

Response ID ANON-3X85-PUVJ-W

Submitted to Non-domestic smart meter rollout post-2025

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About you

What is your name?

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What is your organisation?

Organisation:

INREV - European Association for Investors in Non-Listed Real Estate Vehicles

To which sector would you say your organisation pertains:

Please chose between the following options:

Financial Services [tertiary sector]

We usually publish a summary of all responses, but sometimes we are asked to publish the individual responses too. Would you be happy for your response to be published in full?

Yes

How did you hear about this consultation?

How did you hear about this consultation?:

Email from elsewhere

Other (please specify):

INREV (www.inrev.org) provides guidance, research and information related to the development and harmonisation of professional standards, reporting guidelines and corporate governance within the non-listed property funds industry across Europe, including the UK. We have approximately 500 members, comprised of institutional investors from around the globe including pension funds, insurance companies and sovereign wealth funds, as well as investment banks, fund managers, fund of funds managers and advisors representing all facets of investing into non-listed real estate vehicles in the UK and the rest of Europe. Our fund manager members manage hundreds of non-listed real estate investment funds, as well as joint ventures, club deals and separate accounts for institutional investors. We strive to be sure we're aware of all policy discussions relevant for our members.

Section One: Questions

Q1 Do you agree with the proposed policy package with respect to non-domestic smart-contingent contracts set out in Section One? Please provide rationale and evidence to support your answer.

Please provide your answer in text box below:

In broad terms we agree with the proposed policy package set out in Section One.

In particular:

i) We agree that for non-domestic customers with energy supply contracts, the use of smart or advanced meters is an important enabler for their understanding and management of the energy use of their premises and for reducing energy costs. We fully support policy which has the objective of increasing smart and advanced meter roll out and supports the government's 2030 Clean Power Mission.

ii) We note the references in the introduction:

- On page 13 that smart meter data can be used "to set and evidence progress against, emissions reductions targets, support commercial landlord portfolio planning towards decarbonisation pathways and inform business cases for green finance and grant applications" and

- On page 20 that DESNZ intend to develop guidance for commercial landlords and tenants on how they can cooperate to navigate the existing non-domestic energy data landscape and access the data they need to decarbonise premises

We do not consider the policy supports landlords as is suggested and we consider the guidance suggested is an inadequate measure. In their 2025 Progress in reducing emissions – 2025 report to Parliament, the committee stated that emissions reductions in sectors outside of energy supply sector would need to double towards the end of this decade. Access to smart meter data for tenants will facilitate the sharing of energy data between landlords and tenants. It will reduce or remove the time and resources for tenants in such data sharing and so could remove an obstacle to mandatory data sharing requirements between landlords and tenants of non-domestic premises. Given the urgency of reducing energy consumption and the related emissions we would urge the government to consider mandatory energy data sharing between landlords and tenants rather than consider guidance.

The difficulty in obtaining energy data from tenants has consistently been cited by our members as the main barrier to improving the energy efficiency of properties held by real estate funds. British Property Federation research on closing-the-data-deficit-research provides information on this. Further UKGBC work has demonstrated that with a full data picture, building optimisation alone could result in a reduction in energy use intensity of 26% in office premises. A light retrofit would result in a further 15% reduction but found that accurate, up to date data was key to the success.

In our response to Q3, we suggest introducing mandatory data sharing via supplier licence conditions in relation to smart contingent contracts. Alternatively, once the policy which is the subject of this consultation is in place we would urge government to consider regulation to mandate energy data sharing between non-domestic landlords and tenants or as a minimum to mandate this where smart or advanced meters (referred to in this response as "compliant meters") are in place. This would result in cost savings for tenants who ultimately bear the energy costs whether they or the landlord procures the energy.

iii) We welcome a universal implementation requirement from 1 January 2027 to the effect that suppliers cannot enter into new fixed term energy contracts with non-domestic customers unless the customer has, or agrees to have, smart or advanced meters installed in their premises. It would be helpful if the drafting of this requirement made it clear existing smart or advanced meters which measure energy delivered to and consumed under a supply contract for the relevant premises (whether they are installed in or outside the relevant premises and whether they were installed by, or belong to the customer, or to its landlord) will suffice to meet any universal implementation requirement. The procurement of energy in tenanted premises varies from premises to premises. Details of usual (but not universal) procurement routes in tenanted premises are covered at Section 4.2 of closing-the-data-deficit-research , Further where there is no existing compliant meter, then consent of the customer, albeit that third party consents might be required or there are other factors which might prevent installation, should suffice.

iv) We agree with the proposal for a universal communication requirement.

v) We agree with the proposal for a legally binding consumer protection code. We would be concerned that without this, the universal implementation obligation would create risks of non-domestic customers being unable to enter fixed term energy contracts or being subject to disproportionate enforcement of the universal implementation obligation. The later might lead to termination of the fixed term contract for circumstances which were beyond the control of the customer.

Q2 Are there any specific elements of the policy package where you agree/disagree? Please provide rationale and evidence to support your answer.

Please provide your response here:

Please see our response to Q1.

Q3 Do you have comments or views on the proposed consumer protection code of practice provisions, including:a) whether they achieve the right balance between protecting consumers from the risks of inconsistent treatment from the market whilst minimising risks of misuse by stakeholders that may wish to avoid smart metering installations for other reasons, andb) their alignment with other consumer protections? Please provide rationale and evidence to support your answer.

Please provide your response here:

We are not familiar with the Retail Energy Code and in this context make the following comments:

i) Section 2.4 of the draft Consumer Code states that the supplier must take all reasonable steps to ensure the customer retains the benefit of the contract where there is delay in installation of a compliant meter for reasons beyond the customer's control. We consider this should be amended to ensure the customer does retain the benefit of the contract as long as it has made all reasonable efforts to progress the installation (as referred to in para 2.3.b) of the draft code). There may be other circumstances as set out in para 2.3.in which the benefit of the contract should also be retained, and this should be further considered. It is not appropriate to deprive a customer of significantly lower energy prices because of matters over which it has no or insufficient control.

ii) Subject to i) above the draft code seems to achieve the right balance of protection for the consumer and obligation on the part of the supplier.

iii) We agree with the comments in section 2 of the consultation concerning adding consumer protections to cover cases where complex works are required to enable the installation of compliant and functioning meters.

iv) The policy will provide smart meters for non-domestic occupiers at the expense of the energy suppliers, which will be a benefit to such occupiers. The policy will also unlock preferential energy prices for the occupiers. This creates a good opportunity to introduce sharing of smart meter data with building owners by the tenants in tenanted premises in return for the benefits the tenants are securing through smart contingent contracts. Tenant consent to the supplier sharing smart meter data with the building owner with appropriate confidentiality protections (such as data sharing provisions in green leases) could be made a further mandatory provision in smart -contingent contracts (via supplier licence conditions if necessary). It is less easy to see how this could be achieved through provision in the proposed consumer protection code which a tenant is not a party. However, if it is included in supplier licence conditions and/or smart contingent contracts, the code could contain data and confidentiality protections for the consumer.

Q4 Do you have comments or views on the proposed governance arrangements for the consumer protection code? Please provide rationale and evidence to support your answer.

Please provide your response here:

No comment

Q5 Do you agree that the code of practice best sits within the Retail Energy Code? Please provide rationale and evidence to support your answer.

Please provide your response here:

No comment

Section Two: Questions

Q6 Do you have views on the interactions between the policy proposals in Section One and commercial tenants' rights to arrange for the installation of smart meters in their premises? Please provide rationale and evidence to support your answer.

Please provide your response here:

We note the statement, on page 35 of the consultation, that previous engagement with commercial landlords suggests they can be unaware of the benefits of smart meters. This is generally not the case with our members. The Better Buildings Partnership's Green Lease Toolkit provides template green lease provisions including clauses on data sharing between landlords and tenants and the landlord's ability to install smart meters. The widely used Model Commercial Lease template leases, which are designed to reflect current market practice, include a landlord's right to install metering in tenant's premises. The British Property Federation's research on closing-the-data-deficit- found that smart meters are widely being used by most property owners (see page 3).

In relation to tenant's concerns about whether landlord's will consent to the installation of smart meters Better Buildings Partnership's Green Lease Toolkit provides the ability for the tenant to install such meters where landlords do not exercise their right to do so. Generally speaking, we expect our members would have no objection to, and indeed would usually welcome a tenant's request for their consent to do so, subject to protections of the nature included with this right in the toolkit.

Q7 Do you agree with the proposals to publish a DESNZ policy statement regarding interactions between the policy and commercial tenants' requests, alongside boilerplate letters for commercial landlords and tenants to support each other with the smart meter installation process? Please provide rationale and evidence to support your answer.

Please provide your response here:

In relation to the proposed DESNZ policy statement, we see some benefit in a policy statement which encourages landlord's consent to the installation of compliant meters pursuant to the requirements of smart contingent contracts.

We agree that generally landlords would be unlikely to seek to refuse a request by a tenant to install a smart meter in its premises where none already exists. Landlords recognise the value of such meters in managing and controlling energy use. Also, it is not in their interest to prevent their tenants securing competitively priced energy.

Whether a universal implementation requirement in fixed term energy contracts places the tenant in a stronger position to argue that a landlord's refusal is unreasonable will be dependent on the lease terms. The lease terms may allow alterations with landlord's consent or prohibits them absolutely. In the former case the outcome will be determined by the reasons the landlord provides for refusing consent.

As the consultation recognises, there may be circumstances where the nature or condition of the premises require significant works in order to install a functioning compliant meter.

Q8 Do you have comments or views on the draft DESNZ policy statement and boilerplate commercial landlord/tenant letters included in Section Two? How could they be adapted or utilised to maximise smart meter uptake in the commercial private rented sector? Please provide rationale and evidence to support your answer.

Please provide your response here:

Draft DESNZ policy statement: We consider the statement that the landlord would in most cases be acting unreasonably to be too broad. An alternative would be to provide encouragement for landlords to provide consent unless there are adequate reasons not to.

Draft boilerplate letter: Where a lease contains the usual protections for a landlord related to works carried out by/on behalf of a tenant a letter form of consent might be acceptable (for an example of the usual protections see Schedule 6 of the Model Commercial Lease precedent for lease of part of an office). Where the lease does not contain such provisions the landlord should have the flexibility to provide its consent in the more usual form via a licence for alterations which contains the relevant protections.

We agree the draft letters may be useful in some cases but think it should be made clear that the draft letters are provided purely for assistance. In addition, there should be guidance to the effect that landlords may wish to make express reference to lease clauses which contain protection in respect of tenants' works applying to any work carried out pursuant to such a consent. Also, it should be noted that where leases do not contain such protections, landlord may prefer to use licences for alterations.

Q9 Do you have views on the ideas for managing the interaction between these policy proposals and cases of remedial works needed in non-domestic premises? Please provide rationale and evidence to support your answer.

Please provide your response here:

No comment

Section Three: Questions

Q10 Do you have views on whether the policy proposals should apply only with respect to designated premises, or all non-domestic premises? Please provide rationale and evidence to support your answer.

Please provide your response here:

We would welcome policy which supports the widest possible rollout of compliant meters so would favour extending it to all non-domestic premises.

Q11 Do you have views on the interactions between the policy proposals and meter type (i.e. arrangements with respect to the installation of SMETS versus advanced meters). Please provide rationale and evidence to support your answer.

Please provide your response here:

No comment

Q12 Do you have any early views on future options for how designated premises could be defined post-MHHS or any comments on interactions with the proposals set out in this consultation? Please provide rationale and evidence to support your answer.

Please provide your response here:

No comment

Q13 Do you have views on whether the proposals in this consultation could be suitable for other specialist forms of energy contracts available in the non-domestic market? Please provide rationale and evidence to support your answer.

Please provide your response here:

No comment

Q14 Do you have any additional evidence on the nature and types of non-domestic organisations who remain permanently outside of fixed term energy contract, including the nature of customers on evergreen contracts? Please provide rationale and evidence to support your answer.

Please provide your response here:

No comment

Q15 Do you have any other views on policy scope that may inform policy design decisions? Please provide rationale and evidence to support your answer.

Please provide your response here:

No comment

Section Four: Questions

Q16 Do you have views on, or suggestions to inform, the policy engagement strategy set out in Section Four? Please provide rationale and evidence to support your answer.

Please provide your response here:

No comment

Section Five: Questions

Q17 Do you have views on the proposals in relation to maintaining industry flexibility to manage the nuances of the 4G transition in the non-domestic sector, including with respect to installer capacity? Please provide rationale and evidence to support your answer

Please provide your response here:

No comment

Section Six: Questions

Q18 Do you agree that the draft amendments to energy supplier licence conditions set out in Annex B implement the policy intentions proposed in Section One of this document? Please provide rationale and evidence to support your answer.

Please provide your response here:

- i) Unless it is clear from the remainder of the existing licence conditions, we consider the issue of the supplier bearing the cost of the smart meter and its installation could be clearer.
- ii) We repeat our comments at iv) in response to Question 3.

Q19 Do you agree that the draft amendments to energy supplier licence conditions set out in Annex B reflect the policy options with respect to scope set out in Section Three? Please provide rationale and evidence to support your answer.

Please provide your response here:

No comment

Q20 Do you agree that the draft Retail Energy Code schedule set out in Annex C implements the policy intentions proposed in Section One of this document. Please provide rationale and evidence to support your answer.

Please provide your response here:

No comment