

Press Release

Wednesday 2nd December 2009

OFGEM TO PLAY A KEY ROLE IN MAXIMISING BENEFITS OF SMART METERS FOR CONSUMERS

Ofgem is to play a key role in introducing smart meters, following the decision today by the Department of Energy and Climate Change (DECC) to roll-out smart meters to all 26 million households and small businesses, in Britain, by 2020.

Welcoming the Government's decision today, Ofgem's Senior Partner for Sustainable Development Sarah Harrison said:

"Smart meters can help empower consumers with better information to manage energy use and help reduce energy costs and carbon emissions. Ofgem's role is to ensure consumers' interests and benefits remain at the heart of the delivery of smart meters and that consumer protection keeps pace with technological change."

Ofgem will work with DECC and the energy industry to develop a framework to support the introduction of smart meters. The first phase of this work will see a prospectus published in summer 2010, which will set out detailed proposals for the regulatory and commercial framework, as well as define the minimum functions that all smart meters will have to deliver for consumers.

The management of the first phase of the smart metering programme will be carried out jointly between DECC and Ofgem's delivery arm, Ofgem-E Serve. Ofgem E-Serve currently delivers Government environmental programmes worth £3.9 billion and has considerable expertise in delivering environmental programmes efficiently at least cost to consumers.

Smart meters can also play an important first step in helping the development of a smarter grid. DECC, Ofgem and the energy industry have today set out a vision for how Britain can develop smart grids to help deliver a low carbon economy. This vision paper will be followed by a road map which will set out a pragmatic action plan for encouraging the growth of smart grids.

Ends

Notes to Editors

1. Copies of DECC's "*Towards a smarter future: Government's response to the consultation on electricity and gas smart metering*" setting out the details of today's decision are available online from www.decc.gov.uk.
2. A factsheet "Delivering Smart Meters" on smart meters is available from the Ofgem website at: www.ofgem.gov.uk

3. Smart Grids

Much of the work on smart grids will be delivered through Ofgem's network price controls. The current proposals for the electricity distribution price control for 2010-2015 include plans to deliver £500 million of additional investment for low carbon networks, like smart grids. Final proposals on the price control will be published next week. Ofgem is also looking at the effectiveness of the current price control arrangements, in delivering the investment needed for smart grids and for supporting a low carbon economy as part of its RPI-X@20 project. Its first proposals will be published in the New Year.

4. Ofgem E-Serve

Ofgem E-Serve focuses on administering environmental programmes such as the Renewables Obligation, Carbon Emission Reduction Target (CERT), Community Energy Saving Programme (CESP) and the Climate Change Levy exemption for renewables. It also manages the delivery of sustainable projects such as offshore transmission connections and is expected to have a key role in the management of feed-in tariffs for micro generation and the proposed Carbon Capture and Storage Levy.

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