

## MEETING NOTE

### Smart Metering Implementation Programme – Consumer Advisory Group

22 April 2010 at Ofgem, 9 Millbank, London

Present:

Advisory Group Members: Gretel Jones (Age UK), Gill Owen (PUAF), Zoe McLeod (Consumer Focus), Fiona Cochrane (Which?), Will Anderson (Centre for Sustainable Energy).

Apologies: Derek Lickorish (FPAG)

Ofgem: Phil Sumner (Chair), Maxine Frerk, Neil Barnes, Adhir Ramdarshan, Claire Tyler (part), Jonathan Amos (part), DECC: Geoff Hatherick

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#### **Items: 1 and 2: Welcome, Issues arising from the last meeting and Programme Update**

The Group were updated on the recent stakeholder workshops which had taken place on prepayment issues and broader rollout coordination. Emerging findings were presented from Ofgem's recent focus group research with domestic customers on their views on the introduction of smart meters. The intention is that the final report will be ready in time to be published at the same time as the Prospectus.

#### **Item 3: Remote Disconnection and Prepayment**

Claire Tyler introduced the potential consumer issues around remote functionality including identifying vulnerability, advising customers when being remotely switched to prepayment, re-enabling supply and alternatives to disconnection (such as 'load limiting' – a lower power level to allow some limited consumption).

The Group made the following points:

##### *Identifying vulnerability*

- Smart meter functionality will mean that there is capability for remote switching to prepayment (as well as disconnection in certain cases – although there should be less need for this). It will be important that overall the same level of consumer protection is maintained.
- The Priority Services Register (PSR) could be an important tool, although it was acknowledged that it did not currently provide a complete picture (as consumers 'opt-in' to the register). The installation visit could be used as an opportunity to proactively identify consumers for inclusion on the PSR.
- The re-location of meters to ensure accessibility for vulnerable customers could be important if essential functions are to be included on the meter such as the re-enablement of supply. This could potentially be a service required under the PSR.

- The meter installer 'database', if updated at the time of installation, could be another tool to help with the location of the meter and identification of vulnerable consumers. Updated and accurate records would need to be maintained. Meter locations are applicable to the address but accessibility issues also vary by customer (for example, there would not be a record if a vulnerable customer had recently moved into a property).
- Proactive identification of potential vulnerability by the supplier prior to switching to prepayment terms or disconnecting would be important. This could be done initially by phone, or if there was insufficient information, by a visit to the property. A full list of questions to identify the consumer's situation when being contacted would be needed.

#### *Advising the customer*

- Written notification would be required – this should be easily identifiable and different from other supplier communications.
- Additionally, the IHD could have a message cutting across the default display to pre-warn customers of a switch to prepayment and when they have been switched. It was noted that not all customers will be using an IHD.
- There may be a case for suppliers offering a new IHD with top-up functionality to consumers when they are switched to prepayment (if one is not currently in use).
- An initial credit on the prepayment meter could assist consumers to adjust to the new payment method but there were concerns that this might just delay the inevitable.

#### *Re-enabling supply*

- Any switch or button function on the meter should be simple to use. Accessibility of the meter would therefore be important.
- There is an existing requirement for current prepayment meters to have an enabling function.
- A question was raised as to how consumers would know when to push the button to restore supply.

#### *Load limiting*

- Smart meters should be able to have the technical functionality to allow load limiting.
- There is little understanding of current consumer attitudes to this approach.
- The main purpose is to create an inconvenience to ensure that payments are made, although it was felt that a switch to pre-pay could be the most effective way of doing this. It could however be the default when a prepayment customer's credit runs out as an alternative to self-disconnection.

- It was also felt that load limiting might not be appropriate for vulnerable customers and, while protections were needed, could be an alternative to disconnection.
- the 'load limit' could be set at quite a high level.

#### **Item 4: Costs pass-through**

The group discussed the issue of how suppliers may recover their costs from consumers and the merits of displaying information on costs on customer bills. The Group made the following points:

- Suppliers are unlikely to increase charges on installation of the smart meter or the in-home display as this might deter take-up amongst consumers and therefore prevent the full realisation of smart metering benefits. There are therefore incentives on suppliers to spread costs across the period of the rollout.
- If the costs are spread across all consumers (as they are for other environmental programmes such as CERT etc.), it was acknowledged that some consumers may not realise the benefits of smart metering to the same extent as others but would still pay the same towards the costs.
- A distributional analysis should be undertaken of the costs and benefits of smart metering for a range of consumers (for example, from those who cannot have one installed to those who will gain the most in terms of savings).
- Any intervention to control how suppliers recover their costs would imply some re-regulation of the domestic energy supply market.
- Industry will put in place new systems to support smart prepayment but consumers must not be left unable to top up their 'dumb' prepayment meters. The operation of parallel systems during rollout may impact on the diminishing customer base for 'dumb' prepayment meters.
- Some group members felt that Ofgem monitoring the costs of a supplier-led rollout could help ensure that all suppliers are managing rollout efficiently and not passing inefficient costs onto consumers.
- A member of the group raised the concern that suppliers should not be able to retrospectively recover costs from the consumer in the event that the smart meter installed during rollout is subsequently found to be faulty.

Providing cost information to consumers:

- Views were divided on the issue of whether smart metering costs could be shown on the bill. However, there was general agreement that it was difficult to see a justification for displaying smart metering costs alone when other environmental programme costs are not divided out (e.g. FIT, CERT). There was also concern that displaying the costs might introduce unnecessary complexity to the bill.
- On a broader level, it was suggested that Ofgem could play a greater role in providing information on the cost of environmental programmes levied on consumers, including those from smart metering, through providing consumer-friendly information.

## **5. AOB**

- The issue of smart meter tariffs was raised (including issues around the complexity and marketing of tariffs). It was proposed that a discussion should take place at a future meeting.