

MEETING NOTE

Smart Metering Implementation Programme – Consumer Advisory Group

31 March 2010 at Ofgem, 9 Millbank, London

Present:

Advisory Group Members: Derek Lickorish (FPAG), Gill Owen (PUAF), Zoe McLeod (Consumer Focus), Clare Corbett (Which?), Will Anderson (Centre for Sustainable Energy).

Apologies: Gretel Jones (Age UK)

Ofgem: Jude Cummins (Chair), Sarah Harrison (part), Maxine Frerk, Neil Barnes, Phil Sumner, Adhir Ramdarshan, Adrian Rudd (part), Peter Morgan (part), Tim Bailey (part).
DECC: David Jones

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

There were no issues arising from the last meeting. The Group agreed the note of the previous meeting which will be published on the Ofgem website.

Sarah Harrison updated the Group on the Programme. In particular, she noted that the Programme was moving into a further information gathering phase to inform analysis. Sarah outlined the intention to supplement the recent stakeholder workshops with some additional focussed sessions on the topics of prepayment and broader rollout coordination. The sessions involving suppliers, consumer groups and other interested parties would take place over the coming weeks to ensure these issues were further explored in time for inclusion in the Prospectus.

Sarah described Maxine Frerk's new role leading on a range of consumer and smart metering policy issues together with any associated regulatory requirements, including the potential need to adjust current licence protections to take account of smart metering.

There was a discussion of the issues arising from the early deployment of smart metering in advance of decisions taken by Programme.

In response, members of the Group made the following comments:

- Protections around functionality would be particularly relevant including on switching consumers to PPM as a debt management tool. Smart meters could put a virtual end to disconnection for non-payment, as there could be a switch from credit to pre-payment in these cases. The ability to disconnect may still be needed for issues such as theft or meter tampering;

- There should be proactive monitoring of where smart meters were being installed to identify any specific biases regarding consumer category. Consumer groups could play a role in this;
- It was expected that a range of more complex tariffs would not be offered in the immediate future. Consumer Focus will however be considering how the switching site Confidence Code deals with smart meter tariff offerings. Evidence from the EDRP suggested that consumers have difficulty understanding ToU tariffs.

Item 3: Data use and Ownership

David Jones introduced the issues and parties involved in meter data use and ownership, the way data is currently collected and used and the potential issues raised by smart metering.

In discussion, the Group raised the following issues:

- The importance of defining who has access to data and how customers can provide access to their data to third party service providers. A robust position at the outset would better ensure consumer confidence.
- Systems would need to be secure enough to prevent unauthorised access, and the smart meter Home Area Network (HAN) should not affect existing home networks/broadband.
- The level of 'monitoring' actually needed by the suppliers needs to be established. Data could be retrieved by suppliers on a once a day basis only (or possibly less) as a default.
- A basic standard for what granularity of data the supplier can obtain from the meter could be set, and beyond this, the consumer could have to "opt-in" to allowing greater granularity. Such an approach could represent a straightforward message to consumers. It was noted for feed-in tariffs and time of use tariffs a greater degree of granularity is likely to be required.
- Although opt-in could be a solution, there needed to be good communication and awareness for consumers on what they would be agreeing to.
- For smart grids, it was noted that there may be a need for dual access by supplier/DNO which could lead to further risks for consumers on data privacy.
- Concern was expressed over possible consumer profiling, and whether this would lead to suppliers avoiding fuel poor/debt risk customers.
- Consumers may want to access information to compare tariffs from suppliers. For example, consumers could get billing and forecast usage profiles. There would be benefit in ensuring consistency in the amount and format of data that suppliers must provide to consumers.
- Consumer Focus mentioned a recent on-line survey it had undertaken on data access by Government. The results suggested that if there was a social or citizenship need, the majority of consumers would be content to allow access.

Item 4: Meter Functionality – Design Requirements

Adrian Rudd introduced three key meter functionality issues namely: PPM functionality, in-home communication interfaces and technology, and security. Maxine Frerk further highlighted the issues around remote enablement and disablement and the possibility of 'trickle' disconnection.

The main issues raised by the Group were:

PPM functionality

- Whether the consumer interface would be on the in-home display or the meter itself and the need to consider issues on accessibility if it is on the meter.
- The functionality could allow for remote top-up, and top-up which could be done via banks or supermarkets and activated upon payment.
- There may be a need for a 'positive intervention' from the consumer on restoration of supply (e.g. after payment has been made so that supply does not automatically come on if the consumer has topped-up but is out of the house). This could be done via a button on the meter as exists with current PPMs. This would, however, need to be an easy operation for consumers. The Institution of Electrical Engineers was cited as an organisation who could give a view on this aspect of functionality.
- Provisions would need to be made for situations where the communications link is down in order to allow these meters to continue to function.
- Consumer Focus highlighted a recent survey they have undertaken of PPM customers which indicated that the majority are rarely engaged by suppliers on energy use/advice and that smart meters could provide an opportunity to strengthen this relationship.

In-home communications and interface

- Ensuring that the smart meter communications do not interfere with other home networks would be important. If this is a problem or if the IHD cannot communicate the meter upon installation then the positive experience for consumers would quickly diminish.
- A key principle was the compatibility of the smart meter communications with other technologies. For example, it was noted that it would be important to include a 'bridging device' so that information could go on the internet or mobile phones where there could be potential for significant growth in usage.
- There was concern about whether communications would work in multi-occupancy buildings (e.g. flats and tower blocks) and whether there was a risk of interference or blocking.
- There should be a clear process for supplier contact, and perhaps redress, if IHD/home area network (HAN) is faulty or causing disruption.
- It was important that those residing in rural areas should not experience any lesser standard in terms of the communications and associated functionality.

- The overall functionality should comply with existing requirements (such as relevant EU directives) to ensure that levels of accuracy are maintained in the system (for example at different temperatures).

Data Security

- Smart metering functionality should adopt 'Privacy by Design' as an approach to ensure data protection compliance is designed into the system from the start.
- The functionality should ensure that the data security requirements put in place as a result of the Programme can be fulfilled.

5. In-home displays (IHD) – further issues

Further discussion on IHDs was introduced. As background, a range of international studies were presented, which illustrated the potential impact of IHDs in encouraging consumption reduction. The Group covered the following issues:

Nature of obligation

- It was considered that a 'basic' IHD was required to enable consistent and easy-to-access information for all consumers.
- There was considered to be value in providing an IHD to all consumers initially not least to raise awareness of energy consumption. However, there may not be a need for an enduring obligation. Findings from the Energy Demand Research Project (EDRP) suggest that where behavioural change took place, this happened relatively quickly.
- In the longer term, suppliers could be required to provide customers the opportunity to view regular/updated information on their energy consumption without specifying the channel itself. An exemption may be relevant for customers on the Priority Service Register.
- There may, however, be a need for an obligation to replace an IHD if it was found to be obviously faulty, but only within a given period of time.
- There was not seen to be a need for suppliers to replace any lost IHDs across all consumers, although there may be an exception if they are vulnerable under Priority Services Register (these could be one-off replacements).
- IHDs could become outdated quite quickly, although it was acknowledged that an updated version could be included in the later stages of a rollout even if it retained only basic functionality. Other products can be adopted by consumers based on choice and affordability.
- It was considered that in future consumers will increasingly want to interface via mobile phones which may stimulate a greater degree of engagement.
- If the IHD does not work (e.g. in tower blocks), there would need to be a way for suppliers to provide information by some other means.

Minimum Information requirements

- It was suggested that cumulative 'spend per day' information would be most useful, together with changes in spend for a week, month or quarter, as this would allow tracking of changes in consumption patterns.
- It was considered there should only be limited amount of default information. The default reading could be the 'day' setting with further scrolling for additional information.
- The case for requiring a 'graphic' indication of current usage could be further explored.
- The issue of reconciling the IHD information with bills was considered although it was recognised that with a display of consumption in terms of '£s' this may be difficult given the way some tariffs are structured.
- There would also need to be a coordination of IHD information with the billing period, and it was suggested that information on the IHD could be shown as from the last bill.
- A feature of the display could be to show Direct Debit payers when a payment has been taken from their account, although this might not be part of a minimum specification.
- Comments from the Group on the issue of consumer preference for single IHD with both fuels and the level of obligation which may be required for this, were requested to be sent to the Programme team following the meeting.