# Smart Metering Implementation Programme

## Phase 1A – Benefits Realisation Workstream

Workshop 2: 3rd March, 2011

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?

**ofgem** Promoting choice and value
for all gas and electricity customers

## Areas for discussion and suggested timings

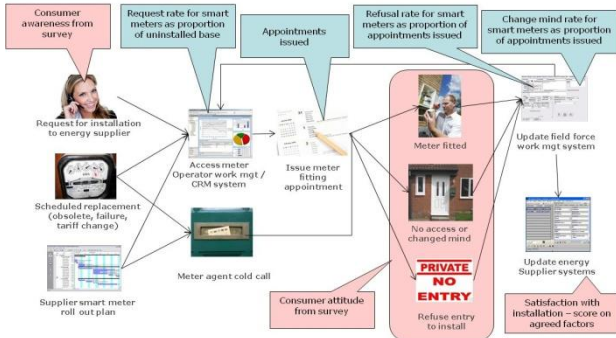| | |
|---|---|
| 10:00-10.20 | **Introductions** |
| 10.20 –11:00 | **First workshop feedback** |
| 11.00-12.00 | **Smart metering benefits map** |
| 12.00-12.15 | **Break** |
| 12.15-13:00 | **Consumer experience** |
| 13:00-13:45 | **Monitoring & reporting issues** |
| 13:45-14:00 | **Next steps** |

- This workshop focuses on 3 areas of mutual interest
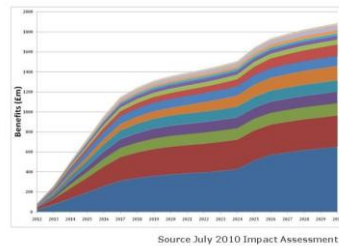
Agenda Item 2

**FIRST WORKSHOP FEEDBACK**

# Workshop 1 feedback



**Illustrative further data requirements**



**£15bn financial benefits forecast from Smart Metering**

- 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

Source July 2010 Impact Assessment

**Smart Metering Programme Benefits Map (simplified)**
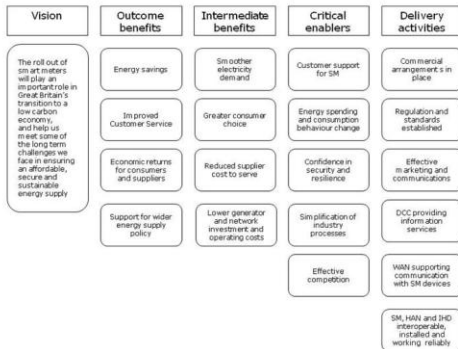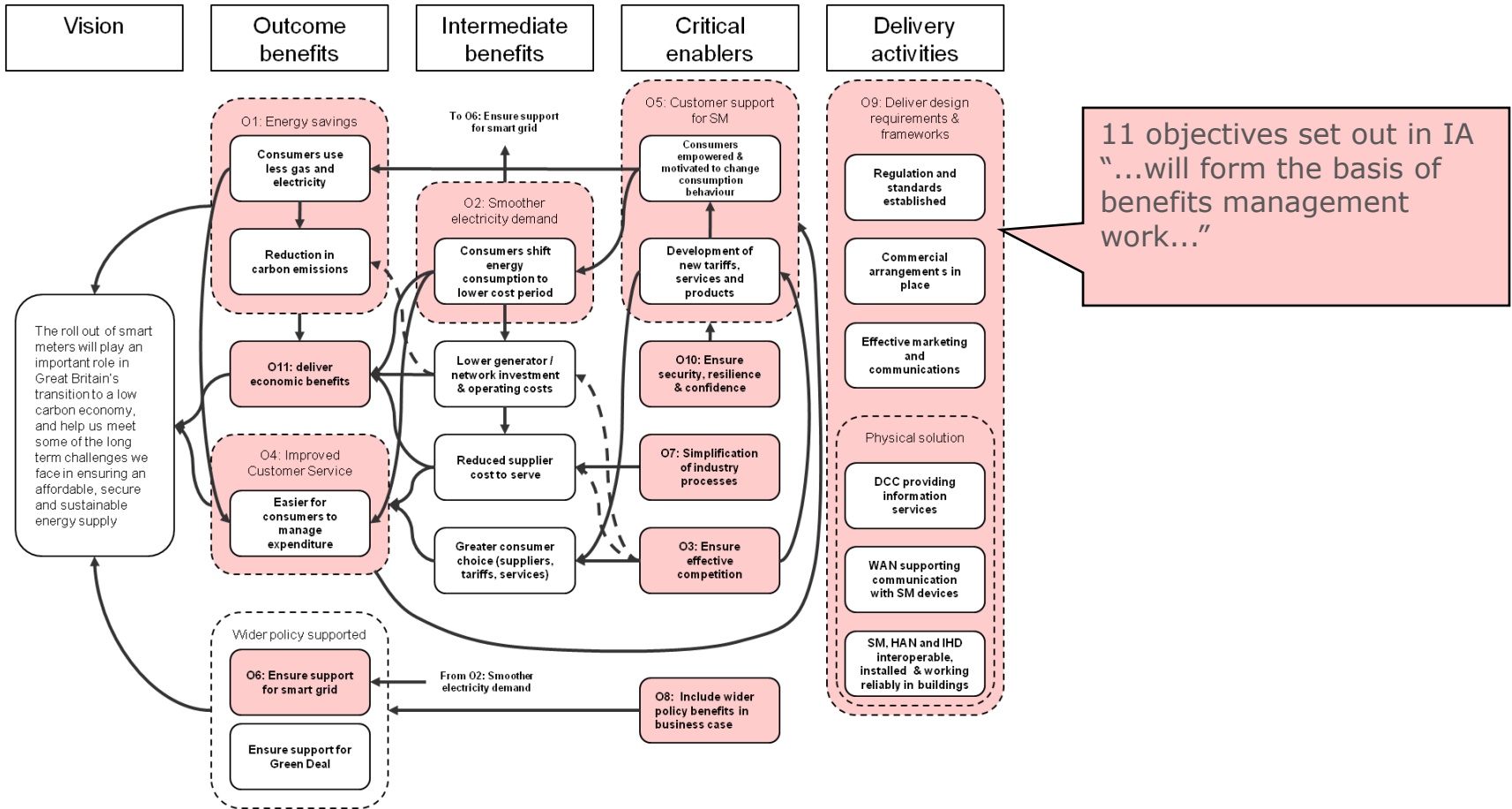


**Followed OGC best practice guidance**
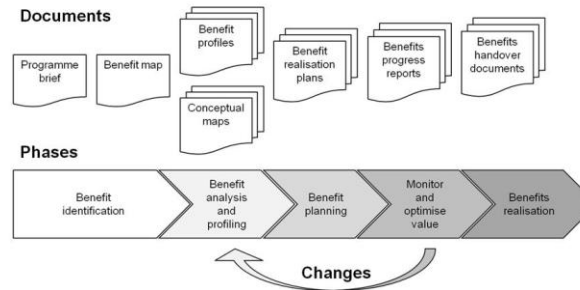


- Have we captured the main issues?
- Which are most important to you?

Agenda Item 3

**SMART METERING BENEFITS MAP**

# Summary level benefits map for smart metering



- We are seeking feedback on the draft benefits map

## Exercise: is benefits map consistent with the Impact Assessments?

- Benefits are the planned desirable outcomes from the delivery of change
- Critical enablers are things we have to get right to ensure benefits realisation
- Dis-benefits are expected undesirable outcomes from the delivery of change

1. Review the extracts from the Impact Assessments in your packs
2. Explore the programme objectives
   - Where would you place them on the benefits map?
   - Are they comprehensive? what would you change? Add? delete?
   - Capture conclusions on flip chart and/or annotate draft map
3. Explore the programme benefits
   - Can you identify where benefits appear on the draft map?
   - Annotate the map with benefit number (refer to list)
   - Circle any benefits you cannot place
   - What about timing? Are some benefits realised before others?
   - Capture conclusions on flip chart and/or annotate draft map
4. (If time) extend your analysis to enablers from the last workshop
   - Annotate the map with enabler letter (refer to list)
   - Circle any enablers you cannot place
   - Capture conclusions on flip chart and/or annotate draft map

Hint: play with the objectives cards – feel free to move around – add comments using PostIts

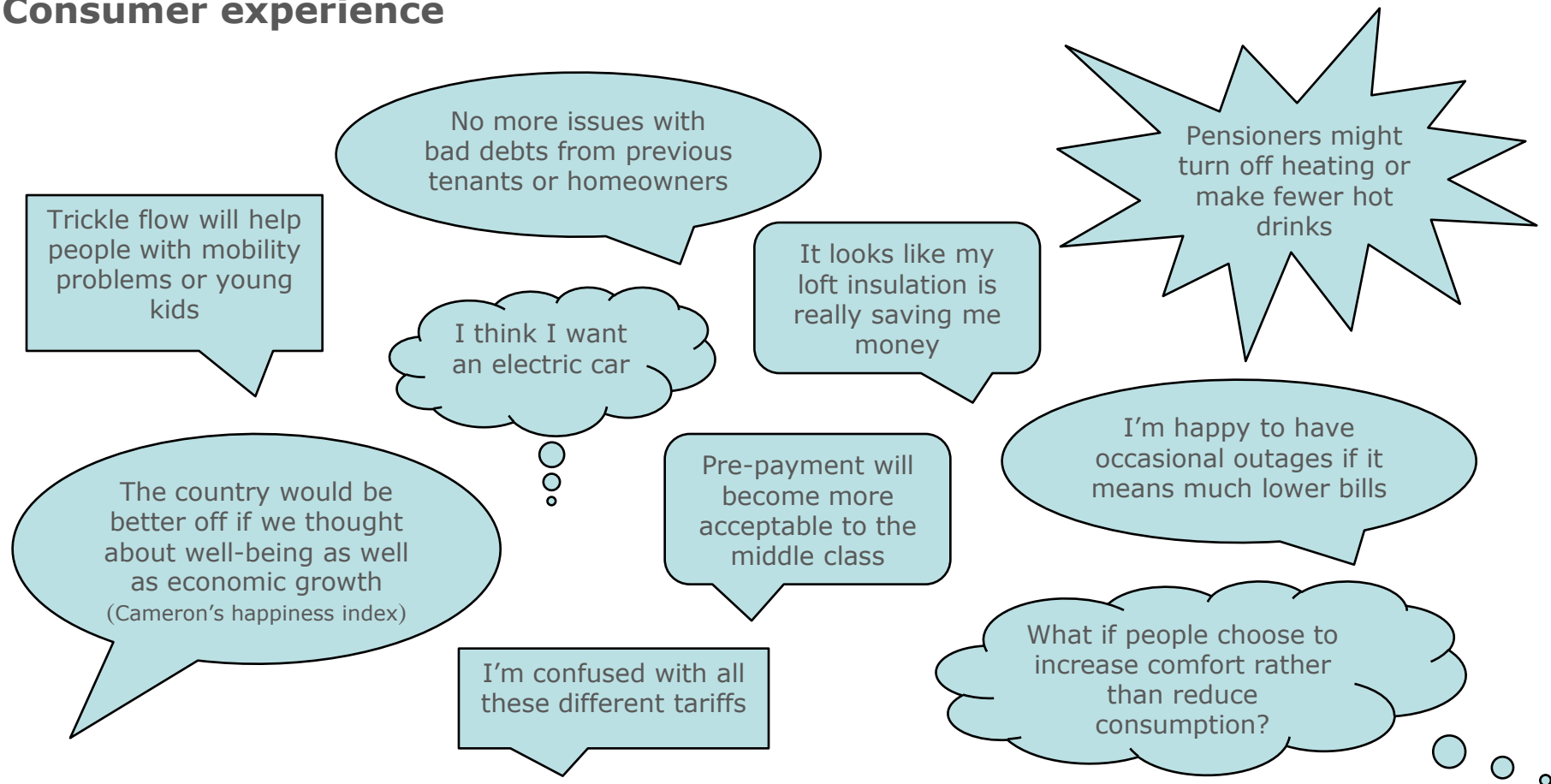Hint: benefit may appear in more than one place on your map

Hint: have you identified any disbenefits, i.e. known undesirable outcomes?

![ofgem] Promoting choice and value
for all gas and electricity customers

Agenda Item 4

**CONSUMER EXPERIENCE**

## Consumer experience

No more issues with bad debts from previous tenants or homeowners

Trickle flow will help people with mobility problems or young kids

I think I want an electric car

It looks like my loft insulation is really saving me money

Pensioners might turn off heating or make fewer hot drinks

The country would be better off if we thought about well-being as well as economic growth (Cameron's happiness index)

Pre-payment will become more acceptable to the middle class

I'm happy to have occasional outages if it means much lower bills

I'm confused with all these different tariffs

What if people choose to increase comfort rather than reduce consumption?

- What are the 'intangible' benefits?
- Are they the same for all customers?

- How might we attach financial value?

Agenda Item 5

**MONITORING AND REPORTING ISSUES**

# Monitoring and reporting issues – what should we be aware of?

- **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
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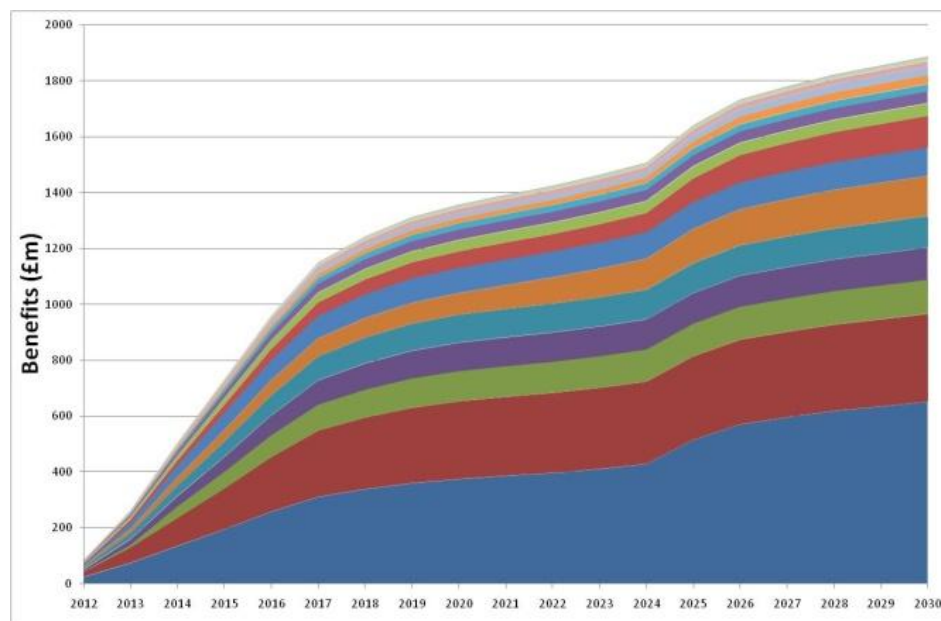


**Source July 2010 Impact Assessment**

- Example: consumption data collated and cleaned for balancing and settlement

Agenda Item 6

**NEXT STEPS**

## Programme

- Extensive stakeholder engagement to test and refine approach to delivering and monitoring benefits

- Plan to develop Benefits Management Strategy, Consumer Engagement Strategy and Early Rollout Evaluation Plan by Autumn

- Foundation stage excellent opportunity for learning and experimentation:
  - Energy consumption behaviour
  - Benefits (and other programme) metrics
  - Reporting and base-lining mechanisms

- Programme will determine need for groups to support its activities in April. These will be notified to appropriate stakeholders and published on DECC website.

**Workshop**

1. Post Workshop 1 slides and note on website
2. Produce Workshop 2 note for review
3. Produce article for Newsletter

# Thank you!