



Association for the
Conservation of
Energy

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Department of Energy and Climate Change: *Smart Metering Implementation Programme*

ACE response – September 2010

Introduction to the views of ACE

The Association for the Conservation of Energy is a lobbying, campaigning and policy research organisation, and has worked in the field of energy efficiency since 1981. Our lobbying and campaigning work represents the interests of our membership: major manufacturers and distributors of energy saving equipment in the United Kingdom. Our policy research is funded independently, and is focused on three key themes: policies and programmes to encourage increased energy efficiency; the environmental, social and economic benefits of increased energy efficiency; and organisational roles in the process of implementing energy efficiency policy.

We welcome the opportunity to respond to this consultation.

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1 Overview

ACE welcomes the Government's decision to bring forward the rollout of electricity and gas smart meters for all households. It is time for the age of estimated energy bills to be over. Cutting carbon emissions from homes is vital in the fight against climate change and ACE believes this can be done through providing real-time, accurate information on energy use to spur behavioural change.

Smart meters are, however, not just an "install and forget" measure like other physical measures such as loft insulation or cavity wall insulation but need to be installed as part of a wider energy education programme. It is vital that the roll-out of smart meters, with the provision of real-time displays, is coupled with a wider Government climate change awareness campaign which includes advice, information and financial incentives to improve energy efficiency. Provision of consumption data in itself will not necessarily lead to changes in behaviour and the opportunity to capitalise on the smart meter installation as a trigger point to offer other complimentary and supporting services must not be lost.

Below is our response to individual questions, for which the earlier deadline of Sept 28th applies. We have confined ourselves to responding to those questions of relevance to ACE.

2 Answers to questions

3. Do you have any comments on the proposed approach to ensuring customers have a positive experience of the smart meter rollout (including the required code of practice on installation and preventing unwelcome sales activity and upfront charging)?

The success of smart meters in achieving behavioural change and reduction in energy use will be heavily reliant on the attitudes of consumers, it is therefore vital that the installation of smart meters causes as little disruption as possible to the householders. As such we welcome the suggestion that the rollout should be linked to other schemes, such as home energy efficiency improvements installed under the Green Deal, so as to minimise the number of visits required to each property. Timing the installation of smart meters with the provision of energy advice services and the installation of other physical measures in the home provides the best opportunity for lasting change in energy behaviours.

It is, however, important that whichever delivery model is taken forward the costs must not be passed on to the consumer.

Energy suppliers will benefit hugely through a roll-out of smart meters. They will no longer need to employ meter readers to manually take readings from customers' homes which will hugely reduce costs. They will also benefit through reduced customer services costs, reduced technical losses and reduced disconnection and reconnection costs. These savings must be passed onto the consumer. It is for these reasons that ACE strongly advocates that the costs for a smart meter roll-out must not be passed on to customers but consumers should instead benefit from any savings made, and so we are strongly against the idea of upfront charging.

It is vital that consumers receive accessible and adequate information on how to interpret the readings from the in-house display. In addition, we would also advocate that when a smart meter is installed an Energy Performance Certificate (EPC) should also be provided. This would allow the householder to become aware of how energy efficient their home is and they could then take steps to implement the recommendations of the EPC.

6. Do you have any comments on the functional requirements for the smart metering systems we have set out in the Functional Requirements Catalogue?

We welcome the announcement in the consultation document that one of the required high level functions of the smart meters will be an in house display of “real time” information. A smart meter roll-out on its own will only benefit energy suppliers. To ensure that customers share in the benefits we advocate a real-time display device to form part of the smart meter package to enable customers to manage and reduce their energy consumption as well as a requirement on suppliers to provide accurate monthly bills.

We agree that smart meters should have the ability to cope with the import and export of electricity and be compatible with microgeneration, which is why we are happy to see that another of the required functions will be the measurement of net electricity export. This will encourage householders to produce their own low carbon energy but most importantly for this scheme it will remove the hassle and cost of having to get a new metering system to cope with microgeneration.

We are alarmed to see that the capability to store historical information is not listed as one of the minimum requirements in Figure 1 of the consultation document. Access to historical data is essential to allow households to analyse and manage their own energy usage by allowing comparisons to be made on energy consumption in comparable heating seasons. We strongly advocate that this is included as a minimum requirement.

While we recognise the role of remote disablement and enablement of supply, we believe that safeguards must be put in place to protect vulnerable customers from remote disablement of gas supply.

7. Do you see any issues with the proposed approach to developing technical specifications for the smart metering system?

It is important that the technical specifications are established and confirmed as soon as possible. Interoperability is going to be the most important feature of smart meter design, and before energy suppliers begin rolling out smart meters they need to have confidence that they will not have to visit the same households twice – not only would this incur additional costs but it would also cause more disruption to the consumers and risk negative opinions of the scheme developing.

A considerable number of studies have already been completed on what aspects of smart meter design contribute most to behaviour change, for instance the style of the display and type of information presented. It is very important that when deciding the final technical specifications for smart meter design that all these factors are taken into account, and we avoid a situation where a design is chosen simply on grounds of cost.

16. Do you have any comments on the proposals for requiring suppliers to deliver the rollout of smart meters (including the use of targets and potential future obligations on local coordination)?

We are concerned that if energy suppliers are allowed “*flexibility over the pattern of their installations*” there is a risk that some households will be consistently left until last. In the same way that hard-to-treat houses are being left untreated when suppliers attempt to meet their targets under energy efficiency schemes such as CERT, there is a real risk that certain difficult to reach households will miss out on the benefits of early access to smart meters. We also believe the fuel poor stand to benefit most from education about their energy use. Therefore those customers using pre-payment meters should be targeted for receipt of a smart meter as a priority as these customers are usually the poorest and most vulnerable and are charged a higher rate than other customers.

ACE believes that a community approach to roll out of smart meters would most successfully and profoundly engage larger numbers of households in managing their energy use. We therefore welcome proposals for obligations on local coordination in the future, but would ask that Government consider making it a fundamental requirement from the start. As highlighted in the example given, in which several households within one block of flats would receive their smart meters from different energy suppliers, there’s a risk that neighbouring households would receive their own smart meters months or even years apart. This poses a risk to the success and public acceptance of the scheme, but could be overcome if the local authorities were permitted to help the delivery of smart meters on an area by area basis.

If it is the Government’s intention to deliver smart meters to the public as soon as possible, it is worth consulting with the researchers, developers and manufacturers of smart meters during the development of technical specifications. This will ensure that sufficient smart meters are made and ready for distribution as soon as possible.

17. Do you have any comments on our implementation strategy? In particular do you have any comments about the staged approach, with rollout starting before DCC services are available?

We believe that smart meters should be rolled out across the UK as soon as possible, and we recognise that a staged approach offers the fastest way of achieving this. As long as the issue of interoperability is dealt with through strict technical specifications then we see no reason for rollout to be delayed until DCC services are available. However we would like to point out that many

lessons can be learned from using a staged approach, and therefore suggest that reporting on progress from one stage be used to maximise the efficiency of the rollout in the next stage.

18. Do you have any other suggestions on how the rollout could be brought forward? If so do you have any evidence on how such measures would impact on the time, cost and risk associated with the programme?

The Smart Metering Design Group should be set up as soon as possible, and it must include all the relevant parties – otherwise there will be a delay while this is rectified.

20. Do you have any comments on our proposed governance management principles or on how they can best be delivered in the context of this programme?

We welcome the decision to monitor and promote public and other stakeholder confidence in the programme, and we also believe that it is important to monitor progress towards the scheme's goals, most importantly changes in energy use behaviours and sustained energy use reductions, in order to allow the rollout strategy to be adapted and improved over time. Previous studies have shown that behavioural changes brought about due to smart meters have been known to only last for one year; with this in mind it is important to continue monitoring before we can accurately attribute carbon savings to this policy mechanism.

We call on the Government to make the details of the proposed management for later stages of the scheme available as soon as they are decided upon later this year.