



# Smart energy for business

Our approach to engaging microbusinesses  
in the smart meter rollout

August 2015



# Hello

Thanks for taking the time to read this paper which outlines our approach to engaging microbusinesses with smart meters. Collaboration is one of our key principles at Smart Energy GB. Sharing of information, listening to feedback and adapting our plans so that we can be more effective is fundamental to the success of the national smart meter rollout, which is why, in this revised version of *Smart energy for business*, we have incorporated feedback from the consultation held in summer 2015.

In addition to the invaluable insight derived from consultation responses, we have drawn on research, reports and conversations with experts in the field of smart metering and the microbusiness sector to develop our approach. We appreciate the generosity of people both in those conversations, in responding to the consultation and for their ongoing involvement with the national smart meter rollout.

Our role is about engaging domestic consumers and microbusinesses in the smart meter programme rather than in managing the physical rollout itself. This paper focuses on that engagement and how we can cost effectively ensure that is successful.

Thanks again.

# Contents

<b>Chapter 1</b>	<b>04</b>
Introduction	
<b>Chapter 2</b>	<b>06</b>
Defining microbusinesses	
<b>Chapter 3</b>	<b>08</b>
The smart meter journey	
<b>Chapter 4</b>	<b>12</b>
Engaging microbusinesses with the smart meter rollout	
<b>Chapter 5</b>	<b>15</b>
Further reading and related documents	
<b>Bibliography</b>	<b>16</b>
<b>Glossary</b>	<b>19</b>
<b>Appendix</b>	<b>22</b>

# Chapter 1

## Introduction

The national programme to modernise Great Britain's energy industry is long overdue. When it is completed we will all have more control over the gas and electricity we use. It starts with the installation of new gas and electricity smart meters in homes and microbusinesses by 2020. It is the installation of smart meters for the microbusiness sector to which this paper relates.

Smart Energy GB is the national campaign for the smart meter rollout. It is our task to ensure that domestic consumers and microbusinesses in Great Britain understand what smart meters are, how to get one and how they can use their new smart meter to help get gas and electricity usage under control.

In relation to the engagement of non-domestic energy consumers the law that established Smart Energy GB outlines our role as:

“Where it is cost effective to extend the consumer engagement activities undertaken by the Central Delivery Body [now Smart Energy GB] so as to also include the engagement of Energy Consumers at Relevant Designated Premises, in respect of such Energy Consumers.”

Designated Premises are defined as those:

“At which the Customer is a Micro Business Consumer; and such additional categories of premises as may be specified in a direction issued by the Secretary of State.”<sup>1</sup>

We are just one of the organisations involved in the national smart meter rollout. Energy suppliers are responsible for installations and are engaging directly with their own domestic and business customers to arrange those.

The new smart metering system will look something like figure 1 when in place – though for microbusinesses there may be some variation in both the secure communications network used (the government is consulting on mandatory use of the Data Communications Company) and the way in which near real time access to data is provided.

<sup>1</sup> Please see the Appendix for the definition of a microbusiness, established by gas and electricity supplier licences.

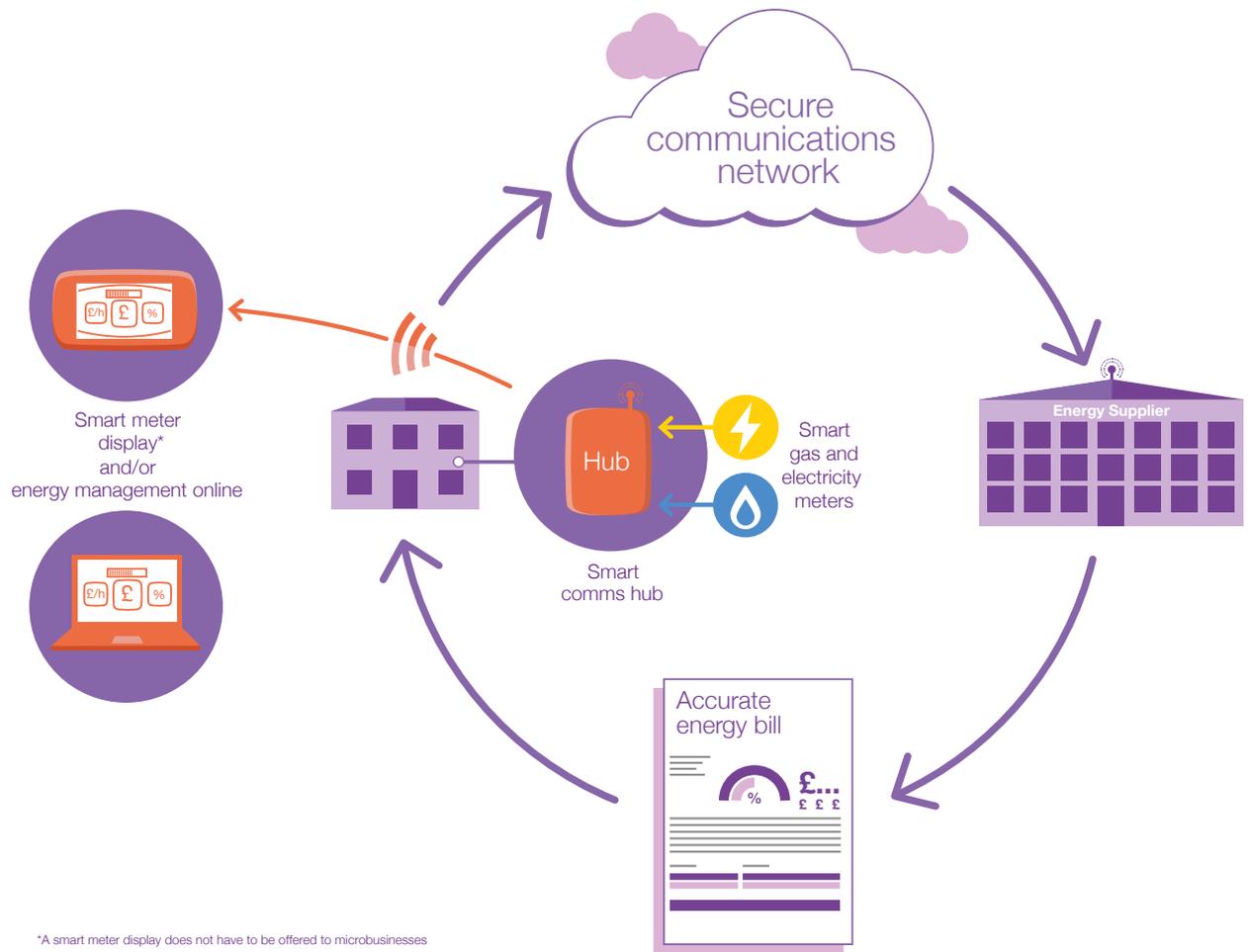


Figure 1  
The smart meter system

Suppliers and installers are bound by the *Smart Metering Installation Code of Practice* (SMICoP) which makes provision for installations in domestic and non-domestic properties alike.

We have already begun engagement activity with microbusinesses in line with the progress of the smart meter rollout and the current scale of the domestic consumer engagement activity. This paper outlines in brief our current understanding of microbusinesses in relation to smart meters and our approach to supporting them as the programme moves towards mass rollout.

# Chapter 2

## Defining microbusinesses

Microbusinesses make up approximately 96 per cent of all UK businesses<sup>2</sup>, numbering around 4,897,400<sup>3</sup> in Great Britain. This spans a broad range of businesses, across a huge number of sectors. So describing a typical microbusiness for the purpose of how they might be engaged with smart meters is difficult. However, there are a number of existing definitions we can draw from. These definitions tend to reflect a combination of employee numbers and turnover (both of which vary hugely by sector), and in the context of energy, they also include energy usage parameters.

The law which established Smart Energy GB (see Appendix) defines a microbusiness as a non-domestic consumer meeting one of the following criteria:

- employing fewer than 10 employees (or their full time equivalent) and an annual turnover or balance sheet no greater than €2 million; or
- consuming not more than 293,000 kilowatt-hours of gas per year; or
- consuming not more than 100,000 kilowatt-hours of electricity per year

For engagement with the national smart meter rollout to be successful, it is vital that microbusiness audiences can easily self-identify as such. There is a general view from stakeholders, borne out in our own conversations, in the Competition and Markets Authority review of the market and in our own *Smart energy for business* consultation in July 2015, that microbusinesses often do not know or understand their energy usage, with many not knowing the overall monthly or annual cost either. So the parameters relating to energy usage within the definition may cause more confusion than clarity for the purposes of initial awareness and engagement.

Our task is to help microbusinesses understand what smart meters are, how to get one and how they can use their new smart meter to help get their gas and electricity usage under control. This includes prompting them to determine their eligibility by speaking to their energy supplier. Therefore, we propose that for the purposes of engagement with microbusinesses we follow the precedent of using just the employee number element of the definition, phrased as:

- employing fewer than 10 employees (or their full time equivalent)

Our definition needs to be easily understood and applicable to as many microbusinesses as possible. Defining microbusinesses by number of employees is a simple way to raise awareness and understanding of smart meters and the national rollout without the immediate need for these businesses to know their turnover or energy consumption (which we know many do not). We acknowledge that some organisations meeting only the ‘fewer than 10 employees’ criteria will not meet the energy consumption measures. In our communications, we intend to caveat that some restrictions may apply.

<sup>2</sup> House of Commons, *Small Businesses and the UK Economy*, December 2014

<sup>3</sup> Department for Business Innovation & Skills, *Business population estimates*, November 2014

Our role does not include having one-on-one relationships with consumers and while we will apply the ‘fewer than 10’ definition in our own communications, we will work with third party organisations, including suppliers, that apply a variant of the gas and electricity supplier licence definition to identify microbusinesses.

The microbusiness sector is complex and diverse. According to the Department for Business Innovation & Skills<sup>4</sup>, microbusinesses are present across most industries. Using Standard Industry Classifications (SIC codes) we can see that some industries have a higher proportion than others (such as retail; construction; professional, scientific and technical activities) and that will be reflected in the approach we take to engaging effectively with the sector.

We also know that around half<sup>5</sup> of microbusinesses use a domestic property as their main business premises. These business owners will not need a separate smart meter for their business and will be engaged as householders with the domestic consumer campaign.

The remaining microbusiness owners (around half), approximately 2,326,265, have some kind of separate premises though there is a large variation in the types of premises, ownership or tenancy conditions (e.g. converted part of a domestic property which some suppliers may consider to be non-domestic; rented with service and bills included; multi-occupancy rental where individual tenants have no sight of the meter). All of these are likely to have an impact on relationships these businesses have with energy and energy suppliers.

We understand that there are differences of supply within the non-domestic market when compared to the domestic market, most notably greater fragmentation in terms of supplier choice; far greater presence of smaller energy suppliers; the presence of third party intermediaries (TPIs) and energy brokers; and the lack of transparency in energy pricing for businesses. These factors will likely have an impact on the relationship between microbusinesses and the energy they use.

TPIs and energy brokers are a consideration for our microbusiness engagement strategy, given that 21 per cent of microbusinesses only use a broker for electricity and 27 per cent for gas supply<sup>6</sup> (as opposed to having a direct relationship with the supplier). We will explore whether brokers present an opportunity in their roles as intermediaries rather than posing a barrier to engagement with the smart meter rollout.

<sup>4</sup> Department for Business Innovation & Skills, *Business population estimates*, November 2014

<sup>5</sup> Department for Business Innovation & Skills, *Small Business Survey 2014: Businesses with employees*, March 2015 and Department for Business Innovation & Skills, *Small Business Survey 2014: Businesses with no employees*, March 2015

<sup>6</sup> Ofgem, *Quantitative research – Non-domestic customer engagement and experience in the energy market*, November 2012

# Chapter 3

## The smart meter journey

The smart meter journey, and the roles we share with energy suppliers, is detailed below:

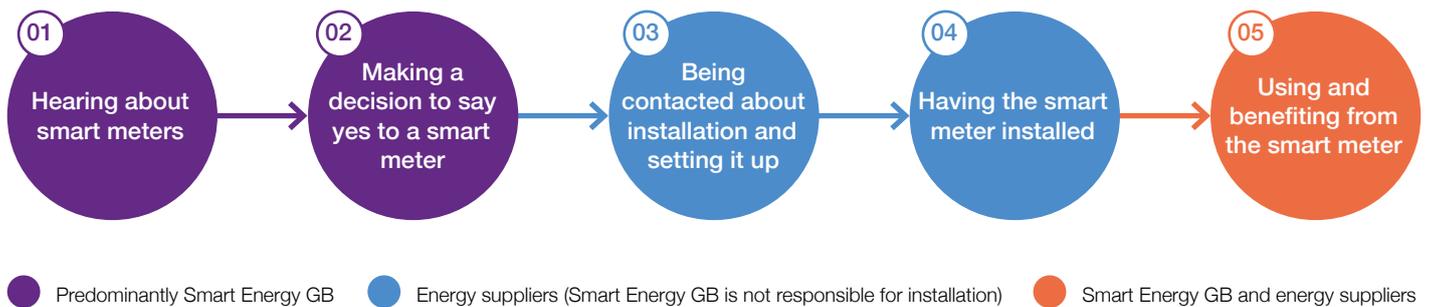


Figure 2  
The smart meter journey

The journey for microbusinesses is broadly the same as it is for domestic consumers, though engagement and behaviour at various stages of the journey may vary across the two groups.

At this stage of the rollout, the majority of microbusinesses with a smart meter installed have had their installation after being contacted by their energy supplier (only 5 per cent have requested one proactively)<sup>7</sup>. This suggests an absence of the first two stages of the journey in many cases, which may in turn contribute to the relatively low levels of active energy management post-installation (just 11 per cent have taken subsequent action to reduce their energy consumption)<sup>8</sup>.

The benefits to be realised through smart meters for microbusinesses are significant, amounting to approximately £1.44 billion in net microbusiness consumer benefits<sup>9</sup>. The cost of mains electricity was cited as the number one cost concern for small businesses by 46 per cent of businesses in a 2014 report by Citizens Advice<sup>10</sup>. And we know that energy efficiency is a concern for small businesses for both cost saving and environmental motivations. Research carried out by the Federation of Small Businesses in 2015 showed that for 78 per cent of those responding, saving on energy was a motivator for carrying out energy-efficiency measures and 70 per cent cited environmental factors. The same research also identified that smart meters will be a vital tool for giving small businesses the information they need to make proactive decisions about energy usage<sup>11</sup>.

<sup>7</sup> Consumer Futures, *A smart business? Small and micro-businesses' experiences of smart meters*, August 2013

<sup>8</sup> Consumer Futures, *A smart business? Small and micro-businesses' experiences of smart meters*, August 2013

<sup>9</sup> Department for Energy & Climate Change, *Smart meter impact assessment*, January 2014

<sup>10</sup> Citizens Advice, *The experiences of small businesses as consumers in regulated markets*, September 2014

<sup>11</sup> Federation of Small Businesses, *Press release*, 25th May 2015

The research undertaken by Consumer Futures (now part of Citizens Advice) in August 2013 identified early positive sentiment about smart meters from businesses, despite low levels of proactive enquiry. Of the 95 per cent that had not proactively requested an installation, 46 per cent had been positive about the prospect of getting one, 46 per cent were neutral and only 8 per cent were negative and that was largely where they had felt there was no choice involved in having one installed<sup>12</sup>.

The benefits of smart meters are multi-layered and are likely to be experienced to greater and lesser degrees depending on the type of microbusiness and industry they are in. However, the most motivating benefits for the majority of individual microbusinesses found by Ipsos Mori for the Department of Energy & Climate Change (DECC) are reported as<sup>13</sup>:

- accurate bills, and specifically avoiding disputes over bills
- an end to meter readings
- the ability to track and monitor energy patterns
- saving money

The desire for accurate bills has been identified in a number of papers. Consumer Futures found that ‘more accurate bills’ was the most significant motivator with 48 per cent of respondents citing that as their main motive, against the next largest reason at 26 per cent which was ‘removes the hassle of meter readings’. These were unprompted answers given by businesses that had proactively requested an installation.

However, we are mindful that there are potential obstacles to realising the full benefits of smart meters. These obstacles have been raised by a number of organisations including Citizens Advice, The Federation of Small Businesses, Consumer Futures and DECC. These obstacles are presented both by business circumstance and the inherent nature of a rollout of this complexity. We will be working with other organisations involved in the smart meter rollout to overcome these obstacles where they relate to the engagement task and it is appropriate to do so.

<sup>12</sup> Consumer Futures, *A smart business? Small and micro-businesses’ experiences of smart meters*, August 2013

<sup>13</sup> Department of Energy & Climate Change, *Attitudes towards and experiences of smart meters in the non-domestic SME market*, October 2013

In broad terms, these obstacles include:

- the potential that microbusinesses will not self-identify as being eligible for a smart meter; or that they might not understand whose choice and responsibility it is (especially in rented or multiple occupancy business premises, and when using a TPI or energy broker)
- lack of time or imperative to prioritise requesting a smart meter (46 per cent of those that have not requested a smart meter feel neutral about getting one<sup>14</sup>); or to engage with it and actively manage energy usage once it has been installed<sup>15</sup>
- lack of awareness or belief in the benefits smart meters will bring to their business (41 per cent of businesses without a smart meter and who don't welcome getting one, couldn't think of any potential benefits of getting one<sup>16</sup>)
- perceived disruption to business as usual (though the Consumer Futures research showed that businesses were satisfied with both the duration of the visit, 72 per cent; and with the level of disruption caused, 80 per cent<sup>17</sup>)
- confusion between advanced metering and smart metering; 79 per cent of microbusinesses have no understanding of the difference between the two<sup>18</sup>. The DECC non-domestic Q&A for smart meters describes the differences as – “All smart meters can meet the definition of an advanced meter, but not all advanced meters can be smart. Smart meters typically have two-way communications and can fulfil a wider range of functions”<sup>19</sup>

<sup>14</sup> Consumer Futures, *A smart business? Small and micro-businesses' experiences of smart meters*, August 2013

<sup>15</sup> Department of Energy & Climate Change, *Attitudes towards and experiences of smart meters in the non-domestic SME market*, October 2013

<sup>16</sup> Consumer Futures, *A smart business? Small and micro-businesses' experiences of smart meters*, August 2013

<sup>17</sup> Consumer Futures, *A smart business? Small and micro-businesses' experiences of smart meters*, August 2013

<sup>18</sup> Consumer Futures, *A smart business? Small and micro-businesses' experiences of smart meters*, August 2013

<sup>19</sup> Department of Energy & Climate Change, *Smart meter implementation programme, Non-Domestic Q&A*, September 2013

- inadequate handover processes (just over a third of businesses that have had a smart meter installed were satisfied with that stage of the installation<sup>20</sup>)
- insufficient post-installation support, either in terms of the information about how to alter energy usage, or not having access to near real time data as standard at no extra cost<sup>21</sup>
- lack of opportunity to change either their energy consumption or their energy supplier, particularly where the business operates from rented premises (approximately 43 per cent of all microbusinesses are in rented premises<sup>22</sup>; and the Federation of Small Businesses estimates that around 10 per cent of their members are in rental agreements where their energy bills are included<sup>23</sup>)
- installing smart meters in unmanned sites – businesses with unmanned sites would experience another layer of inconvenience in providing access to that site and that this should be borne, in mind (confidential *Smart energy for business* response)
- concern over remote disconnection – some small businesses fear smart meters leading to a greater risk of remote disconnection, making them feel vulnerable and less in control (confidential *Smart energy for business* response)

So, whilst we acknowledge there are a range of obstacles that need to be overcome, we are also confident that smart meters will be welcomed by microbusinesses and that the benefits post-installation will be significant on a macro and micro level. The ambivalence reported by some papers published to date is, in part, due to a current lack of appreciation for the whole range of benefits that smart meters can deliver, and is something we will be addressing through our engagement campaigns for both domestic consumers and microbusinesses.

<sup>20</sup> Consumer Futures, *A smart business? Small and micro-businesses' experiences of smart meters*, August 2013

<sup>21</sup> SMICoP, *Smart metering installation code of practice v2.0*, February 2015

<sup>22</sup> Consumer Futures, *A smart business? Small and micro-businesses' experiences of smart meters*, August 2013

<sup>23</sup> Competition and Markets Authority, *Summary of hearing with the Federation of Small Businesses on 16 December 2014*

# Chapter 4

## Engaging microbusinesses with the smart meter rollout

There is clearly a need to engage microbusinesses with the smart meter rollout, to ensure they are positive about the benefits of smart meters and are empowered to take advantage of those benefits at every stage along the smart meter journey. Our focus over and above our activity targeted at domestic consumers will be on those businesses that have separate business premises rather than around half that work from a domestic property. Our audience for this task is therefore approximately 2,326,265 microbusinesses.

As mentioned in chapter 1 and chapter 2 of this paper, Smart Energy GB may extend its domestic consumer communications where cost effective to do so. We plan to spend a proportionate percentage of our budget on microbusiness engagement in two ways:

- extending the domestic consumer *message* to microbusinesses – to overcome obstacles related to relevance, prioritisation, understanding and usage
- extending the *channels* we use so that we can reach microbusinesses and leverage third party influence and support where most needed

### Extending the domestic consumer message

As with the domestic consumer campaign, the messaging will change as we move through the smart meter rollout and as audience understanding evolves and installation figures rise. It is likely that messaging will reflect both the Gaz & Leccy creative developed for the domestic consumer market and the educational films we have created for stakeholders and partners. Examples of both these types of communications can be found at [smartenergyGB.org](http://smartenergyGB.org). We will develop

messages that address, where we can, the obstacles outlined in this paper, and that highlight the benefits of smart meters which we know to be the most appealing to microbusinesses. The blend of those two types of communication mean that we have flexibility in the style of communications we use for each purpose and channel. As with all our campaigns, we apply a robust research method to ensure that they are effective, efficient and proportionate.

### Extending the channels we use

We have developed an approach that will mean we can engage with microbusinesses on a number of levels, providing variety in depth and detail of information. This approach has been based on recommendations published in relation to microbusinesses and smart meters (see bibliography at the end of this paper), drawing lessons from previous campaigns which have involved the mass engagement of microbusinesses, and from our conversations with experts and stakeholders within the microbusiness sector. Overall, responses to our *Smart energy for business* consultation in summer 2015 agreed that this approach is proportionate to our task. Suggestions to help us plan and refine the detail of our approach will also be considered.

Our approach comprises three elements as outlined below:



Figure 3  
How we intend to engage microbusinesses

### Targeted specialist media

Specialist business media spans print, online, social and radio (digital and broadcast) and we will review all options to build the most effective plan.

Whilst we acknowledge that microbusinesses are a very diverse sector and we cannot engage all of them through paid media, there are some efficient specialist media choices which will provide reach and visibility. These are both horizontal (generalist business and management publications which appeal to business owners no matter what industry they are in, and deal with issues common to business ownership); and vertical (which are industry-specific titles reflecting issues and opportunities common to just that industry).

### Partnerships with advisory organisations

There are many organisations that have one-on-one relationships with microbusinesses, who we will ask to work with to cascade information to their members/beneficiaries. These include membership, professional, advisory, supplier, intermediary and network organisations (operating at both national and regional levels, both of which are relevant) that reflect both generalist business interests and those of industry sectors specifically and we will seek to work with the most effective combination of both.

Included within this group are providers of services to microbusinesses who have existing conversations about topics related to smart meters (e.g. energy, business costs, property or sustainability). The benefit of working with such organisations is twofold – they provide a targeted way for us to reach businesses that may be eligible; and they allow for a greater variety of communications, including the possibility of more detailed discussion where needed.

When working with partners to reach microbusinesses, we will apply the same principles we apply when working with partners to reach domestic consumers. That is to work collaboratively with the partners, providing useful, insight-led information, materials, training or inductions and to ensure that the work we do together has a lasting and positive impact on their organisation.

#### Partnerships with organisations that can provide direct communications channels

There are a number of organisations that communicate with small businesses on a fairly regular basis about business-critical issues. We will explore opportunities for data sharing, developing joint pieces of communications or adding supplementary pieces of smart meter communications to existing initiatives so that we can effectively engage microbusiness owners through direct mail.

There are clearly overlaps across the three elements where a partner organisation may also own the most effective specialist press for their industry. The more granular planning in our next stage of development will determine the weight of activity across these elements with the focus being on finding the most efficient and effective way to engage businesses whilst being inclusive of all circumstances and sectors.

Where we are looking at vertical sectors, we will refer to Department for Business Innovation & Skills *Population Estimates*, which identify the sectors where microbusinesses are most prevalent, and prioritise those sectors when seeking partner organisations, or planning specialist bought media. We will continue to gather insight to inform and refine our plans further over the lifetime of the smart meter rollout.

# Chapter 5

## Further reading and related documents

The following resources and documents give some useful background to this paper. They provide more information about us (our role and progress) and the latest research about smart meter awareness, adoption and perception.

Smart Energy GB

[smartenergyGB.org](http://smartenergyGB.org)

- *Annual report 2014*
- *Consumer engagement plan*
- *Smart energy for all*; identifying audience characteristics that may act as additional barriers to realising the benefits of a smart meter

These can all be found in English and Welsh at: [smartenergyGB.org/national-rollout/about-smart-energy-gb/essential-documents](http://smartenergyGB.org/national-rollout/about-smart-energy-gb/essential-documents)

*Smart energy outlook*, March 2015

<http://www.smartenergyGB.org/sites/default/files/Smart%20Energy%20Outlook%20March%202015%20For%20ONLINE%20Publication.pdf>

Department of Energy & Climate Change, *Impact assessment*, January 2014

<https://www.gov.uk/government/publications/smart-meter-roll-out-for-the-domestic-and-small-and-medium-non-domestic-sectors-gb-impact-assessment>

# Bibliography

A

C

1. Accent Scotland, *Quantitative research into non domestic customer engagement and experience of the energy market – Report*, November 2012.
2. Centre for Competition Policy, *Small businesses as consumers: Are they sufficiently well protected? – A report for the Federation of Small Businesses*, January 2014.
3. Centre for Sustainable Energy (CSE) and the Environmental Change Institute, University of Oxford (ECI), *What are the factors influencing energy behaviours and decision-making in the non-domestic sector?: A rapid evidence assessment*, November 2012.
4. Citizens Advice Bureau, *The experiences of small businesses as consumers in regulated markets*, September 2014.
5. Citizens Advice Bureau, *Smart meters for SMEs*, October 2014.
6. Competition and Markets Authority, *Energy market investigation – Case studies on barriers to entry and expansion in the retail supply of energy in Great Britain*, February 2015.
7. Competition and Markets Authority, *Energy market investigation – Microbusinesses*, March 2015.
8. Competition and Markets Authority, *Summary of hearing with the Federation of Small Businesses on 16 December 2014*.
9. Consumer Focus, *Green Deal: Micro-businesses*, 2010.
10. Consumer Focus, *Small business, big price*, May 2011.
11. Consumer Focus, *Suppliers' back billing commitments to micro-business consumers*, Last update - March 2013.
12. Consumer Focus, *Under the microscope – Reviewing the micro-business energy market*, October 2012.
13. Consumer Focus, *Watching the middlemen: Brokerage services for micro-business energy consumers*, March 2011.
14. Consumer Futures, *A smart business? – Small and micro-businesses' experiences of smart meters*, August 2013.
15. Department for Business Innovation & Skills, *Business population estimates*, November 2014.
16. Department for Business Innovation & Skills, *Growing your business: A report on growing micro businesses*, May 2013.
17. Department for Business Innovation & Skills, *Small Business Survey 2014: Businesses with employees*, March 2015.
18. Department for Business Innovation & Skills, *Small Business Survey 2014: Businesses with no employees*, March 2015.
19. Department for Business Innovation & Skills, *Smart Metering Implementation Programme - government response to the consultation on the consumer engagement strategy*, December 2012.
20. Department of Energy & Climate Change, *Attitudes towards and experiences of smart meters in the non-domestic SME market*, October 2013.

D

21. Department of Energy & Climate Change, *Energy behaviours of people occupying non-domestic buildings*, November 2012.
22. Department of Energy & Climate Change, *Impact assessment – Smart meter roll-out for the domestic and small and medium non-domestic sectors (GB)*, January 2014.
23. Department of Energy & Climate Change, *Impact assessment – Smart meter roll-out for the domestic and small and medium non-domestic sectors (GB)*, January 2013.
24. Department of Energy & Climate Change, *Impact assessment – Smart meter roll-out for the non-domestic sector (GB)*, April 2012.
25. Department of Energy & Climate Change, *Smart metering enabled innovation in energy management in the non-domestic sector*, January 2015.
26. Department of Energy & Climate Change, *Smart metering enabled innovation in energy management in the non-domestic sector*, January 2013.
27. Department of Energy & Climate Change, *Smart metering non domestic leaflet*, September 2013.
28. Department of Energy & Climate Change, *Smart meters, Great Britain, quarterly report to end June 2014*, September 2014.
29. Environmental Industries Commission, *Use of smart meter data to drive behaviour change*, 2014.
30. Federation of Small Businesses, *Press release*, May 2015
31. Federation of Small Businesses, *Response to consumer empowerment and protection in smarter markets*, January 2014.
32. Federation of Small Businesses, *Small business and infrastructure: Energy*, July 2011.
33. House of Commons, *Business statistics*, November 2014.
34. House of Commons, *Small businesses and the UK economy*, December 2014.
35. Insight Exchange, *Research into the proposed standards of conduct – non-domestic consumers: Full report*, December 2012.
36. Law Commission, *Reforming insurance contract law – Issues paper 5: Micro-businesses*, April 2009.
37. Office for National Statistics, *UK standard industrial classification of economic activities 2007 (UK SIC 2007)*, December 2009.
38. Ofgem, *Consumer empowerment and protection in smarter markets*, December 2013.
39. Ofgem, *Decision on automatic rollovers and contract renewals for micro-business consumers*, November 2014.
40. Ofgem, *Defining “micro-business”*, January 2010.
41. Ofgem, *Micro-business back billing: Publication of supplier data covering April 2012 - March 2013*, December 2013.
42. Ofgem, *Non-domestic consumers and the change of supplier process – Qualitative research findings*, December 2013.
43. Ofgem, *Proposals for non-domestic automatic rollovers and contract renewals*, February 2014.

E

F

H

I

L

O

44. Ofgem, *Proposals for regulating non-domestic third party intermediaries (TPIs)*, February 2014.
45. Ofgem, *Quantitative research – Non-domestic customer engagement and experience in the energy market*, November 2012.
46. Ofgem, *Retail market review – protecting businesses*, July 2013.
47. Ofgem, *Small and medium business consumers' experience of the energy market and their use of energy*, March 2011.
48. SMICoP, *Smart metering installation code of practice v2.0*, February 2015.

# Glossary

Term	Description
<b>Account holder</b>	The person who holds the account with an energy supplier. The account holder will be the person responsible for confirming with the energy supplier the appointment to have a smart meter fitted to replace their traditional meter. The account holder is the person who pays the bill for any energy used.
<b>Advanced meter</b>	An advanced meter is able to provide half-hourly electricity or hourly gas data that can be remotely accessed by a supplier. All smart meters can meet the definition of an advanced meter, but not all advanced meters can be smart. Smart meters typically have two-way communications and can fulfil a wider range of functions.
<b>Consumer</b>	The person(s) occupying the premises where the smart meter system is to be installed, or who is a responsible adult with suitable authority to allow access to the premises.
<b>Data Communications Company</b>	The communications infrastructure that underpins the entire smart meter system. This system enables delivery of data between all customers and all energy suppliers.
<b>Department of Energy &amp; Climate Change</b>	The UK government department which is in charge of energy matters in the UK, as well as international climate change matters.
<b>Energy</b>	In the context of smart meters, this refers to gas and electricity only.
<b>Energy broker</b>	Reviews and presents offers from a range of suppliers for the energy consumer.
<b>Energy consumption</b>	Energy consumption is the use of energy as a source of heat or power. Energy consumption is measured by a meter and account holders are billed for their usage.
<b>Energy supplier</b>	Supplier(s) licensed to supply gas and/or electricity.
<b>Install</b>	The fitting of a smart meter and smart comms hub in a premises. A smart meter display does not have to be offered to microbusinesses, although suppliers may choose to do so.

Term	Description
<b>Installer(s)</b>	The energy supplier representative who will replace traditional meters with smart meters, then check that they work properly. They will also make sure that you understand how to use your new smart meter(s) and smart meter display if installed.
<b>Licence condition(s)</b>	Under the Gas Act 1986 and the Electricity Act 1989, certain activities, i.e. generation, transmission, distribution and supply for both gas and electricity, may only be carried out with a licence (or under a relevant exemption or exception). All energy suppliers in Great Britain operate under Supply Licence Conditions (domestic and non-domestic consumers).
<b>Microbusiness(es)</b>	Part of Smart Energy GB's remit is to extend our consumer engagement activity to microbusinesses where it is deemed cost effective to do so. Microbusinesses are defined by gas and electricity supplier licences as using less than 100,000 kWh electricity / 293,000 kWh gas per year, or who employ fewer than 10 people (or their full time equivalent) with a turnover of no more than €2million.
<b>National rollout</b>	The installation of 53 million smart meters in 30 million properties across Great Britain by 2020.
<b>Ofgem</b>	Ofgem is the body responsible for protecting consumers who use energy in Great Britain. Ofgem regulates energy suppliers.
<b>Secure communications network</b>	The secure communications network is the infrastructure that will comprise a number of secure systems that ensure the overall security of data from a consumer's premises through to the service users (energy suppliers, network operators and other authorised third parties). Security consists of both technical controls, such as strong cryptographic protection of data and physical protection, and access controls.
<b>Smart comms hub</b>	A small piece of equipment installed in a premises, which holds all information centrally and transmits this information wirelessly from your smart meter to your energy supplier, bringing benefits such as faster switching between suppliers.
<b>Smart meter(s)</b>	The next generation of energy meters with real time data to help us control the way in which we all buy and use gas and electricity.

Term	Description
<b>Smart meter display(s)</b>	A digital device that allows you to see how much energy you are using as well as how much it's costing you in near real time. A smart meter display does not have to be offered to microbusinesses.
<b>Smart meter equipment</b>	Refers to any of the equipment necessary to provide smart meter functionality to a consumer in their premises.
<b>Smart meter journey</b>	The process from hearing about smart meters through to using them, which all consumers will experience.
<b>Smart meter system</b>	Describes as a whole, all the active system elements necessary to provide smart meter functionality from a property, to the energy supplier's systems.
<b>Smart Metering Installation Code of Practice</b>	<p>The <i>Smart Metering Installation Code of Practice (SMICoP)</i> specifies the minimum standards of behaviour for suppliers to follow throughout the smart meter journey. The <i>Code</i> is mandated and is applicable to all domestic and microbusiness suppliers, except where the <i>Code</i> is explicit that the conditions apply to one or other.</p> <p>The suppliers of microbusiness customers do not have licence obligations to cater for vulnerability.</p>
<b>Switch</b>	To describe switching from one supplier to another, or between tariffs with one supplier.
<b>Tariff</b>	Charges for energy supply.
<b>The energy market</b>	Refers to the resale of gas and/or electricity.
<b>Third party intermediaries</b>	Parties who engage in direct or indirect activities between a domestic or non-domestic consumer and an energy supplier to assist consumers with their energy supply needs.
<b>Traditional meter(s)</b>	Traditional meters are currently found in most premises. They are not able to communicate and therefore must be manually read. They will be replaced by smart meters during the national rollout.
<b>Upgrade</b>	The process of moving from a traditional meter to a smart meter.

# Appendix

## Gas and electricity supplier licences in relation to microbusinesses

The definition of a microbusiness is established by the Electricity and Gas Supply Licence Conditions<sup>24</sup>. In these documents at Licence Condition 7A for both, it states:

7A.14

“Micro Business Consumer” means a Non-Domestic Customer:

- (a) which is a “relevant consumer” (in respect of premises other than domestic premises) for the purposes in article 2(1) of The Gas and Electricity Regulated Providers (Redress Scheme) Order 2008 (S.I. 2008/2268); or
- (b) which has an annual consumption of not more than 100,000 kWh. [Electricity]
- (b) which has an annual consumption of gas of not more than 293,000 kWh. [Gas]

Using this as a foundation the definition of a Relevant Consumer is contained in the Statutory Instruction 2008/2268<sup>25</sup> and states at paragraph 2:

“relevant consumer” means a consumer who is—

- (a) a natural person supplied or requiring to be supplied with gas or electricity at domestic premises (but excluding such person insofar as they are supplied or require to be supplied with gas or electricity at premises other than domestic premises); or
- (b) a person supplied or requiring to be supplied with gas or electricity at premises other than domestic premises, with—
  - (i) an annual consumption of—
    - (aa) electricity of not more than 55,000 kWh; or
    - (bb) gas of not more than 200,000 kWh; or
  - (ii) (aa) fewer than 10 employees (or their full time equivalent); and
  - (bb) an annual turnover or annual balance sheet total not exceeding Euros 2 million.

<sup>24</sup> Gas and Electricity Markets Authority, *Electricity Act 1989: Standard conditions of electricity supply licence*, consolidated to 8 July 2015, [https://epr.ofgem.gov.uk/Content/Documents/Electricity per cent20Supply per cent20Standard per cent20Licence per cent20Conditions per cent20Consolidated per cent20Current per cent20Version.pdf](https://epr.ofgem.gov.uk/Content/Documents/Electricity%20Supply%20Standard%20Licence%20Conditions%20Consolidated%20Current%20Version.pdf) and Gas and Electricity Markets Authority, *Gas Act 1986: Standard conditions of gas supply licence*, Consolidated to 8 July 2015, [https://epr.ofgem.gov.uk/Content/Documents/Gas per cent20supply per cent20standard per cent20licence per cent20conditions per cent20consolidated per cent20Current per cent20Version.pdf](https://epr.ofgem.gov.uk/Content/Documents/Gas%20supply%20standard%20licence%20conditions%20consolidated%20Current%20Version.pdf)

<sup>25</sup> The government, *SI 2268/2008, Consumer protection electricity gas: The gas and electricity regulated providers (redress scheme) order 2008*, [http://www.legislation.gov.uk/ukSI/2008/2268/pdfs/ukSI\\_20082268\\_en.pdf](http://www.legislation.gov.uk/ukSI/2008/2268/pdfs/ukSI_20082268_en.pdf)

Following a government consultation<sup>26</sup>, the Statutory Instrument was amended in July 2014<sup>27</sup> to align the limits of energy consumption with the Licence Conditions as follows:

2. In article 2(1) (interpretation) of the Gas and Electricity Regulated Providers (Redress Scheme) Order 2008(1), in the definition of “relevant consumer” —

(a) in sub-paragraph (b)(i)(aa), for “55,000 kWh”, substitute “100,000 kWh”;

(b) in sub-paragraph (b)(i)(bb), for “200,000kWh”, substitute “293,000 kW”

Identification of a microbusiness consumer is a supplier responsibility as laid out in paragraph 7A.1 of both Electricity and Gas Licence Conditions:

7A.1 If the licensee intends to:

(a) enter into a Non-Domestic Supply Contract with a Customer; or

(b) extend the duration of a Non-Domestic Supply Contract (including the duration of any fixed term period which may form part of a Contract of an indefinite length)

the licensee must either take all reasonable steps to identify whether that Non-Domestic Customer is a Micro Business Consumer, or deem that Non-Domestic Customer to be a Micro Business Consumer.

<sup>26</sup> Department of Energy & Climate Change, *The gas and electricity regulated providers (redress scheme): Order 2008 consultation government response*, July 2014, [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/325874/RTC\\_Government\\_response.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/325874/RTC_Government_response.pdf)

<sup>27</sup> The government, *SI 2378/2014, Consumer protection electricity gas: The gas and electricity regulated providers (redress scheme) (amendment) order 2014*, <http://www.legislation.gov.uk/uksi/2014/2378/contents/made>

