

CHAMELEON
TECHNOLOGY

energyretailmarketsreview@beis.gov.uk

16 September 2019

To whom it may concern,

Chameleon Technology response to BEIS' 'Consultation on Flexible and Responsive Energy Retail Markets'.

We are pleased to respond to the BEIS 'Consultation on Flexible and Responsive Energy Retail Markets'. This is a key consultation that outlines the long term focus for energy consumers, the environment and the energy and associated industries.

There is a clear need to have a step change from the energy structure of the past to create a decarbonised, digitalised, democratised and decentralised energy system fit for the future, which will help to deliver the UK government's carbon commitments. The energy transition is complex but necessary to achieve Net Zero by 2050 and bring about the wide adoption of smart energy technologies and innovation.

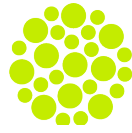
Introduction to Chameleon Technology:

Chameleon Technology is a multi-award-winning, market leading, innovative technology company specialising in real time energy data. Chameleon Technology has been working with the wider energy industry for some years as part of the domestic smart meter rollout, providing the vital customer engagement element of the smart metering solution to enable customers to visualise and act upon their real-time energy consumption and costs for the first time.

Chameleon Technology believes that In Home Displays will help all customers manage their energy use better, and also help them to manage their bills, vital for those on low income and those living in sub-standard properties. To date we have delivered almost four million In Home Displays and we expect to provide many more millions over the next few years, to the completion of the rollout.

Chameleon Technology is now looking at what revolutionary applications can be developed using the energy data on behalf of energy consumers. Chameleon Technology works with a variety of energy suppliers and other businesses to create solutions to increase awareness of energy consumption and encourage behaviour change through bespoke insights to deliver cost savings and energy reduction and comfort.

Chameleon Technology believes that all customers can benefit significantly from new technology in the digitalised energy world. Developments in hardware and software solutions can enable increased awareness levels and behaviour change. Chameleon Technology wants to ensure that the digitalised energy technology revolution helps customers to manage their energy bills and heat their homes better.



Response: BEIS' 'Consultation on Flexible and Responsive Energy Retail Markets'

Please note – we have only responded to the consultation questions that are specific to Chameleon Technology.

1) Do you agree with our vision for the future of the energy retail market, the outcomes we are seeking to achieve and our characterisation of the key challenges we need to overcome?

Yes, however we believe that BEIS should be bolder in its expectations and delivery plan. We note that BEIS states that it is “not suggesting making fundamental changes immediately and are presenting a range of options for discussion”.

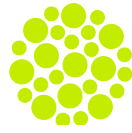
We recognise that energy is a fundamental universal service and it is important to gather as much evidence and opinion as possible, and that making changes within the industry is complex and interconnected with potential unintended consequences. However, we also believe that there is an urgency that is vital for changes within the structure of the industry to be made to enable the zero carbon systems that are necessary to meet 2050 targets. This urgency and related policy deployment timetable is missing from the consultation and we hope that in the conclusion document BEIS clarifies specific actions for government and industry.

We would welcome a clear timetable for decision making and a commitment from government that these crucial developments will happen within an agreed time frame.

For example, the transition to electric vehicles is critical for the overall energy transition and carbon targets and therefore whilst it is important to mitigate against any reasonable, known negative impacts it is also important to enable the industry to thrive. Inertia in this or any low carbon market will have long term negative consequences for all customers, including vulnerable customers. Whilst not specific within the consultation it is necessary for the vast majority of households and small businesses within the UK have a smart meter installed within the next few years to ensure that all customers can benefit from the energy transition. This will not be possible unless the country and the energy industry is fully digitilised.

BEIS highlights that the Government's White Paper on Regulation for the Forth Industrial Revolution sets out a more “agile approach to regulation that enables innovation in a time of rapid technological change” – we believe that this consultation should be a thought leader in delivering this agile approach and that BEIS should be more ambitious in its outlook.

- 2) Are there examples of new products, services and business models that would benefit current and future consumers, but are blocked by the current regulatory framework?**
- 3) Are there current or emerging harms to energy consumers which are currently out of scope of the regulatory framework? Do these differ for domestic and non-domestic consumers?**
- 4) Would it be beneficial to allow suppliers to specialise and provide products and services to targeted groups of customers? If so, how can this be delivered while balancing the need for universal service?**
- 5) Are incremental changes to regulation sufficient to support the energy transition and protect consumers? Or does this require a more fundamental reform, such as moving to modular regulation?**



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The future energy system in the UK will not reflect what we have known to date, and should engage a pan-governmental approach to ensure that it is a success. Energy will no longer be a silo, as illustrated by the important roles that car manufacturers, house builders, innovators, city planners, and many others will have.

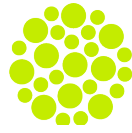
Current expectations for the UK energy future involve a number of different agents. BEIS highlights the work undertaken and the outcomes of the Ofgem Sandbox approach and the constraints within the regulatory framework that that has highlighted (P20/21). Work should be undertaken to identify the constraints within the regulation and unlock these benefits, as is being done by industry to enable more than one electricity supplier. This will then enable companies to develop new products and services which are not possible at the moment and there are no reasons to invest significant resources into them at the moment.

We do not think that it is the role of government to highlight what the new products/ services/ business models are, but should create an environment that enables agile innovation and removes barriers. Commercial companies are unlikely to share their innovation and R&D plans in a public forum, prior to launch, due to the risk of their competitors stealing their ideas. However, should BEIS officials wish to visit the Chameleon office then we would be delighted to provide an insight into the different technologies that we are developing for our customers and domestic and non-domestic energy consumers.

Concerns regarding consumer protection should be, where possible, met through overarching consumer protection legislation due to the pan-sector direction energy is taking. Consumer protection should cover all areas as opposed to be specific for the industry, unless there are clear instances where it is necessary.

Solutions for all customers, including vulnerable and fuel poor customers, will be developed by different agents if the right legislative and regulatory frameworks are in place, possibly supported by additional government legislation (i.e. Environmental legislation on energy suppliers or legislation on land lords etc). However, it should be recognised that not all customers will benefit from the offerings on day one, or possibly at all due to their personal circumstances (low-income private sector renters for example unless there is enforceable legislation on landlords), and there maybe agents who act on certain customers' behalf – housing associations for example. Over time all customers should benefit from a reduction in costs due to an increase in adoption of the new technologies and economies of scale and new entrants with new customer offerings (i.e. smart phones were initially reserved for those with high incomes but due to mass adoption manufacturing costs have fallen and access to internet sources have proliferated so that smart phones are now 'the norm' in the UK and also developing countries). If BEIS waits to legislate to create a flat playing field, then there will be no incentives for businesses to segment customers into groups to develop new offerings.

BEIS should continue to focus its efforts on developing a modular approach to regulation to encourage new entrants and existing players to develop new customer offers.



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11) Do you agree that now is not the time to make further changes on system and network cost recovery, metering and access to data as part of this retail market review?

Yes. There is significant amounts of change happening within the metering / supply industry with the roll out of smart meters. Any suggestion of change here could jeopardise long term investment and roll out plans and create more confusion for customers and the market.

I hope you have found our response useful. Please contact me if you have any questions. We look forward to engaging with BEIS over the coming months and years.

Yours sincerely,

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