

MEETING NOTE

Smart Metering Implementation Programme – Consumer Advisory Group

9 September 2010 at Ofgem, 9 Millbank, London

Present:

Advisory Group Members: Gretel Jones (Age UK), Will Anderson (Centre for Sustainable Energy), Zoe McLeod (Consumer Focus), Derek Lickorish (FPAG)

Apologies: Fiona Cochrane (Which?), Gill Owen (PUAF)

Ofgem: Jude Cummins (Chair), Phil Sumner, Maxine Frerk, Neil Barnes, Claire Tyler
DECC: Geoff Hatherick, Michael Harrison (part).

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.

Ofgem had recently published interim Guidance on remote switching to prepayment and disconnection. Members of the Group had concerns that 'early mover' suppliers who were installing smart meters before revised protections were fully in place could adopt practices which may potentially damage the credibility of the mainstream rollout.

Consumer Focus had held a workshop on data protection and privacy issues with experts in the field and consumer stakeholders, including meter providers and networks.

Consumer Focus were seeking expert legal advice on privacy and suppliers will be asked for their current practices on the issue. Consumer Focus had also met with a number of consumer stakeholders to consider the British Gas customer charter and the Code of Practice on installation being developed by suppliers. On the Code of Practice, consumer groups felt that it was not yet sufficiently developed to provide detailed comment on.

The Group asked for clarification on the statement in the Prospectus about the Code of practice 'being underpinned' by licence conditions. This and other issues relating to the proposed Code of Practice will be considered as part of a workshop to be held in late September. The expectation is that suppliers will have some form of obligation to comply with a Code of Practice but precise details needed to be looked at.

Item 3: Remote Functionality – Consumer Protection

Claire Tyler introduced areas where consumer protection may be needed in the case of remote functionality.

Switching to prepayment where safe and reasonably practicable

The Group raised the following issues:

- Suppliers use a vulnerability check list to assess whether a switch to prepayment can be made, but consideration needs to be given to how this could be undertaken over the telephone. Ultimately suppliers may need to be prepared to undertake a visit where they cannot get sufficient information. A key consideration was what happens when the smart meter is installed and what will be the process for reinstating a supply.
- If the customer needs to do anything on the meter where the comms fail eg to top up PPM or to reinstate supply then the customer will need access to the meter. Ability to access and operate the meter may depend on the customer's circumstances and/or the position of the meter (e.g. the meter could be too high/too low, in a communal cupboard etc)
- The position of the meter could be recorded upon installation of the smart meter (however this may need to be formalised to ensure it happens). A robust set of records on this will be important as part of roll out. Once the position of the meter is known or any issues resolved, then the supplier could be left to ensure that prepayment is suitable for the customer.
- As a minimum the Priority Service Register (PSR) would need to be enhanced so that vulnerable customers identified during the installation of a smart meter are recorded on suppliers' PSRs. The point was made by the Group that this would not be 'future proof' because customers' circumstances change and people move property, however it was agreed that it could be a useful starting point.
- There was concern that there is nothing in the licence condition around the quality of the evidence that is needed to decide whether it's safe and reasonably practicable to switch to prepayment. There were likely to be three categories of customer: those that could clearly use prepayment and the meter was accessible, those that clearly couldn't use prepayment and/or the meter was clearly inaccessible, and those in the middle where there was uncertainty over whether they could use prepayment and/or access the meter. With this middle group there was concern that a telephone call may not be sufficient evidence to decide whether it was safe and reasonably practicable to switch to prepayment.
- It was thought that maybe the requirement should be to 'demonstrate' that it is safe and reasonably practicable to switch the customer to prepayment, thus putting the onus on the supplier to prove that it was safe and practicable.
- The supplier would also need to ensure that the customer still has the IHD and that it is functioning before switching to prepayment.
- It was noted that the process prior to switching to prepayment could be much shorter than it is today. This could potentially lead to risks that the customer is not given an opportunity to set up a repayment arrangement before being switched to prepayment and/or could be forced onto prepayment without consent.

Provision of emergency/friendly credit

- Should suppliers be required to provide emergency credit/friendly credit? Is load limiting a useful alternative to PPM self disconnection?

- Load limiting could be useful as an alternative to self disconnection but a number of issues need to be considered. What will the minimum level of use be? Is the customer instantly disconnected when reach load limit or do they have chance to take some action? How would supply be restored (eg a button on the meter)? How would customers know what to do?
- Load limiting could be considered as part of a trial. When it's been looked at before, customers found it challenging.
- It was suggested that the load limiting approach should be standard across suppliers so that educating customers would be easier.
- Load limiting should not be used for vulnerable customers. There was concern that the winter moratorium for vulnerable customers wouldn't apply. Our interim Guidance stated that we considered that existing protections, including winter moratorium, would apply.
- Concerns about its use for customers with electric heating e.g. peak load heating is more likely in social housing. It was possible that those on Economy 7 could use electricity at night as usual but be load limited in the day, thereby ensuring they can still heat their home.
- EDF has experience of load limiting in France and it happens in Italy. In France, it is the norm customers can choose a contract based on how much load they want.
- Should suppliers be required to ensure that prepayment customers are vending and not self disconnecting? Could be data privacy issues.
- Best practice work undertaken by Ofgem highlights that suppliers should monitor that customers switched to prepayment have done their first vend.

Identifying status of customers prior to disconnection (is this licence condition sufficient to ensure that vulnerable customers are not disconnected in error)

- The Group questioned whether there would be any circumstances where the supplier would need to remotely disconnect. It was explained that potentially, if the property/customer wasn't suitable for prepayment. The supplier may also want to disconnect for theft but it was considered that this wouldn't be done remotely – instead the supplier would visit the property to disconnect the main fuse (to prevent the meter from just being bypassed).
- There was a discussion about the protections provided by the warrant process was achieved by a warrant process that currently exists for disconnection. During the warrant process the supplier is asked what checks they have done, what measures they have gone through to recover the debt. Does the visit also provide an opportunity to provide debt advice, energy efficiency advice, identifying further help, tariff advice etc.
- If the supplier has had no contact with the customer, then the Group's view was that there needs to be a visit to the premises.

Item 4: Prospectus – initial reactions and discussion on ‘priority timetable’ issues

Neil Barnes asked the Group for initial reaction on the Prospectus and, specifically, for views on the parts of the Prospectus requiring response at the end of September namely around the implementation strategy, rollout strategy and statement of design requirements. He also outlined the approach to stakeholder engagement for this stage of the Programme and that a detailed timetable of events would be put on the Programme website. In response the Group made the following points:

Design Requirements

- Whether, as part of the design requirements the ability for import/export from PV/microgeneration has been specifically included in the specification. Ofgem confirmed that the meter specification would cover import/export. There would need to be a separate generation meter which could use, through the HAN, the same WAN comms device. Some Group members questioned whether this was the best approach.

Whether the meters and associated communications in substations were able to record losses from the system. There is no requirement for meters to communicate with measurement technology at the substation in the Prospectus. However, there is the opportunity, through the proposed smart metering functionality and through network access to DCC, to allow networks to monitor at specific times the difference between energy flowing through the substation and then comparing it with aggregated smart meter consumption within a defined area.

Rollout Strategy

- On the Government approach on accelerating rollout, the Group considered that it was right to challenge the industry over the timescales. However, there was concern that acceleration could create risks and that a wide range of issues needed to be considered and resolved properly in advance of mass rollout. There was also concern to ensure that additional costs would not be incurred and that suppliers were not encouraged to ‘cut corners’. Instead, preparations for the rollout need to be done properly, particularly in relation to consumer engagement. The Group stressed it was important that there was sufficient time during the rollout to learn lessons and were supportive of the proposal to carry out an early review during the rollout process.
- The issue of consumer engagement and the rollout was discussed. Members of the Group were receptive to a programme of centrally funded/coordinated activities (e.g. consumer information campaigns) to provide consistent messages to consumer in addition to supplier-led activities. The Programme team responded that this was an issue for further work.
- The Group considered that the timing of a campaign was important. Experience has shown that there is a balance to be struck. Any campaign should not be delivered too far in advance as messages would be forgotten and expectations raised prematurely. Nevertheless, lessons from ‘Digital Switchover’ were that local agencies should be involved from a year or so in advance. Additionally, it needed to be recognised that there was a time lag as agencies cascaded messages to frontline staff and into its publicity materials.

- A coordinated series of messages over time may be effective, perhaps with early 'teaser' messages which may not even be around smart metering.
- Whether the proposed Energy Bill would have any impact on the approaches contained in the Prospectus, in particular if there would be any provision in legislation requiring cooperation with local authorities during rollout. It was explained that DECC were checking that they had the necessary powers but at this stage the main change expected would be to seek an extension to the Energy Act 2008 powers.

Item 5: AOB

Michael Harrison, DECC, updated the Group on the benefits realisation work and asked for views to be given separately following the meeting on the policy approach currently in development.