience or detriment after the RTS service cessation, we recommend that explicit protections and compensation mechanisms are established for affected consumers.

This is precedent for such a redress mechanism in the Electricity and Gas (Standards of Performance) (Suppliers) Regulations 2015 (the '2015 Regulations')ⁱ. Regulation 5 of the 2015 Regulations, while specifically addressing faulty PPMs, was designed to ensure consumers receive a swift response from suppliers in cases where meter failures result in supply loss or prolonged billing inaccuraciesⁱⁱ. Ofgem's intention at the time was that such failures could lead to serious detriment, and therefore an appropriate redress mechanism was necessary to encourage supplier safeguards and compensate consumers for any loss.

There is a clear parallel between the intentions of the 2015 regulations, and the risks now facing RTS consumers. Ofgem has acknowledged in the current consultation that RTS consumers *"may also be at risk of higher bills or going off supply"* and *"may experience disruption to their heating or hot water provision within their home or business, or potentially will experience higher rates of tariffs when their RTS meters fail to switch between the different rates"*.ⁱⁱⁱ These concerns echo what we have been told through our own stakeholder engagement about the risks that RTS consumers will face, reinforcing a need for clear redress provisions.

It is important that RTS consumers receive a swift response to any issues arising after the RTS signal is shut down, and suppliers are incentivised to complete RTS meter replacements as quickly as possible in line with Ofgem's intended outcomes. Therefore, considering the similar risks, potential harm, and precedent for this type of redress mechanism, we urge Ofgem to consider a parallel redress mechanism for RTS consumers as part of its current reforms. Such a framework would provide RTS consumers with a clear and enforceable route to claim redress, encourage a faster resolution of disruptions for consumers who face supply loss or inaccurate billing, and ensures all suppliers remain accountable.

Question 3. What are the consequences of a consumer retaining their RTS Meter following the cessation of support for RTS?

Engagement with stakeholders across the energy sector has highlighted significant risks associated with the continued use of RTS meters beyond the cessation of the RTS service. As set out in this consultation, there will be substantial uncertainty regarding both the continuity of supply for RTS consumers, and the accuracy of their billing caused by failures or interruptions in their meter's ability to switch between different tariff rates.

This presents a real risk to consumers receiving incorrect and unpredictable bills, and continuity of their supply, which is of particular concern for consumers in vulnerable circumstances, including disabled consumers or those with health conditions. This risk is further compounded in rural areas, such as the Highlands and Islands of Scotland, where a significant proportion of RTS meters in Scotland are located. Rural communities in Scotland already experience a greater risk of, and longer lasting power cuts, and it remains unclear whether consumers with RTS meters will be able to be restored to supply effectively following a power cut once the RTS services is discontinued.

Given these factors, there is a clear and material risk to the safety and wellbeing of RTS consumers in Scotland, particularly those in rural or vulnerable circumstances.

Question 4. What are the main barriers suppliers face in their RTS replacement programmes, that we may not have considered?

We have previously highlighted the complexity of RTS metering infrastructure in Scotland, which presents significant challenges for suppliers in the replacement of these meters. In particular, additional constraints imposed by the Distribution Connection and Use of System Agreement ('DCUSA')—specifically in relation to Load Managed Areas ('LMAs') in the north of Scotland—may be contributing to the low rate of RTS meter replacements in the Scottish Hydro Electric Power Distribution licence area. These regulatory and technical constraints must be carefully considered when assessing supplier performance and potential mitigations.

Furthermore, insights from consumer groups and charities indicate that rural consumers—particularly those in the Scottish Highlands and Islands—experience significant difficulties in securing supplier engineer appointments. Logistical challenges, including travel distances, workforce shortages, and the inefficiency of individual supplier-led approaches, are further hindering progress in these areas.

To address these barriers, we have previously advocated for a coordinated, area-based approach to RTS meter replacements across suppliers. A structured, cross-supplier effort would mitigate inefficiencies arising from fragmented, independent responses to individual consumer requests, ensuring a more efficient and accelerated rollout. Such an approach

would be particularly beneficial in remote and rural communities in Scotland, where the existing supplier-by-supplier model is proving ineffective.

Question 5. Are there any obstacles to suppliers not providing a similar tariff arrangement for consumers upgrading to smart from an RTS Meter?

Consumer Scotland welcomes Ofgem's policy position that suppliers must take all reasonable steps to ensure consumers are "no worse off" as a result of an RTS meter replacement. Ensuring consumers retain access to fair and affordable tariffs is important to avoid unnecessary consumer detriment arising from the transition.

ECN members have previously expressed concerns around affordability implications for RTS Consumers after any meter replacement if their supplier cannot move them on to a corresponding tariff. These concerns have been heightened follow the recent price cap announcement, setting out a 3rd successive price increase and a 4.5% increase for Economy 7 consumers^{iv}, making it even more important that suppliers take all reasonable steps to maintain consumer's tariffs.

ECN members also raised concerns about RTS Consumers being moved to Economy 10 tariffs, given the lack of transparency and limited competition in this section of the market. As not all suppliers offer Economy 10 tariffs, there is a real risk of reduced consumer choice, which could leave affected consumers with fewer competitive options, and in some cases higher costs. We look forward to Ofgem publishing a summary of supplier responses to what measures can be taken to mitigate any such consumer detriment for affected consumers.

Question 6. Do you think the exception to the replacement of RTS meters appropriately covers some of these barriers? Do you have other views on how this exception should operate?

Consumer Scotland accepts the need for an "All Reasonable Steps" exception for suppliers, recognising that some barriers to RTS meter replacement may be beyond their control. Further, in a pragmatic sense, this is likely to be a necessary provision considering the number of RTS meters still in operation and the challenging timescale involved in replacing them before the RTS service ceases in June 2025.

However, given the RTS switch off has been anticipated for well over a decade, all suppliers should have in place well established plans to switch meters over. Therefore, any such exception should be construed narrowly and only apply when the alternative would cause consumer harm.

Therefore, we consider it appropriate that this exception should only apply:

- a) A supplier has demonstrably taken all reasonable steps to replace the RTS meter; and
- b) Any alternative action would result in the consumer being off supply.

As outlined in our response to Question 2, consumer protections could be further strengthened if this exception was linked to a redress scheme, ensuring that affected consumers receive appropriate compensation and that suppliers remain incentivised to complete RTS meter replacements as swiftly as possible.

Question 7. Do you think the exception to the replacement of RTS meters should only be applied when it would result in a consumer being off supply?

We refer to our answer to question 6.

Question 8. Is there anything else you would like to add in your response?

No answer.

ⁱ The Electricity and Gas (Standards of Performance) (Suppliers) Regulations 2015, Reg. 5

ⁱⁱ Ofgem (2014) [Supplier Guaranteed and Overall Standards of Performance – statutory consultation and proposals](#), Para. 2.7

ⁱⁱⁱ Ofgem (2025) [Open letter: Stakeholder consultation on modifications to the electricity supply licence to amend the current electricity metering obligations to further protect consumers](#), p. 2, emphasis added.

^{iv} Ofgem (2025) [Changes to Energy Price Cap Between 1 April and 30 June 2025](#)