

Smart Metering Implementation Programme: Briefing Event

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Areas to cover today

- Role of the Authority
- Benefits to the market and consumers
- Government decision
- Initial plans for the Smart Metering Implementation Programme
- Stakeholder engagement
- Next steps

Role of the Authority

- Independent regulator of GB gas and electricity industries
- Principal objective to protect the interests of existing and future consumers; secondary duties relating to sustainable development
- Licence obligations are efficient way to deliver initiatives by defining responsibilities and incentives
- Ofgem E-Serve expertise in delivering and managing growing portfolio of DECC low carbon initiatives
 - CERT (£1bn pa), RO (£1bn pa), Offshore transmission (£15bn)
- Another forward-looking project – fits well alongside Low Carbon Networks Fund and RPI-X@20

Smart Metering will deliver benefits to consumers – Ofgem has objectives and powers to help achieve these



Consultancy support



Benefits to the market and consumers

- *30% of UK carbon emissions due to domestic energy consumption*
- *4 million households in fuel poverty – forecast of 6 million*
- *£200bn to invest in meeting Britain's energy needs*

Smarter energy markets

- Consolidation of functions, cleaner data - reduced transactional costs
- Wider product and service differentiation
- Contribute to security of supply as enabler for advanced demand side management
- Step on path to smarter grid solutions
- Scope for new entry – retail and wholesale market

Consumers

- Data to allow better management of energy consumption (e.g. savings)
- Information and services can help reduce customer costs
- Wider tariff /product choice and comparison
- Enable smoother switching - suppliers, tariffs and payment methods
- Support to consumers who wish to produce own energy (e.g. microgen)

Consumer at heart some key requirements

Enhancing consumer
choice and control



Energy market competition

some key requirements

Smart metering is a key enabling technology



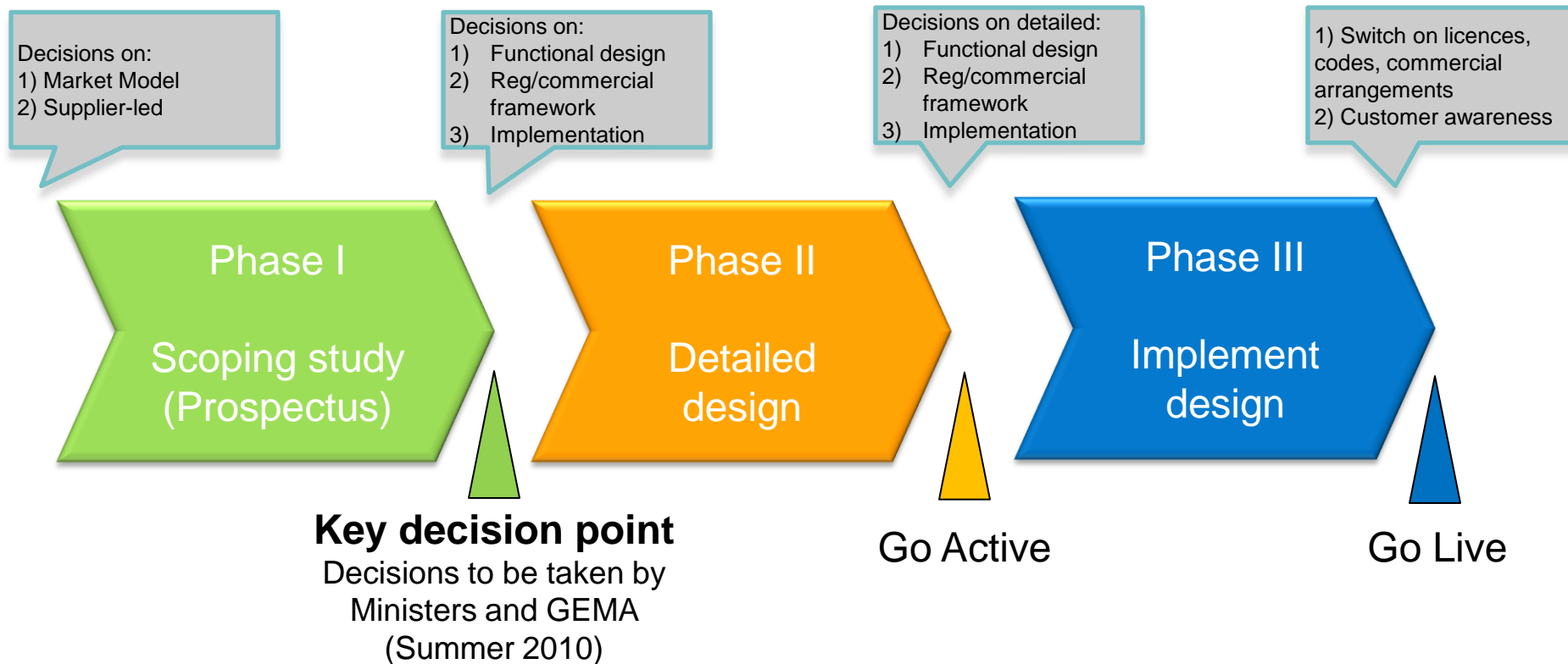
Plans for Phase 1

DECC's response to consultation on smart metering

The Government's decisions set out the starting point:

- Supplier-led roll out
- Central communications delivery model
- Confirmed high-level functional requirements for meters and approach to provision of information to customers
- 2020 mandate for SMEs and limited exceptions post 2014
- DECC/Ofgem to jointly lead Phase 1 of Smart Metering Implementation Programme

Outline timeline for development of regulatory and commercial regime



Phase 1 – Statement of purpose

To develop a regulatory framework and delivery plans that will ensure the smart metering rollout supports the overall objectives for the Programme and is delivered in an economic and efficient manner

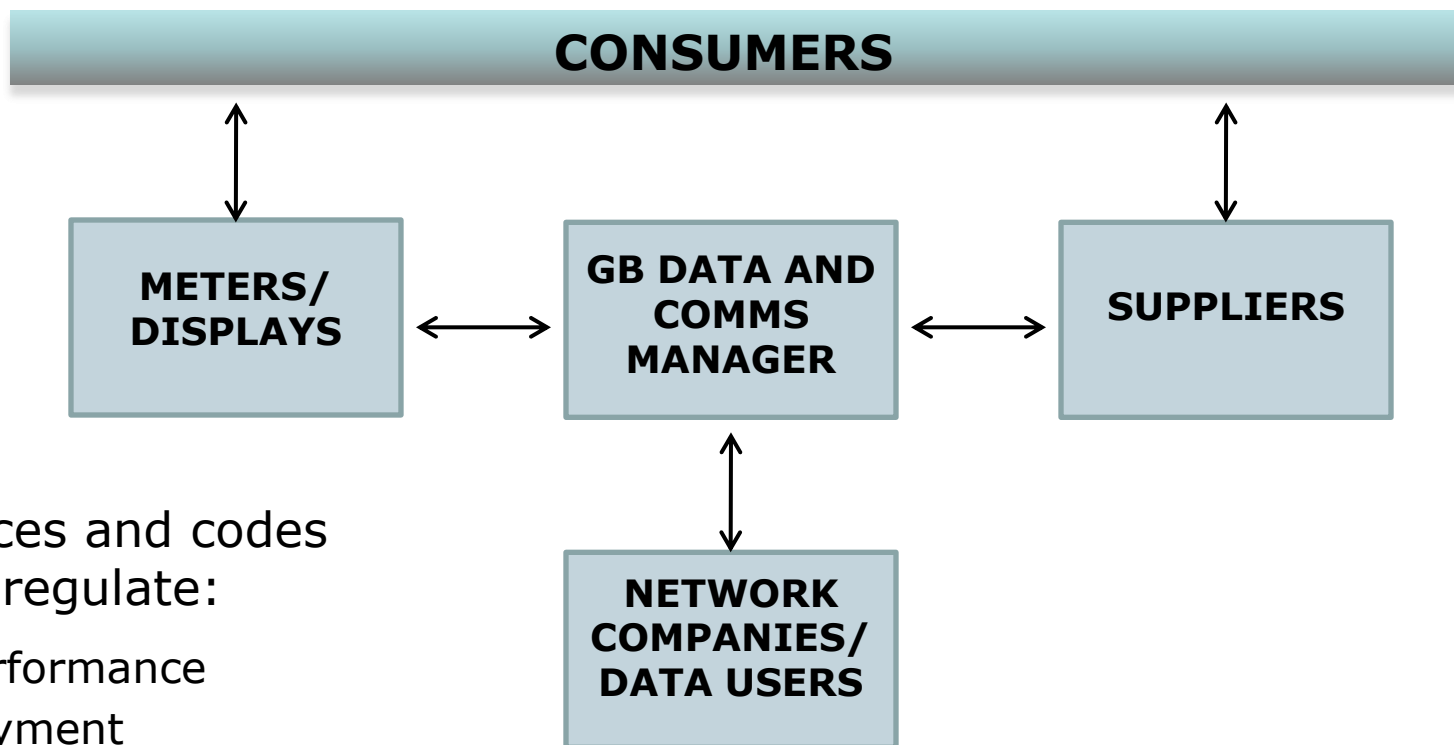
Consistent with our ongoing statutory obligations:

- Promoting and protecting consumer interests
- Promoting and enhancing existing competitive markets

Key principles for the development work in Phase 1 will include:

- Developing solution with full stakeholder engagement keeping customer at the heart of the Programme
- Facilitating reduction in carbon and more efficient energy management in homes & SMEs across the energy networks
- Providing sufficient certainty to facilitate investment
- Providing fit for purpose functional specifications for technology elements
- Delivering a co-ordinated approach for a mandatory smart meter rollout by 2020
- Providing flexibility in commercial and regulatory framework that provides change mechanisms for future developments (e.g. Smart Grids)
- Addressing interfaces with other relevant public policy objectives
- Paving the way for a smooth transition to Phase 2

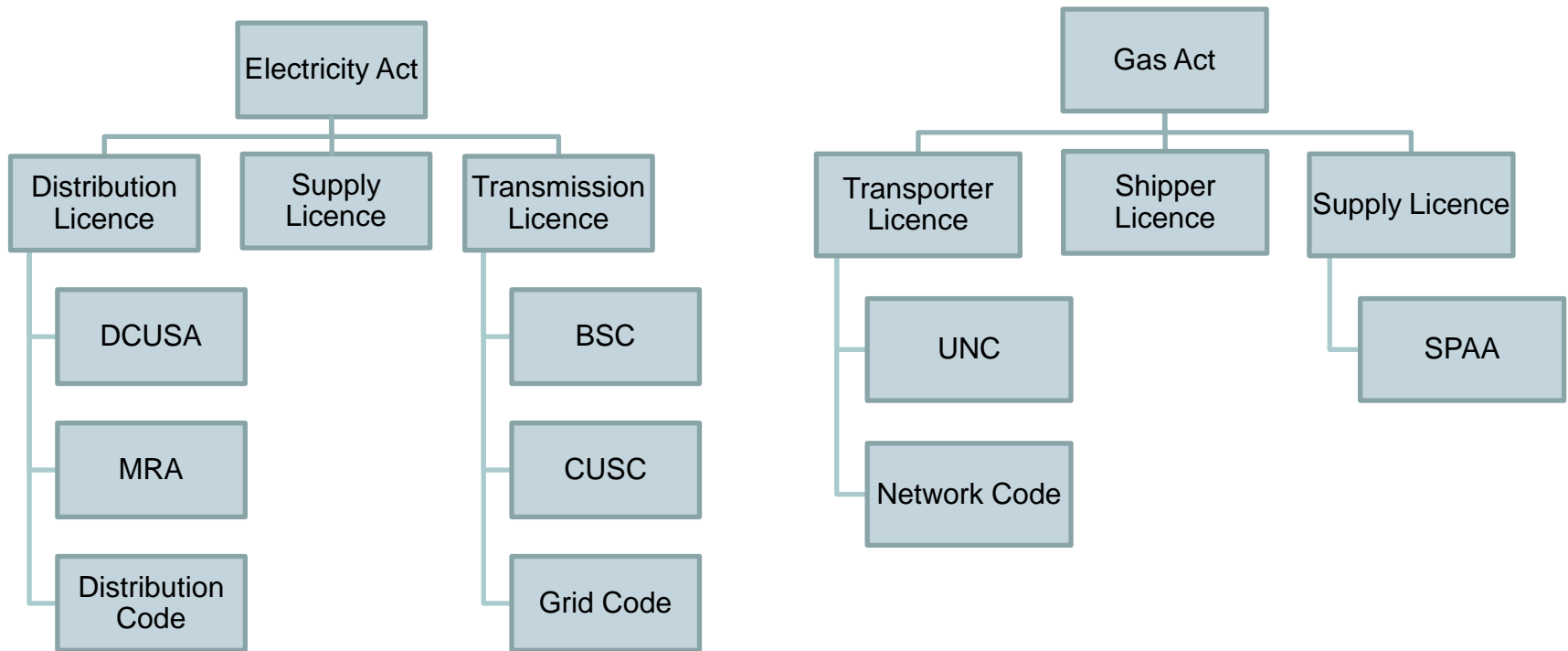
Key interfaces in business model



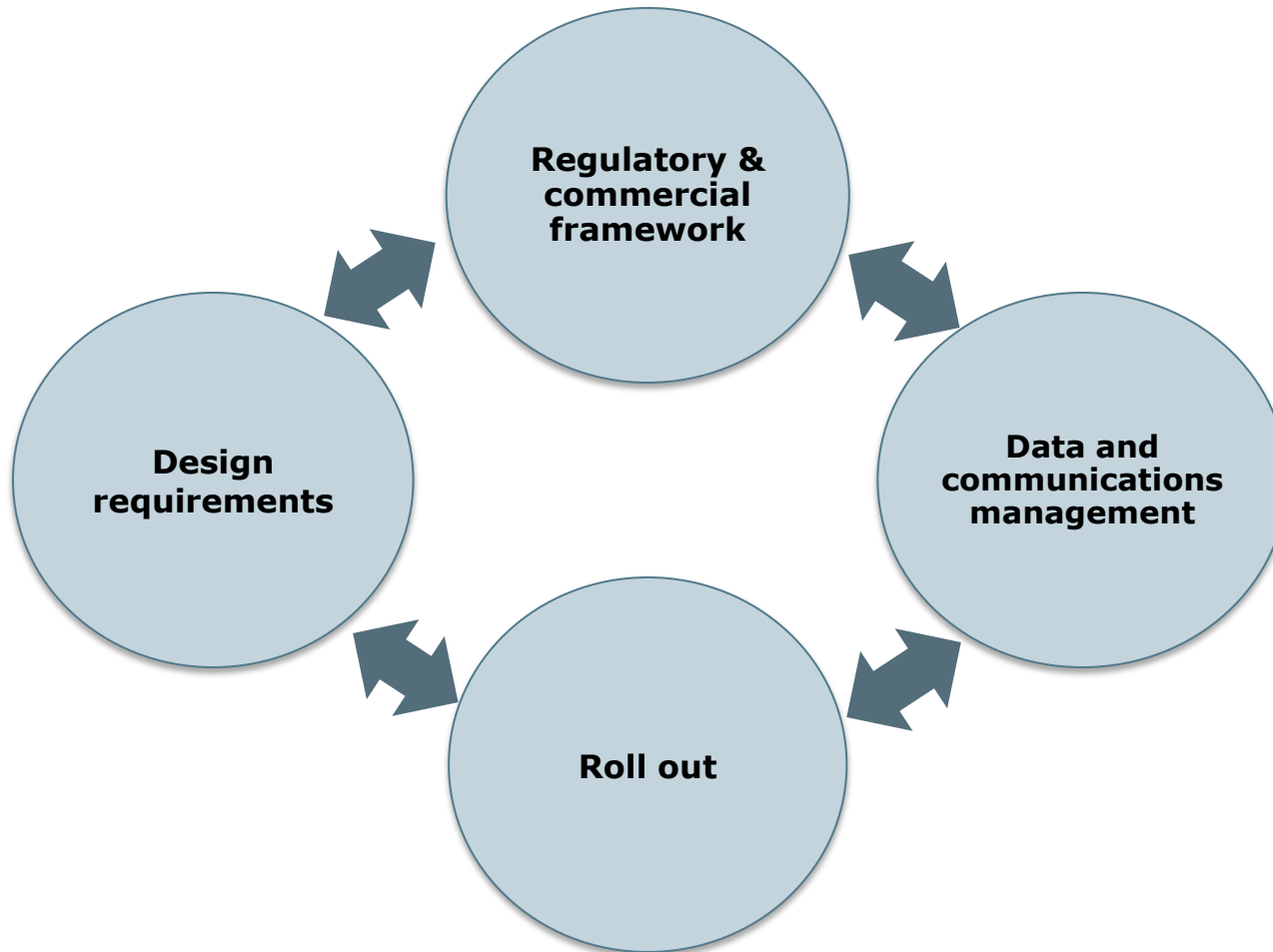
Licences and codes to regulate:

- Performance
- Payment
- Rights, incentives and obligations

Existing regulatory framework

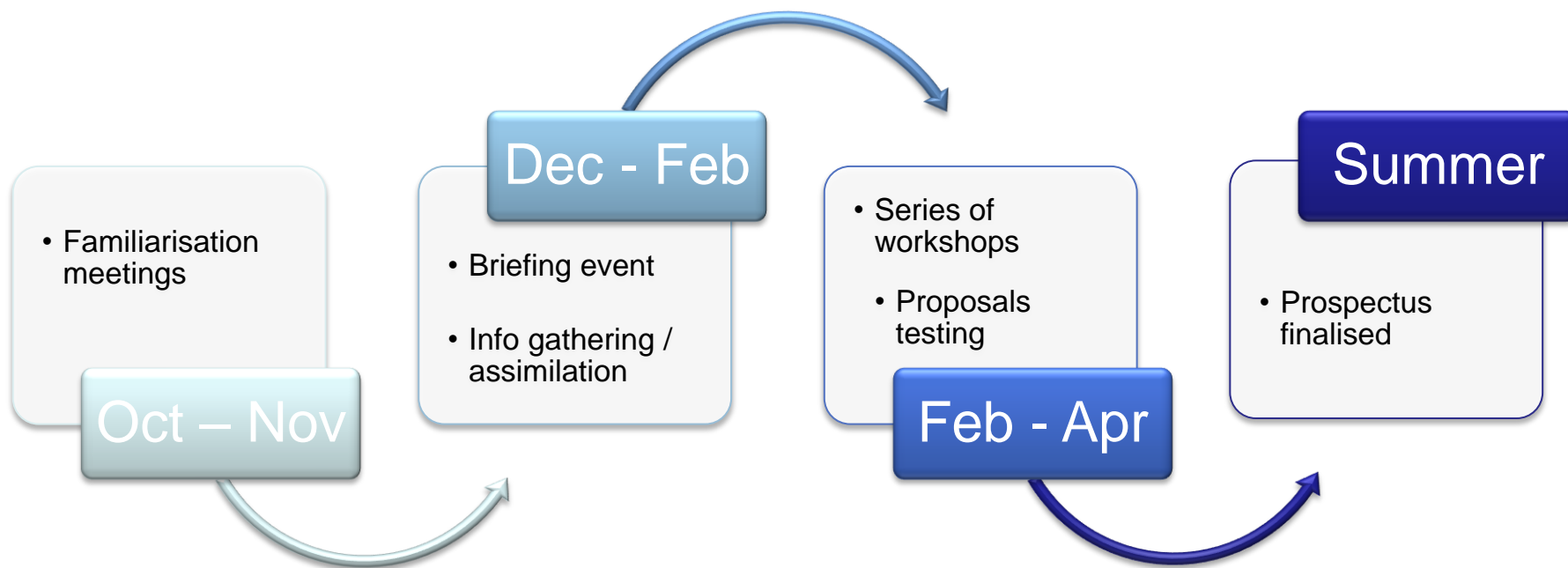


Work plan areas for Phase 1



Stakeholder engagement

Stakeholder engagement - Phase 1



Ongoing engagement throughout Phase 1

Stakeholder engagement

Key stage	Likely timing and engagement method
Dec – Feb: Information updated to establish 'baseline' of stakeholder views	<ul style="list-style-type: none">• Stakeholder submissions due 11 January 2010• Clarification/issues testing seminar w/c 1 February 2010
Feb – April: Testing of proposals	<ul style="list-style-type: none">• Present, test and debate emerging proposals• Series of workshops during March• Consumer research input
Summer 2010: Prospectus issued	<ul style="list-style-type: none">• Seminar to launch proposals

Consumer insight



Request for updated submissions

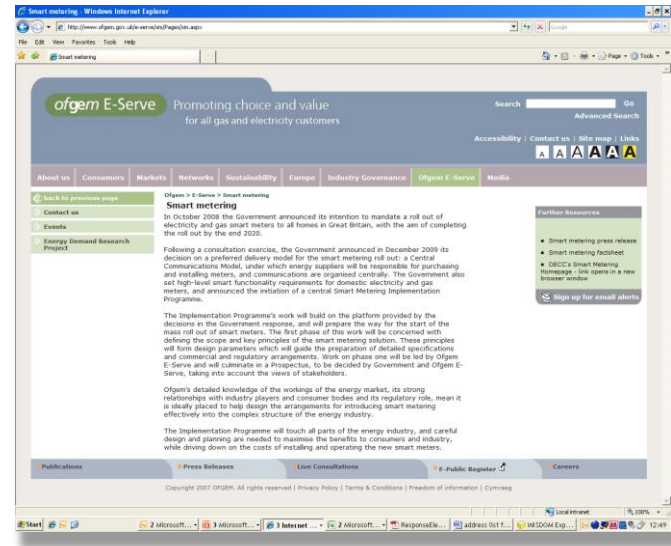
- What are the priorities and key decisions for Phase 1?
- Have your organisation's views changed in light of the Government response?
- Deadline for updated submissions:
11 January 2010



Staying in touch...

- Throughout the process, stakeholder views and ideas on the implementation Programme are welcome
- All publications, updates and key dates will be made public on the dedicated Smart Metering section of the Ofgem website
- A Programme mailbox has been established for queries/requests
- If you have not already, **please indicate the lead contact on smart metering from each of your organisations by emailing us at:**

smartmetering@ofgem.gov.uk



The background of the slide features a composite image. On the left, there are rows of solar panels under a bright, hazy sky. On the right, a hand is shown holding a white document or envelope. The overall color palette is light and airy, with blues, greens, and whites.

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Promoting choice and value
for all gas and electricity customers