

A Smart, Flexible Energy System

OFGEM & BEIS

Chartered Trading Standards Institute response

11th January 2017

About The Chartered Trading Standards Institute

The Chartered Trading Standards Institute (CTSI) is a professional membership association founded in 1881. It represents trading standards officers and associated personnel working in the UK and also overseas – in the business and consumer sectors as well as in local and central government.

The Institute aims to promote and protect the success of a modern vibrant economy and to safeguard the health, safety and wellbeing of citizens by empowering consumers, encouraging honest business, and targeting rogue traders.

We provide information, evidence, and policy advice to support local and national stakeholders.

We have also, as part of our recently revised remit, taken over responsibility for business advice and education concerning trading standards and consumer protection legislation. To this end, we have developed the Business Companion website (www.businesscompanion.info).

The CTSI Consumer Codes Approval Scheme was launched in 2013, superseding the OFT scheme (www.tradingstandards.uk/advice/ConsumerCodes.cfm).

CTSI is a member of the Consumer Protection Partnership, set up by central government to bring about better coordination, intelligence sharing and identification of future consumer issues within the consumer protection arena.

We run events for both the trading standards profession and a growing number of external organisations. We also provide accredited courses on regulations and enforcement.

A key concern for CTSI is that of resources. UK local authority trading standards services enforce over 250 pieces of legislation in a wide variety of areas. They have suffered an average reduction of 46% in their budgets since 2010 and staff numbers have fallen by 53% in the same period.

This response has been composed by CTSI Lead Officer for **Energy, Smart Meters & Climate Change, Steve Playle**. Should you have any queries or wish to discuss the response please do not hesitate to contact **Steve Playle** at LOenergy@tsi.org.uk

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[A Smart Flexible Energy System](#)

Response by the Chartered Trading Standards Institute

This response from CTSI is given entirely from the consumer perspective and we are thinking ahead to some of the potential problems that will arise in the future as smart meters are rolled out. Anything that can be done now to minimize consumer detriment in the future is something that CTSI feels that BEIS and OFGEM should be working on. It seems to CTSI that the potential problem areas associated with smart meters are not being properly identified. The current PR campaign is clearly designed to persuade consumers that they must sign up to smart energy and there is nothing that can go wrong.

(CTSI would remind BEIS and OFGEM of the similar positive PR surrounding 'Green Deal', a costly initiative that ended a [disappointing failure](#).)

From the outset, CTSI can fully understand the importance of ensuring that the supply of energy will always meet the demand at any given time. Failure to achieve this objective results in power cuts, which will be far more catastrophic now than they ever were back in the 1970's.

In Chapter 4 at page 59 of the consultation document, it is clearly stated "consumers are at the heart of the development of a smart energy system". This can be interpreted in a number of ways but the CTSI interpretation is that every consumer in the UK is directly paying for the smart meter infrastructure and they have no choice whatsoever about this. Therefore, consumers are clearly at the heart of the new regime because they are funding it. The CTSI view is that the energy sector has failed to invest in energy generation capacity at a time when the UK population has risen rapidly. Smart meters are therefore seen as the solution to keeping the lights on in the future and energy customers are being forced to fund this solution.

CTSI have identified several general areas of concern with the smart meter roll out.

Time of use tariffs

In paragraph 26 of section 4.4 (page 68) it states; "certain types of consumer may be less able to change the time at which they use energy, meaning they will be less able to realise the benefits associated with smart tariffs". There are a range of activities carried out by consumers in their homes that require the use of gas or electricity, such as -

- Heating
- Cooking
- Bathing and showering
- Lighting
- Boiling the kettle
- Hair drying
- Home entertainment like TV and music
- Vacuuming
- Cutting the grass with electric lawnmower
- Washing up (dishwasher and non dishwasher)
- Refrigeration
- Air conditioning
- Washing and drying clothes

Out of all these activities, the only ones that may benefit from time of use tariffs are the use of the washing machine, tumble dryer and dishwasher. The 'time of use' tariffs where costs are much lower in the middle of the night will therefore have a small impact on the vast majority of consumers. The whole rationale behind smart meters is, in the view of CTSI, completely flawed. Consumers can only run one cycle of a washing machine, tumble dryer or dishwasher every night. Busy households may need to run more than one cycle of a washing machine every day and unless they set their alarm clocks at 3am to reload the machine, no significant savings will be made.

CTSI would welcome the publication of any available and independent data that breaks down domestic activities and the typical energy consumption for each of them.

Smart appliances

One well-publicised innovation around smart meters is the evolution of smart appliances that are capable of identifying the cheapest time to operate in relation to the consumer's tariff. The only appliances that will benefit from such smart technology will be a washing machine, tumble dryer or dishwasher. CTSI remains unconvinced that fridges and freezers that only operate in the middle of the night would be capable of maintaining a safe minimum temperature with potential food safety issues resulting.

Operating a washing machine in the middle of the night will not be practical for many households due to the noise generated that will inevitably keep occupants awake. In addition, CTSI hopes that BEIS and OFGEM are consulting with the fire service in relation to the very serious issues surrounding domestic appliance fires. A fire caused by a domestic appliance that breaks out in the middle of the night is far more likely to lead to loss of life. Given the current problems with over [5 million Whirlpool tumble dryers](#), the fire service or Whirlpool themselves would not condone their use unattended in the middle of the night.

In addition, what additional charges would be imposed on consumers who purchase a smart appliance when compared to a non-smart appliance?

Battery Storage Systems

CTSI is extremely concerned that as smart meters are rolled out, consumers will start to be offered a range of expensive battery storage systems by an army of cold calling doorstep salesmen. The marketing literature and sales pitch for such systems will undoubtedly stress the potential cost saving benefits. However, such systems are largely untested and there is a real potential for widespread consumer exploitation. CTSI believes that promises of money savings will be highly inaccurate and unattainable.

Vulnerable Consumers

The concept of smart energy is extremely complex and quite difficult for even the ordinary consumer to fully understand. In relation to a large number of vulnerable consumers, smart energy will be completely baffling and is likely to lead to anxiety and stress. Even the prospect of having a gas and electricity meter changed can be a serious worry and CTSI is concerned that throughout the whole smart programme, there is little consideration for the needs of vulnerable consumers. The supposed benefits of IHDs for an 80 year old consumer with early onset dementia will never be realised unless there is continuing support on a 1-2-1 basis.

Smart meter installation process

CTSI continues to have concerns about the smart meter roll-out programme.

- Consumers are not advised that having a smart meter is a choice. From data seen via Citizens Advice and from reading publicity materials available, consumers are virtually being press ganged into having smart meters installed. The option of not having a smart meter installed is not publicized by the energy sector, probably due to the targets they have been set by BEIS and OFGEM.

- As more and more smart gas meters are installed, there will be a growing number of incidents where the process of turning off and then turning on the mains gas supply will lead to the condemnation of a growing number of gas appliances with consumers left to pay significant sums of money to fix something that wasn't previously broken.
- When smart meters are installed, consumers are not provided with a written record of their old meter readings on the day. CTSI believes that there will be a growing number of disputes in the future over problems with incorrect bills. A simple fix now is to immediately introduce a mandatory requirement for consumers to be given a written record of their old meter readings.

Switching suppliers for the best deals and driving real competition

CTSI would like to repeat the concerns that it has previously expressed that just at the time when the numbers of consumers switching suppliers has reached record levels, smart meters and the potentially infinite number of tariffs being introduced will have a detrimental impact. The complexity of the smart technology and the smart tariffs will effectively diminish competition, which will result in consumers paying more for their energy than they need to.

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