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## OFGEM SEEKS TO UNLOCK THE POTENTIAL OF SMART METERS IN THE HOME

- **Smart meters can deliver more accurate bills and improvements in customer service**
- **New meters could help tackle greenhouse gas emissions by making customers more aware of energy consumption**
- **Hi-tech meters could help fuel poor customers on prepayment meters by providing cheaper alternatives**

A new initiative aimed at unlocking the potential of smart meters for all gas and electricity customers was announced today (Wednesday) by Ofgem's Chairman, Sir John Mogg.

The technology of many energy meters dates from the 1960s, but modern designs can give customers much more information in a way that is easy to understand. Modern meters can display energy consumption in pounds and pence so customers can see at-a-glance how much they are using. This can help encourage customers to use energy more efficiently.

Billing accuracy can be improved by smart meters as they eliminate meter reading and send accurate readings direct to suppliers, in that way ending the need for estimated bills. Such newer, more reliable prepayment meters could also lead to cheaper costs for those customers who use these meters. This would particularly benefit the fuel poor.

Smart meters could help support micro-generation by metering the amount of energy a household might sell back to the electricity network. Micro generation and encouraging energy efficiency can thus make a real contribution to reducing greenhouse gases.

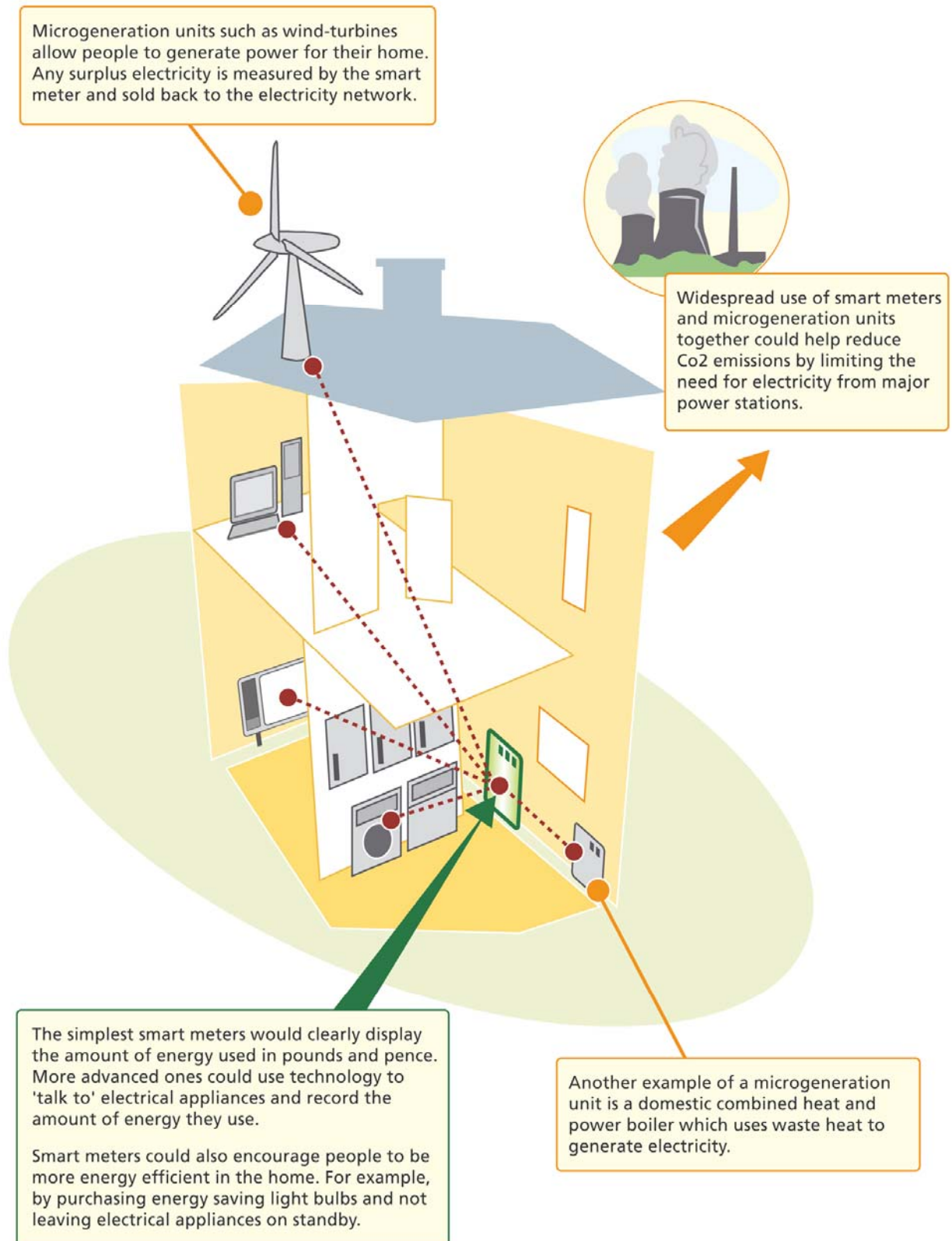
Given this potential to revolutionise the way energy is used in the home, Ofgem is seeking, in partnership with the industry and consumer organisations, to establish a clear picture of the costs and benefits of smart meters and to help develop its strategy over the next six months for increasing their use.

Ofgem is kicking off the debate with a launch today (Wednesday) hosted by Sir John. It is aimed at securing a high level commitment by industry and consumer groups to take a detailed look at smart metering.

Sir John said: "We recognise that there are benefits to customers from using smart meters, but with the significant investment costs involved to deliver them, we need hard evidence to show how such benefits can be delivered. This is why Ofgem is powering the smart metering debate so we can separate the myths from the facts. We will be working with the industry and consumers to deliver a smarter future for the household energy meter."

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## Smart meters could deliver a smarter home



## **Notes to editors:**

### **1. What is a Smart Meter?**

A smart meter offers customers clearer information about the energy they are using in a home. This therefore gives them more control over their energy use, which could lead to savings on bills and lower carbon dioxide emissions as a whole. A basic smart meter has a display allowing consumers to monitor consumption in money terms rather than kilowatt hours. It could include a keypad or smart card reader which could link to prepayment systems. Smart meters are already being installed in some European countries such as Italy.

Smart meters are already used in industry where many businesses provide half hourly electricity and daily gas meter readings. Businesses also use the information that smart meters give them about energy consumption to use energy more efficiently.

2. Ofgem's consultation on smart metering, launched today, seeks responses from all interested parties to help Ofgem set its own future policy direction in this area. A high level commitment from key players in the energy industry will be needed to create a successful strategy for installing smart meters in homes. The February consultation document will be followed by an Ofgem seminar on March 2 at which various parties will have an opportunity to make their views known on this issue. A further paper will then be published in May 2006 which will set out the proposed way forward.

3. Microgeneration. There are a number of products now on the market which offer households the opportunity to generate their own electricity. These include boilers which turn waste heat into electricity and roof top wind mills which also generate electricity. Large scale up-take of microgeneration would help the environment in a number of ways. It would reduce the total amount of generation needed, cut down on the amount of electricity which is lost when it is transported to the home and reduce the need to use polluting generators like oil during times of peak energy demand. Ofgem is currently working with the industry to remove barriers to the uptake of microgeneration.

4. Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity industries in Great Britain. Ofgem's aim is to bring choice and value to all gas and electricity customers by promoting competition and regulating monopolies. The Authority's powers are provided for under the Gas Act 1986, the Electricity Act 1989 and the Utilities Act 2000.

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