ofgem Promoting choice and value
for all gas and electricity customers

Smart Metering Implementation Programme

Phase 1A – Benefits Realisation Workstream

Workshop 1: 17 February

Agenda Item 1

INTRODUCTIONS

Focusing question

- Energy industry and consumers are heart of delivering programme benefits
  - Developing and delivering smart metering infrastructure
  - Redesigning existing business processes to achieve customer service and economic benefits
  - Changing behaviour to reduce wasteful energy consumption
- July 2010 Prospectus makes commitment to put in place methodology and approach to benefits realisation to ensure SM programme achieves its business case
- Ability to monitor and report progress against benefits targets - and collate information to support policy evaluation and research - critical success factors for methodology
  - Prospectus proposal to monitor and review early stages of rollout
  - Government seeking additional powers through Energy Bill 2010

How might we work together to establish a practical, cost-effective way to monitor and report on benefits and the factors which contribute to their realisation, and - in doing so - support policy evaluation and research?

Initiate dialogue with industry and consumer groups

- We require clarity on what to measure and who is involved in measurement activity
- Today, for the first time, we are reaching out to industry and consumer groups to open up a dialogue and identify areas of common interest
- Prior to publication of the Government Decision Document we have arranged a second workshop to explore some these areas in more detail

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Areas for discussion and suggested timings

9:00-9.30	Introductions
9.30 –10:15	Illustration
10.15-11.15	Benefits and enablers
11.15-11.30	Break
11.15-12:15	Metrics
12:15-12:45	Current activity
12.45-13:00	Next steps

- Benefits management can appear abstract and 'jargonesque'
- We have planned this workshop to get straight down to brass tacks

Agenda Item 2

ILLUSTRATION

£15bn financial benefits forecast from Smart Metering
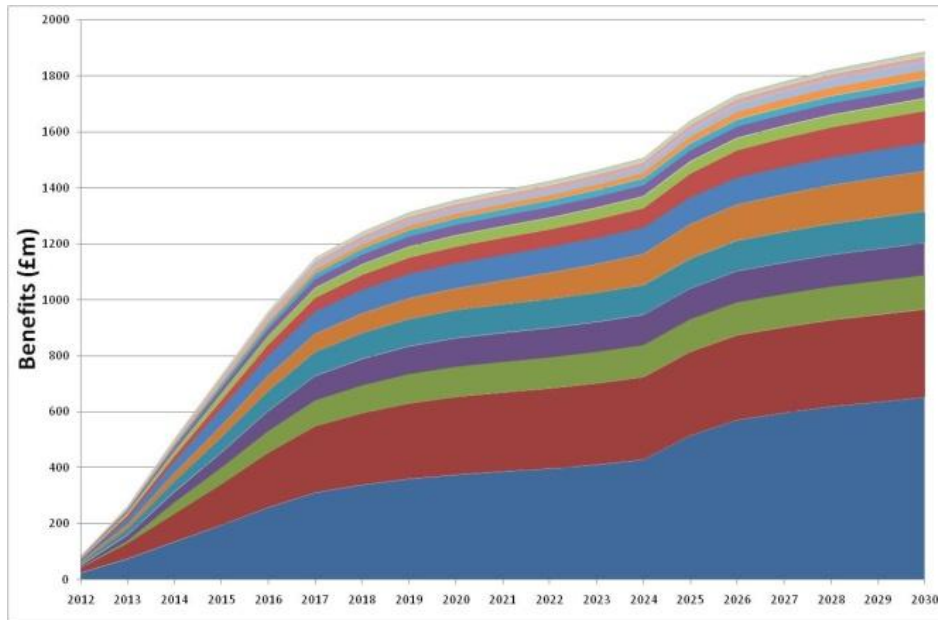
Source July 2010 Impact Assessment

- Energy saving
- Avoided meter reading
- Customer switching/NSS
- Debt handling
- Inbound enquiries
- Avoided cost of carbon
- Load shifting
- Avoided PPM COS premium
- Avoided site visit
- TOU tariffs
- Remote (dis)connection
- Reduced losses (customers)
- Reduced losses (networks)
- Customer service overheads
- Reduced theft
- Microgeneration

- How do we ensure programme achieves its business case?

Customer support for smart metering – illustration of a critical enabler

- Rollout of smart meters to domestic consumers fundamental to achieving programme objectives
- Evidence suggests significantly more efficient, effective and economical if supported by consumers
  - i.e. 'pull' rather than 'push'
- Early rollout particularly sensitive
  - Many factors could spark a bandwagon effect against smart meters in general and installation in particular
  - Already occurred in other geographies, e.g. Holland, Victoria Australia and California

How might we measure customer support for smart metering so as to monitor and support effective roll out?

Routes to installation (greatly simplified)

Request for installation to energy supplier

Scheduled replacement (obsolete, failure, tariff change)

Supplier smart meter roll out plan

Access meter Operator work mgt / CRM system

Meter agent cold call

Issue meter fitting appointment

Meter fitted

No access or changed mind

PRIVATE NO ENTRY

Refuse entry to install

Update field force work mgt system

Update energy Supplier systems

Illustrative progress metrics

Request for installation to energy supplier

Scheduled replacement (obsolete, failure, tariff change)

Supplier smart meter roll out plan

Request rate for smart meters as proportion of uninstalled base

Appointments issued

Refusal rate for smart meters as proportion of appointments issued

Change mind rate for smart meters as proportion of appointments issued

Access meter Operator work mgt / CRM system

Meter agent cold call

Issue meter fitting appointment

Meter fitted

No access or changed mind

PRIVATE NO ENTRY

Refuse entry to install

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Update energy Supplier systems

Illustrative further data requirements

Consumer awareness from survey

Request rate for smart meters as proportion of uninstalled base

Appointments issued

Refusal rate for smart meters as proportion of appointments issued

Change mind rate for smart meters as proportion of appointments issued

Request for installation to energy supplier

Scheduled replacement (obsolete, failure, tariff change)

Supplier smart meter roll out plan

Access meter Operator work mgt / CRM system

Issue meter fitting appointment

Meter agent cold call

Meter fitted

No access or changed mind

PRIVATE NO ENTRY

Refuse entry to install

Consumer attitude from survey

Update field force work mgt system

Update energy Supplier systems

Satisfaction with installation – score on agreed factors

Feedback control

Metrics

Regular monitoring
and reporting

Ad hoc research and
information requests

Evaluation

Delivery and wider
policy refinement

Management
reporting

Programme
reporting

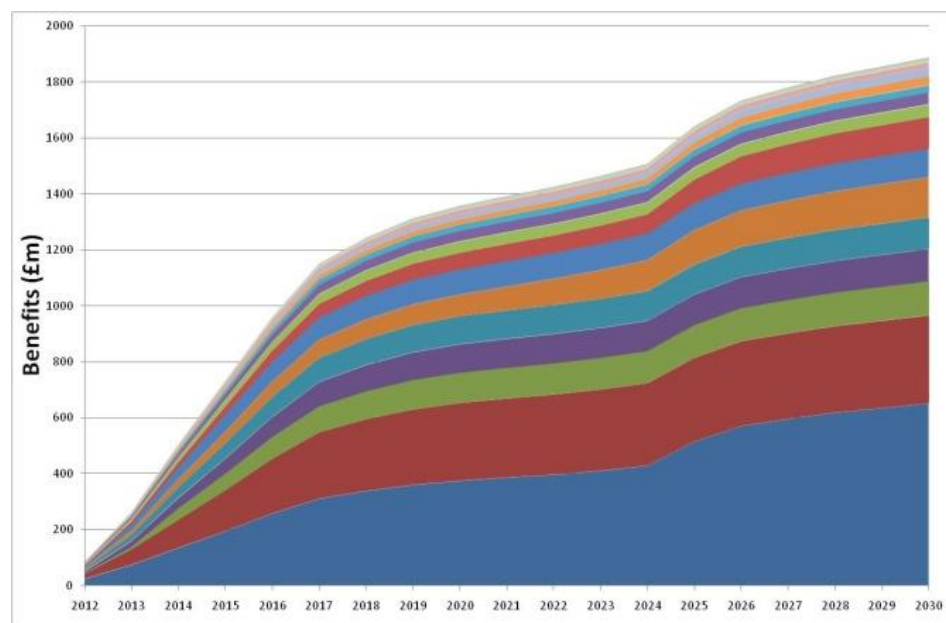Roll out
review

Post
implementation
review

Days

Weeks

Months

Years

Decades

Agenda Item 3

BENEFITS AND ENABLERS

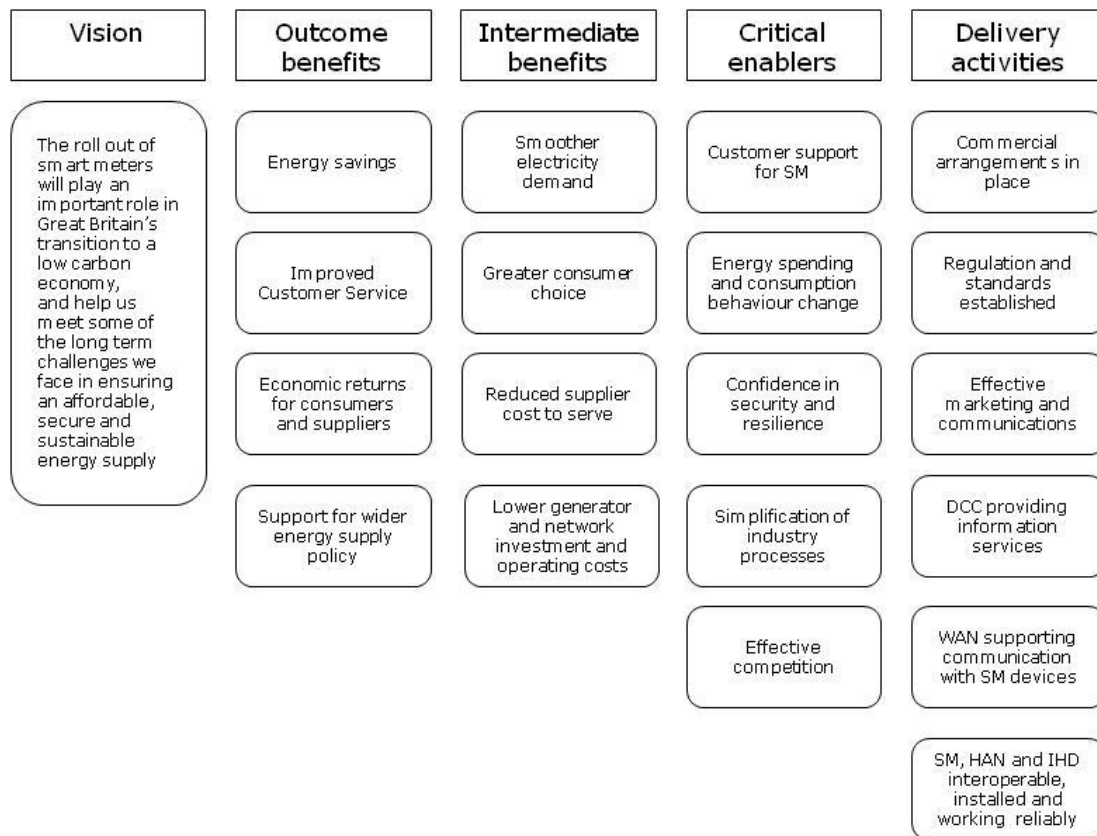# £15bn financial benefits forecast from Smart Metering

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- Does this list over all the benefits from smart metering?

Smart Metering Programme Benefits Map (simplified)

Vision	Outcome benefits	Intermediate benefits	Critical enablers	Delivery activities
The roll out of smart meters will play an important role in Great Britain's transition to a low carbon economy, and help us meet some of the long term challenges we face in ensuring an affordable, secure and sustainable energy supply	Energy savings	Smoother electricity demand	Customer support for SM	Commercial arrangements in place
	Improved Customer Service	Greater consumer choice	Energy spending and consumption behaviour change	Regulation and standards established
	Economic returns for consumers and suppliers	Reduced supplier cost to serve	Confidence in security and resilience	Effective marketing and communications
	Support for wider energy supply policy	Lower generator and network investment and operating costs	Simplification of industry processes	DCC providing information services
			Effective competition	WAN supporting communication with SM devices
				SM, HAN and IHD interoperable, installed and working reliably

- High level view to guide analysis and planning
- Incorporates the 11 programme objectives set out in the Impact Assessment

Exercise: what are the critical enablers for smart metering?

- Critical enablers are things we have to get right to ensure benefits realisation
- We have already looked at one example – ensuring customer support for SM

1. In your teams, review smart metering benefits and produce a short list you consider most important or interesting
   - Capture your thinking using flip charts and post its
2. Brain storm critical enablers
   - Capture your thinking using flip charts and post its
3. Review output
   - Can you group some enablers together? Why are they similar?
   - Can you identify delivery activities (e.g. Training consumers to use IHD) and desirable outcomes (e.g. consumers empowered to use tools and information provided)?
   - Do some enablers support more than one benefit?
4. If time, extend you analysis to further benefits from the list

Hint: feel free to group similar benefits together under a new heading
e.g. Energy and carbon savings = Total energy savings

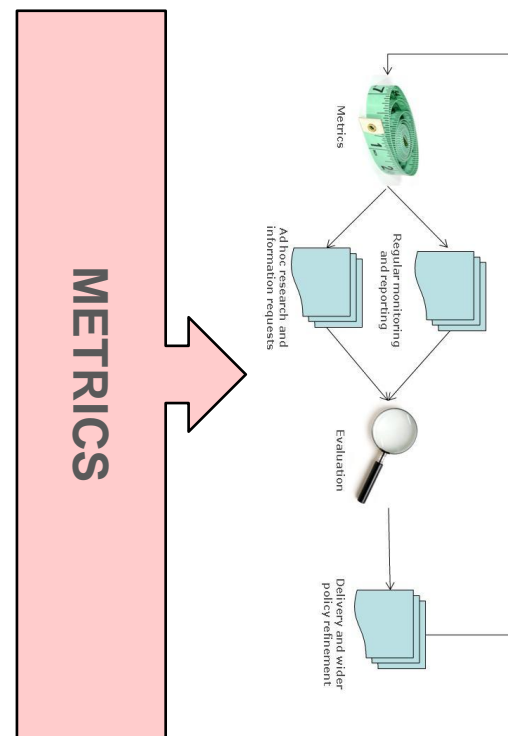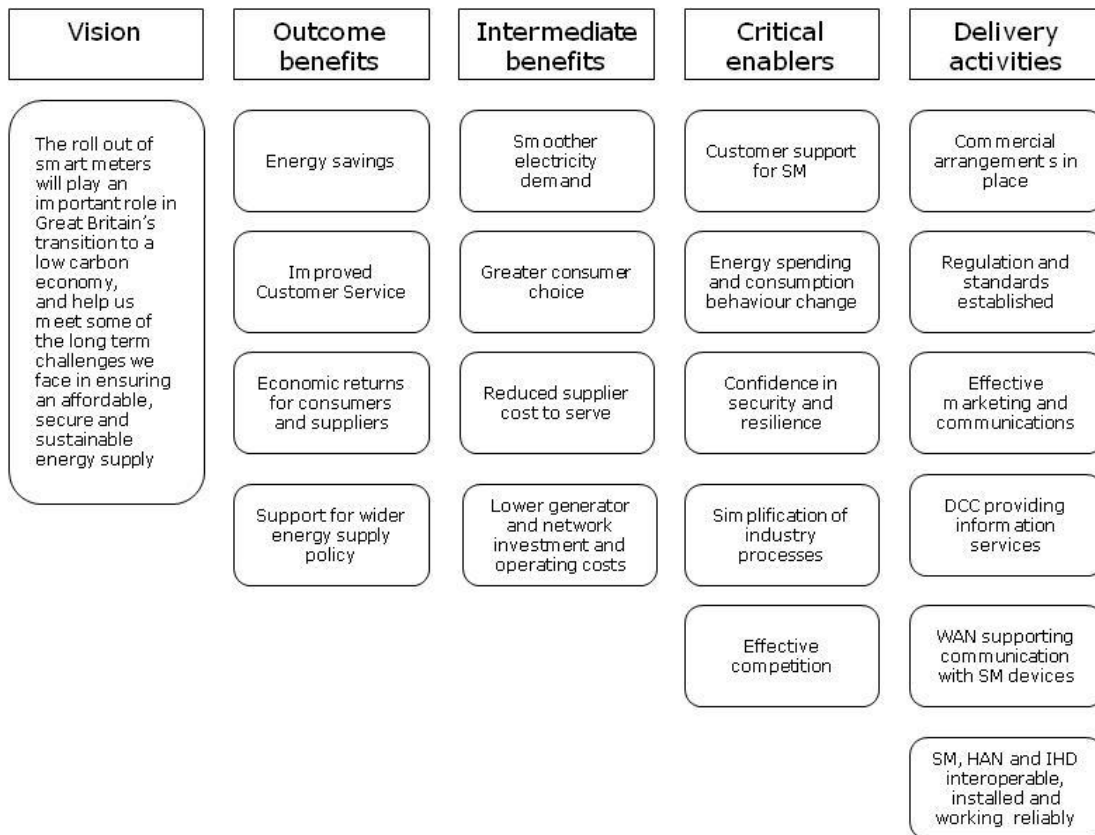Hint: avoid commenting on suggestions until you have finished brainstorming

Hint: don't lose interesting ideas – capture thoughts about measurement, potential disbenefits, etc. as you perform your analysis

Agenda Item 4

METRICS

Benefits metrics
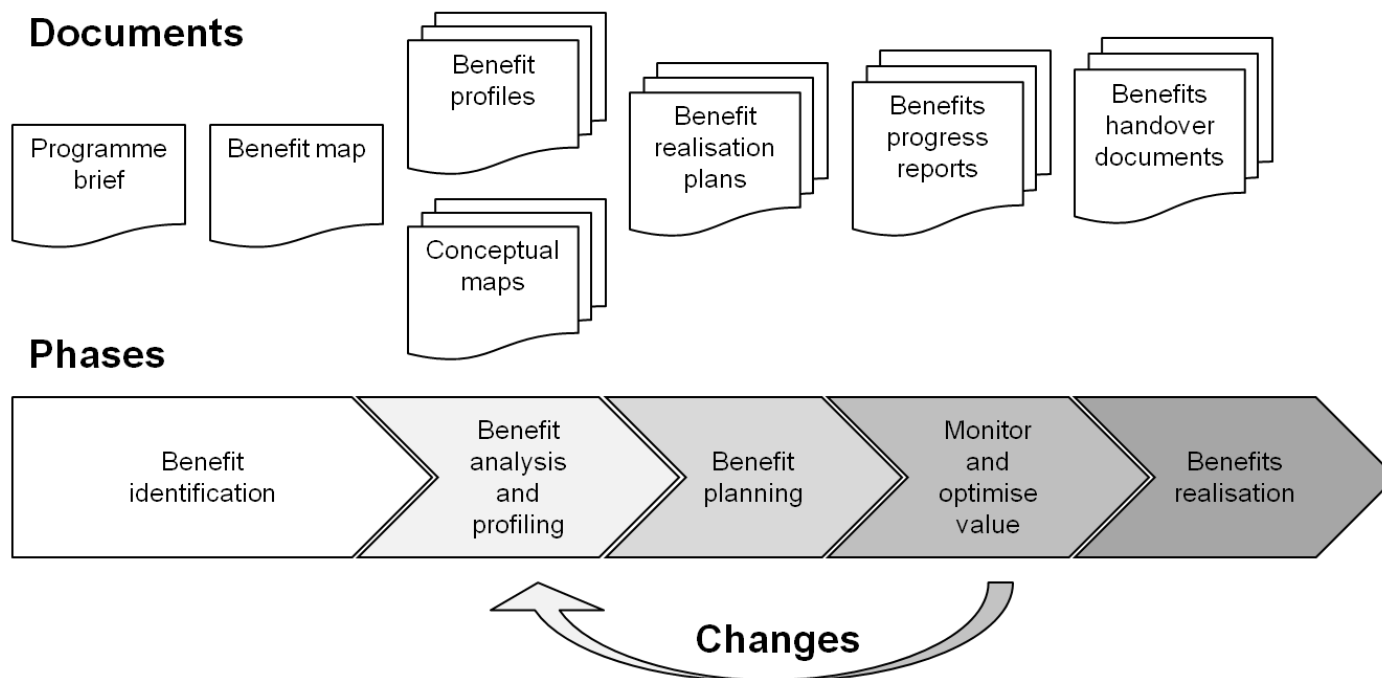

- What should we measure?
- How should we perform the measurement and who should be involved?

Agenda Item 5

CURRENT ACTIVITY

Followed OGC best practice guidance

- Top down approach helps to ensure all issues identified and set priorities
- Following benefits map to produce profiles which will inform benefits plans
- Early stages establishing monitoring and evaluation framework

Agenda Item 6

NEXT STEPS

Next workshop

- Timing: 10:00 to 14:00 hrs Thursday 3rd March, 2011
- Location: Ofgem offices
- Content: explore up to 3 areas of mutual interest in more depth
  - Topic(s) to be confirmed
  - Draft minutes for workshop 1 to be circulated in advance