

MEETING NOTE

Smart Metering Implementation Programme – Consumer Advisory Group

9 June 2010 at Ofgem, 9 Millbank, London

Present:

Advisory Group Members: Gretel Jones (Age UK), Gill Owen (PUAF), Zoe McLeod (Consumer Focus), Derek Lickorish (FPAG)

Apologies: Fiona Cochrane (Which?), Will Anderson (Centre for Sustainable Energy)

Ofgem: Jude Cummins (Chair), Phil Sumner, Maxine Frerk, Neil Barnes, Adhir Ramdarshan, Dora Guzeleva (part), Jonathan Amos (part).

DECC: Geoff Hatherick, Michael Harrison (part), Yulia Timoshkina.

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

The Group were updated on the progress of the programme. Members of the Group provided updates on recent activity. In particular, Consumer Focus had held a recent workshop on data protection and privacy issues with experts in the field and stakeholders including meter providers and networks. Consumer Focus also mentioned its wide-ranging piece of research being undertaken on prepayment issues, which included smart meter issues. The timing of its publication was being considered.

Item 3: Central communications and data management

Dora Guzeleva introduced the issue of the central communications and data management function at the heart of smart metering. To ensure efficiency and interoperability, communication with smart meters in the domestic sector will be managed centrally by a new, GB-wide function covering both the electricity and gas sectors. While it would not be consumer facing, the key benefits include cost efficiency, industry process efficiency, future flexibility for smart grids and enabling the provision of value-added services.

The Group raised the following points:

- There could be advantages in the central function aggregating (and anonymising) smart meter data, including making it cheaper for authorised parties to access this data.
- It would be important to identify which parties have a legitimate need for the data and what data sets were required by them. Consumers should be required to provide only a limited amount of data with any requirement for additional data needing a justification. It was felt DNOs may only need a limited number of aggregated datasets for the network to operate effectively.
- Any contractual terms and conditions should require consumers to opt in if they are to share more data than they do currently in the “dumb” metering world.
- Consideration should be given to the balance of where data should be stored. It was felt that as much data as possible should be in the customer's home and that central databases should be avoided where possible.

- Data privacy and security should be designed into the system from the outset. Ofgem should set rules around data access/privacy.
- It was important to clarify where consumers would go to obtain their information (whether from the central communications body, an energy management company, their supplier or within their own home).
- The governance arrangements for the new central communications body will need to protect consumers' interests. The Group felt that this may be an issue if the body was industry self-regulated, even if there were to be consumer representation on any new code panel, given that decisions would probably be taken on the basis of majority agreement. The Group would strongly support effective consumer representation on any new code panel, but believes that Ofgem also needs to make clear the boundaries between decisions that would be for a code panel and those that would require action by Ofgem (e.g. through licence changes) - e.g. because they might have a significant impact on consumers' interests.

Item 4: Policy development – further issues

Issues on prepayment meter functionality, consumer access to meter information and sales and marketing activity were introduced by the Programme team. The following points were discussed by the Group:

'Single/dual wallet' for PPMs – meter functionality allowing a single payment to cover gas and electricity:

- The Group considered that the core principle was that consumers should have a choice, although separate payments would be the minimum.
- A 'single wallet' could mean significant additional functionality with a cost.
- Suppliers would need to apportion the single payment between gas and electricity.

Consumer access to meter information:

- The potential role of the central communications and data function for example by operating a website that would allow consumers to log on and view their data.
- Consumers should be able to share their data with third parties, such as switching sites.
- Consumption data should be provided free of charge to the consumer in a consistent and easy-to-use format to enable comparison of deals on a like-for-like basis.

Sales and marketing activity at installation:

- The Group recognised that the installation visit will provide an opportunity to inform consumers about energy efficiency measures and Government schemes. It was considered that this may be convenient for the consumer, given that they may already be taking time off work to have the meter installed. However, there were reservations about the marketing and sale of new products and services during the visit.

- The Group noted that the presence of the supplier in the home (rather than on the doorstep) puts the consumer in a more vulnerable position and suggested that instances of aggressive or pressure selling may damage the reputation and success of the smart metering rollout.
- Questions were raised about whether meter installers would have the skills to market new products and services, but it was noted that suppliers are likely to provide additional training and incentives if they perceive the installation visit as a commercial opportunity.
- It was felt that there was a case for consumers to positively 'opt in' to marketing and sales activity. This could be done, for example, by responding to a letter sent prior to the installation that would allow consumers to fully consider their preference in advance of the visit and, if they did want to allow marketing and sales, shop around for other products and services to ensure they are securing a good deal. The point was made that a differentiated approach might be appropriate with vulnerable/elderly/Priority Services Register customers receiving a higher level of protection.
- The Group also discussed what it is that consumers could opt in to receiving. While the 'opt in' could include information on energy efficiency and marketing of more advanced IHDs, a couple of members of the Group considered that time-of-use (ToU) tariffs should not be marketed at this time under any circumstances. This is because it was not felt possible to assess properly whether a ToU tariff is appropriate for the consumer until at least 1 month of detailed consumption data is available or possibly longer to take account of seasonal variation.

Item 5: Benefits Realisation

Michael Harrison introduced the work on realisation of the benefits of the smart metering programme, in particular the approach being to quantify the benefits for a range of categories. The Group considered that in undertaking this work there would be some key issues to consider:

- What data should be collected to provide the evidence for this work, how and from whom (e.g. from suppliers, DNOs, central communications body).
- The work needs to show it is joined up in its analysis with the impact of other key energy efficiency initiatives.
- The work should draw out how the consumer/citizen is benefiting from smart metering and this should be embedded in its overall tone. It should also reflect the impact on social issues (e.g. improved service for prepayment customers).

Item 6: Next Steps

It was considered that as part of ongoing engagement with stakeholders, a meeting of the Consumer Advisory Group should take place in early September, following the publication of the Prospectus.

Item 7: AOB

Two issues were raised:

- How to ensure interoperability of the metering systems being installed by 'early movers' and provided through the Programme to protect the consumer experience.
- The timing of guidance and interim consumer protections on (i) remote switching to prepayment mode and (ii) disconnection.