

Smart Metering Implementation Programme: Consumer Protection

Citizens Advice response to Ofgem

October 2010

Introduction

Citizens Advice welcomes the opportunity to respond to Ofgem's consultation on consumer protection for the smart metering implementation programme.

The Citizens Advice service is a network of almost 400 independent advice centres that provide free, impartial advice from more than 3,500 community locations in England, Wales and Northern Ireland.

In 2009/2010 the Citizens Advice service in England and Wales advised 2.1 million people on 7.1 million problems. Debt (2.4 million problems) and welfare benefits (2 million problems) were the two largest topics on which advice was given.

Of the 2.4 million debt problems, almost 110,000 related to fuel debt. This represented an increase of 33 per cent on the previous year. Many of these people experienced affordability problems, and would therefore stand to benefit from the installation of energy efficiency measures and information about their energy usage and how it could be reduced.

In addition, Citizens Advice Bureaux also dealt with over 52,000 problems about a range of other (non-debt) fuel matters. Problems about billing / meter reading represent the largest single category within this figure, amounting to more than 13,000 problems, equivalent to over 25 per cent of fuel problems.

Citizens Advice believes that smart meters provide an opportunity to empower consumers and inform them about their energy usage, potentially contributing to both lower bills and reduced carbon emissions. Furthermore, smart meters should herald an end to estimated billing, which can cause serious financial difficulties, especially for people on a very tight budget.

The smart meter programme must ensure that such benefits are delivered to all consumers, including those on low incomes or who are vulnerable in some way. Of critical importance, however, is ensuring that the rollout of smart meters does not compromise or reduce the consumer protections currently in place in the energy market since any failure to do so could not only cause serious detriment in individual cases but would also be likely to have wide-ranging and negative repercussions on people's willingness to actively engage with the smart meter programme.

As part of efforts to ensure that adequate consumer protections remain in place, attempts should also be made to make sure that consumer protections are, as far as practically possible, future-proof. Reviews of the adequacy of the consumer protection measures should also be undertaken on a regular basis, as well as being prompted by changes in the way in which smart meters may be used. For example, we would expect Ofgem to re-consider consumer protections in light of changes to the ability of suppliers to offer time of day tariffs or to introduce 'load limiting' or disconnections during certain times of the day.

Key points

- There should be a ban on sales and marketing activities undertaken during the smart meter installation visit. At the actual installation visit, we think that it would be acceptable for the installer to provide information about energy efficiency measures which might help to reduce the customer's energy bill, including details of any grants or schemes to which the consumer

may be eligible. This should include information about where to turn for independent information and advice.

- The existing protections need to be strengthened to ensure that consumers are not remotely switched to prepayment mode inappropriately. This is particularly the case where the supplier chooses to impose a prepayment meter on the customer to recover debt. In such circumstances we consider that a supplier **must** undertake a visit to the customer's property to ensure that it is safe and practicable to switch the meter to prepayment mode and also to check on any potential vulnerability within the customer's household.
- Even where a customer requests a switch to prepayment, we think that there may be a need for a visit or some additional protections, for example where people may seek to switch to prepayment mode as a response to desperate circumstances or when faced by unrealistic demands of repayment from energy suppliers.
- Since customers can be switched to prepayment mode, we are unsure under what circumstances – apart from suspected fraud or meter tampering – it will remain necessary to disconnect a customer's supply.
- If disconnection remains a valid course of action, we think that it is essential that suppliers must be obliged to make a visit to the customer's property before a disconnection can take place.
- It would be helpful if suppliers were required to provide both emergency credit and friendly credit periods to prepayment customers, but the terms of this credit should be clearly explained and subject to review by the regulator.

Detailed responses to the questions posed in the consultation document are provided below.

Responses to specific questions

Question 1: Do you have any views on our proposed approach for addressing potential tariff confusion? What specific steps can be taken to safeguard the consumer from tariff confusion while maintaining the benefit of tariff choices?

Citizens Advice considers that the array of tariffs currently on offer can be bewildering to consumers, particularly those who may be more marginalized or financially excluded. Recent research conducted by Which?¹ confirms this to be the case. For such consumers, the introduction of an even greater number of tariffs may simply cause greater confusion, leading them to remain disengaged from the competitive market.

While consumer choice can have a positive impact on promoting competition between suppliers, this is only the case if consumers are equipped with relevant and comparable information, if they possess the capability to make comparisons and if they also have the means of doing so (e.g. if they have access to comparison websites).

Efforts to improve the information that is provided to consumers about their energy usage on bills will help in empowering consumers, for example by providing information about the cheapest tariff offered by their current supplier. However, while these steps will provide useful signposts to

¹ *Tariff lottery leaves consumers out of pocket*, Which?, Press Release, 24 September 2010

consumers, we do not think that that they, or Ofgem's overarching Standards of Conduct, go far enough in terms of addressing tariff confusion and making sure that consumers make better choices. Rather, to assist consumers in making good decisions, and to improve the quality as well as the quantity of switching decisions, we think that Ofgem should adopt the processes introduced in face to face sales where a claim of a cheaper tariff must be evidenced through a comparative quotation (the same applies to all face to face switching activity among prepayment meter users). In this way, where a customer was considering switching supplier and / or tariff, the supplier would be forced to provide a comparative quotation based on the customer's annual energy statement clearly setting out how switching tariff would be demonstrably in the customer's financial interests.

For situations where a customer might choose to switch to a tariff that was more expensive, for example where they based their decision on source of energy (e.g. 'green' tariff), on a fixed tariff, or on ancillary benefits (e.g. provision of advanced smart meter), the customer would need to provide consent that they wished to proceed and that they had been made aware of the key features of the tariff (e.g. its cost relative to their existing tariff, its length, early termination charges etc).

Question 2: Do you agree with our proposed approach for addressing unwelcome sales activities during visits for meter installation?

Question 3: What do you consider as acceptable and unacceptable uses of the installation visit and why?

We welcome Ofgem's assertion that it does not wish the smart meter installation visit to be used for unwelcome sales activities. We would be deeply concerned if the smart meter rollout programme was used as a pretext to subject people to pressure sales in their own home. At a time when the energy industry is, once again, under investigation over potential problems with doorstep sales it would surely be a retrograde step to openly permit, let alone encourage, such sales and marketing activities within customers' homes. Citizens Advice therefore recommends that there should be a ban on sales and marketing activities undertaken during the smart meter installation visit.

In our opinion, prominent messages that there will be no sales and marketing activities during the installation visit will generate consumer confidence and help to elicit greater levels of engagement among consumers for the smart metering programme. As such, we think that advance notice of the installation visit should make clear that the visit will be concerned solely with replacing the meter rather than attempting to sell products and services. If there is even a suspicion that people may be subject to sales activity in their own home then many people may be reluctant to arrange an appointment, let alone engage fully with the smart meter, IHD and efforts to reduce consumption.

We are also unsure whether accredited meter installers would be sufficiently trained and competent to conduct sales and marketing activities. A visit by a 'team' from the energy supplier is not a viable option either – we would not wish to see householders greeted by numerous employees from their energy supplier since this would distress many customers, creating serious concerns about distraction burglary.

We do recognize, however, that the installation of a smart meter does provide opportunities to engage with consumers, particularly those who may not usually engage with matters relating to energy costs and energy efficiency. In this context, we consider that the installation visit should be viewed as the first step in an ongoing process, with follow-up contacts to check that the smart meter has been correctly installed, that the IHD is functioning and that the customer understands the display etc.

At the actual installation visit, we think that it would be acceptable for the installer to provide information about energy efficiency measures which might help to reduce the customer's energy bill, including details of any grants or schemes to which the consumer may be eligible. This should include information about where to turn for independent information and advice. If the customer wishes to proceed with the purchase of some energy efficient products or services then they could be directed to a website or phone number (which should ideally be free to call from both landline and mobile phones).

It *may* be acceptable for the supplier to ask the customer about energy efficiency products and services, as part of the follow-up contact with the customer to check that both the smart meter and IHD are functioning correctly. We think that this area requires further consideration but at this early stage we would posit that any sales activity conducted from follow-up contact should have to demonstrate that:

- customers were ineligible for any government grants or assistance (i.e. they could not obtain similar products / services for free or greatly reduced price);
- options for payment of such measures (e.g. via Green Deal) had been discussed;
- potential savings from the installation of such measures in the customer's home (based on their actual energy usage and, ideally, condition of their property) had been discussed;
- customers had been directed to independent sources of information and assistance (e.g. the Energy Saving Trust); and
- usual cooling-off periods and cancellation rights applied, and were highlighted to the customer.

Question 4: Do you agree with our proposed approach to ensuring that the IHD is not used to transmit unwelcome marketing messages?

We agree with Ofgem's proposal to prevent the IHD provided during rollout from being used to transmit marketing messages.

We strongly believe that permitting such messaging would detract from the IHD's principal function which is to provide information about a customer's energy usage and, in so doing, to prompt consideration of how they might reduce their consumption. In the same way that important information can be overlooked by consumers due to the volume of 'junk mail' and marketing campaigns they receive – either by post or e-mail - we think that allowing marketing messages to be delivered via the IHD would undermine the effectiveness of the IHD as the principal means of communication about a customer's energy usage.

Initial discussions over smart meters have rightly focused on making the IHD as accessible as possible. Part of this discussion has focused on defining the core information that needs to be displayed, and not overloading consumers with unnecessary or superfluous information. Allowing marketing messages to be displayed on the IHD would run counter to such efforts.

Question 5: Do you agree that consumers should be able to obtain consumption information free of charge at a useful level of detail and format? How could this be achieved in practice?

We agree that consumers should be able to obtain consumption information free of charge at a useful level of detail and format, in order to enable them to benefit as much as possible from smart metering. We are pleased to note that as a point of principle Ofgem regards the customer as 'owner' of their data and it will be up to them to control use of their data.

We are unsure of the circumstances under which Ofgem states that third parties will have a legitimate need to access a consumer's data. We would welcome clarification on what is envisaged in this regard but would anticipate that such access would also be subject to gaining the customer's consent.

We also agree that it would not be appropriate for consumers to rely solely on their supplier to gain access to their data, not least because one can easily imagine potential conflicts of interest, for example where a consumer wants the data in order to switch to a different supplier.

Question 6: Do you consider that existing protections in the licence are sufficient to ensure that consumers are not remotely switched to prepayment mode inappropriately?

We consider that the existing protections in the supply licence should be strengthened to ensure that consumers are not remotely switched to prepayment mode inappropriately. This is particularly the case where the supplier chooses to impose a prepayment meter on the customer to recover debt. In such circumstances we consider that a supplier **must** undertake a visit to the customer's property to ensure that it is safe and practicable to switch the meter to prepayment mode and also to check on any potential vulnerability within the customer's household. Even where information is held about the position of the meter, we still consider that a visit should be mandated in order to identify any concerns about consumer vulnerability. Such a visit would also provide a valuable opportunity to engage with the customer, to check that their circumstances had not changed and were reflected in the information held by the supplier, to explain the rationale for the switch to prepayment mode, and the options open to the customer to top up the meter. Critically, such contact would also provide the ability to check consumer understanding of this information.

We understand from discussion with suppliers that many of them intend to continue to carry out a visit to a customer's property prior to switching them to prepayment mode. This is to be welcomed. However, this issue is of such importance that we think that Ofgem should mandate this visit to ensure that all suppliers undertake such visits.

We recognize that the position is slightly more complicated in circumstances where customers request a switch to prepayment mode. We anticipate that switching to prepayment mode is likely to become more popular than at present, and expect that there may be many people who may wish to make this switch for whom the existing protections would be adequate - for example, someone who rents out their home over the summer may want to switch to prepayment mode.

However, we think that Ofgem needs to proceed cautiously in this area since it may not always be the case that someone who requests a switch to prepayment mode is very different to someone who has a switch to prepayment mode imposed upon them. Moreover, we are unsure how suppliers might record whether a switch to prepayment mode was imposed or requested. If there were to be very different processes in place – each with very different costs - depending on whether prepayment mode was imposed or requested, then we would have concerns that customers might be pressured into 'requesting' a meter, particularly if the alternative option consisted of some form of disconnection or unrealistic repayment arrangement. Experience in other areas shows that when customers are in a weak or vulnerable position they can be pressured into agreeing a course of action which is not necessarily in their best interests, such as can be the case for customers in debt who can agree to unsustainable levels of repayment in order to 'do the right thing' and placate their creditor.

A CAB in Hertfordshire reported that their client, a married woman whose income had reduced due to a reduction in her husband's earnings, came to the for help in negotiating

payment to her energy supplier. The client had outstanding arrears of £1,000 but her repayments had reduced this to £800. The supplier stated that they required a payment of £400 for gas and £200 for electricity up-front in order to avoid a prepayment meter being installed. The client offered to pay the supplier £133pcm for gas and £67pcm for electricity to include the outstanding arrears but this was turned down by the supplier.

A CAB in Hampshire reported a case in which their client, an unemployed single parent with 4 children (aged between 9 & 5), was paying far more than she could afford to her energy supplier. The client had accrued a number of debts when her partner left and had been struggling with repayments. One of these debts was with the client's energy supplier. The client uses a key meter for her electricity, but had stopped using the gas key meter nearly two years ago as the money she added was taken to pay off the outstanding debt without providing any gas. As a result, the client has been heating her house using a log fire in the lounge and the whole family had been forced to sleep in the lounge to keep warm. The client came to bureau for help because of the cold weather. She stated that she had repeatedly told her energy supplier that she is reliant on benefit income, but had been told that £20 per week must be paid towards both the electricity and gas debts via the key meter. Once the CAB adviser intervened, the supplier reduced the repayments to £3.25pw.

A CAB in London reported a case in which their client, who is single and in receipt of jobseeker's allowance, came for assistance because he had fallen into debt with his energy supplier. The client had first fallen behind with payments due to the severe winter and the fact that he had to rely on electric heaters as his property does not have central heating. The client owes approximately £650 to his energy company and made an offer to them to repay his arrears as well as his monthly usage at the rate of £40 per month. This was rejected by the supplier who advised him that they would only accept £175 monthly. The client stated that he would suffer financial hardship if he was to pay them back at this rate as his total monthly income is only £283.62 and he has other outgoings as well.

While we would not wish to create unnecessary or expensive barriers which curtail people's ability to switch to prepayment mode where this is clearly in their best interests, we consider that Ofgem needs to find a way to protect people who may seek to switch to prepayment mode as a response to desperate circumstances or unrealistic demands of repayment from energy suppliers.

Question 7: Could provision of an appropriate IHD help overcome meter accessibility issues to facilitate prepayment usage?

We agree that provision of an appropriate IHD might help to overcome issues relating to meter accessibility, facilitating prepayment usage. Use of the IHD might help in cases such as the following:

A CAB in the West Midlands reported a case in which their client's electricity supplier had recently moved his electricity meter that was situated inside his property and replaced it with a new prepayment meter located in an electricity cupboard outside of his property that he is unable to access. The door to the cupboard which houses the client's prepayment meter is locked and the client has to ask the concierge of his flats to open it every time he needs to access his meter. The concierge does not work 7 days per week so the client asked for a copy of the key so that he could top up his meter when he needed to do so and the concierge was not present, but this was refused by the Council.

However, we have a number of serious reservations about relying on an IHD where the meter is inaccessible. These relate largely to uncertainty around whether IHDs have been provided, whether they are in use and whether they are understood by the customer. As the consultation document notes, the supplier would need to be confident that the IHD was still functioning when they switched to PPM, for example by providing a third device which is fitted to the wall in an accessible place and capable of talking to the meter. In addition to this, we think that in such circumstances the supplier should ensure that the IHD can replicate the features offered by the meter. Finally, it would be incumbent on the supplier to demonstrate how to use the IHD to perform a number of functions to the consumer – this should ideally be conducted in a way chosen by the consumer (e.g. face to face, over the phone, via the internet).

We also have concerns over whether access to the meter will still be required in some circumstances – for example if the meter needs to be re-armed. If this is the case then provision of an IHD should not be deemed to be an acceptable alternative where there are difficulties accessing the meter.

Question 8: What notification should suppliers be required to provide before switching a customer to prepayment mode?

As we state above in our answer to Question 6, we would expect that visits to the customer's property prior to the switch to prepayment mode should continue to be made in many cases, particularly where a switch to prepayment is imposed by the supplier. Since the vast majority of PPM installations continue to be made to recover debt – and presumably are therefore done so at the behest of the supplier – we would fully expect such prior visits to continue to be made in most cases. In our opinion these visits provide the ideal opportunity to explain to the customer about how their meter works in prepayment mode (as well as picking up on any signs of vulnerability).

The need for visits to the customer's property is shown in many cases reported by bureaux about prepayment meters and client's ability to use and understand them:

A CAB in Suffolk reported a case in which their client, who lives alone, has a learning disability and suffers from depression, came for help about the amount that his prepayment meter was taking towards his arrears. The client reported that when he had made his first payment of £10 via his prepayment meter, the meter had taken £7 for arrears, leaving him with only £3 for usage. The energy supplier informed the CAB adviser that a standing charge of 14p a day would have been accruing since 8 July and the meter was programmed to take £15 per week towards the client's arrears. When it was explained that client is on a low income, the supplier agreed to reduce the debt recovery to £3.30pw. However, the CAB adviser was told that the meter is updated via computer messages from the supplier to the local shop outlet and the outlets have limited server capacity - busy outlets have a backlog of messages waiting to be downloaded and it may be that there would be a wait for the message changing the recovery to £3.30 to get through. In the meantime, the client was told that he should make payments of only £1 a day until he sees that the £3.30 per week message has come through. The bureau adviser tried to explain all this to client but he became quite distressed and said that he doesn't understand how to operate the meter or how to view these messages. The CAB adviser rang the supplier again, explained again that client is vulnerable and has mental health problems and asked if they could send someone out to explain how the meter works. The supplier's adviser eventually agreed to send the client a guidance booklet and said that if he still could not understand how to work the meter, then he or the bureau should ring back and they will send someone out.

A CAB in County Durham reported a case in which their client, who is single but whose children stay with him a couple of nights a week, was unable to sort out a problem with his prepayment meter. The client moved into his property and had difficulties obtaining a prepayment card from his supplier. When the card finally arrived the client's credit was eaten up by a debt from the previous tenant. The client then had to put further credit on the card but, once again, money to recover the previous tenant's debt was taken from the card. The client rang his supplier who asked that the client phone them from his home and go through the messages displayed on his prepayment meter with them. However, the client does not have a home phone and has had to sell his mobile phone. The supplier has stated that they require specific information from a variety of screens on the meter and will not issue another payment card until they have this information. As a result, the client was had no electricity.

Where a switch to prepayment is requested, it would seem sensible to provide information in a number of ways, for example written notification (including a booklet explaining key features, FAQs etc), via the IHD itself and via a 'courtesy call / e-mail' to check that no problems have been encountered. The variety of methods of providing information would be particularly useful in situations where the property owner requests the switch but it is someone else, such as the tenant, who has to actually use the meter in prepayment mode. In these circumstances, a supplier cannot assume that the letter of confirmation / welcome pack / booklet etc has been passed on so information clearly displayed on the IHD could draw attention to this and signpost where additional information could be found (e.g. website / telephone number free to call from landlines and mobiles).

Question 9: Do you believe that suppliers should be required to provide emergency credit and "friendly credit" periods to prepayment customers or whether, as now, this can be left to suppliers?

We think that it would be helpful if suppliers were required to provide both emergency credit and friendly credit periods to prepayment customers. Such facilities would represent a valuable lifeline for customers who may not be able to leave their home to top-up their meter, and who also may not have access to a bank account which would enable them to make payment over the phone or on the internet. In our opinion, the move to smart meters should bring about improvements for customers, and any features which are valued currently but not replicated in smart meters would potentially diminish people's willingness to have a smart meter, and their engagement with it.

We consider that this requirement should take the form of some minimum standards which suppliers would be able to exceed should they wish to do so. This would provide a degree of consistency about what a customer (and / or their adviser) might expect, but would not stop suppliers from developing more generous or innovative solutions.

Currently, bureaux report that the operation of emergency credit can prove to be extremely expensive for people on low incomes, with information about the costs associated with using such a facility not being clearly highlighted:

A CAB in Warwickshire reported a case in which their client had experienced problems with the emergency credit from her electricity meter. The client's meter offers 'emergency credit' of £5 in case the meter runs out during the night etc. The client usually manages to top up her meter either the next day or day after depending when her benefit income is paid. When she tops up her meter the £5 emergency credit is taken immediately (i.e she tops her meter up with £10 and £5 is taken to pay back the emergency credit leaving her with £5 of credit). However she has noticed that after using the emergency credit of £5 when she tops up by £10

she sometimes is only left with £1 or £2 of credit. The CAB adviser telephoned the client's energy supplier on her behalf and were advised that she is charged for using the emergency credit. The supplier advised that there are 2 rates of charges: the higher rate of 6.53p per unit; and the lower rate of 3.41p per unit. The higher rate applies to the first 2680 units, after which the lower rate is applied. The CAB adviser noted that this appears to be very unfair as the client has already paid back the 'emergency credit' as soon as she tops up, and applying further charges makes it more difficult for clients on low incomes to manage their finances.

Question 10: Do you consider that an obligation similar to Prepayment Meter Infrastructure Provision (PPMIP) may be required?

Although the introduction of smart meters should make it possible to top-up meters remotely by phone or internet, it must (not "should" as per the consultation document) remain possible for customers to top-up remotely by cash at a local shop. This is essential to ensure that those without access to bank accounts, mobile telephony or internet are not disadvantaged.

Provided that the ability to top-up at local shops, post offices etc is retained and there is no reduction in the coverage currently offered, we do not have a strong opinion about whether this should be provided by a PPMIP obligation or in some other way.

Question 11: Is the obligation which Ofgem is proposing to introduce on suppliers to take all reasonable steps to check whether the customer is vulnerable ahead of disconnection sufficient? If not, what else is needed?

We think that the ability to switch customers remotely to prepayment mode raises some fundamental questions about whether a supplier should ever need to disconnect a customer's supply, other than in cases involving health and safety concerns or suspected fraud. We would suggest that this merits further consideration.

Notwithstanding these wider points, in answer to the question posed, we consider that Ofgem should make it an explicit requirement on suppliers to make a site visit before disconnection. This is in keeping with our belief that suppliers should also be required to undertake a visit prior to switching a customer to prepayment.

Although smart meters will confer on suppliers the ability to disconnect customers remotely, we think that it is imperative that they are not able to undertake such remote disconnections prematurely and without being in full possession of all the facts about the specific case. Since people's circumstances change, and suppliers' data about their customers is widely acknowledged as being 'patchy' at best, we think that it is only right that suppliers are required to undertake a visit to the customer's property in order to ascertain information about the customer's circumstances and vulnerability.

We would imagine that most suppliers would wish to undertake such visits of their own volition in order to ensure the integrity of their actions. However, we do not think that this is an area where there is merit in relying solely on the good practice of suppliers since this is subject to sudden change. Mandating such a measure provides customers and their advisers with a strong degree of reassurance that they will not be disconnected remotely, that errors and mistakes will not be tolerated, and that Ofgem is determined to ensure good practice in the smart meter programme.

Question 12: What notification should suppliers be required to provide before disconnecting a customer?

As we state above in our answer to Question 11, we consider that it should remain a requirement for a supplier to make a visit to the customer's premises before disconnecting them. This visit would provide a way to inform the customer that they were going to be disconnected, and information should be left with the customer about (i) what is going to happen; (ii) what they can do to challenge this disconnection; (iii) what they need to do to get their supply re-connected; (iv) other options, such as switching to prepayment mode.

This should also be supplemented with information provided in other formats. Clearly, provision of messages via the IHD may not be feasible if it runs from mains power, therefore suppliers should provide clear information by letter and text message (or other alternative methods).

Question 13: Do you have any views on the acceptability of new approaches to partial disconnection and how they might be used as an incentive to pay bills?

We agree with Ofgem that further research and work is required in order to fully explore some of the issues raised by the ability of suppliers to partially disconnect or load limit. These capabilities are new and untested, and consumers will be unfamiliar with their use, so we consider that it will be important to proceed cautiously in this area. Given this, we think that it is only right that Ofgem should, at least initially, apply the same protections to partial disconnection as currently apply to 'full' disconnection.

In the context of any discussions about partial disconnection, we think that it is essential that discussions focus not only on how such proposals compare to the current situation or represent 'improvements' on current practices, but also to think more widely about how the new technology can improve offerings to consumers.

Question 14: Do you agree with our approach for addressing issues related to remote disconnection and switching to prepayment?

Question 15: Have we identified the full range of consumer protection issues associated with the capability to conduct remote disconnection or switching from credit to prepayment terms? If not, please identify any additional such issues.

We consider that Ofgem has identified the main consumer protection issues associated with the capability to conduct remote disconnection and remote switching to prepayment terms. See our answers above which give further details of where we think Ofgem should go further to ensure the protection of consumers in a smart meter environment.

Question 16: What information, advice and support might be provided for vulnerable consumers (e.g. a dedicated help scheme)? Who should it be provided to?

Throughout the various consultation documents there is a frank acknowledgement that the success of the smart meter programme depends upon consumer engagement. While this is to be welcomed, it is important that such sentiments are translated into real and meaningful actions which foster greater engagement among customers, particularly those who may be skeptical of the benefits of smart meters.

We consider that local co-ordination involving local charities, consumer groups etc will be vital in encouraging and fostering engagement among consumers. But such organizations will need to be convinced of the benefits that will accrue to consumers if they are to become strong advocates for

smart meters. The move to smart meters should therefore not involve any diminution in the level of consumer protection, services or capabilities offered under the current metering arrangements.

Moreover, there is a real need for Ofgem and the industry to understand that local charities and consumer groups etc already have a large number of competing demands placed upon them. Should the smart meter programme add to this without providing adequate training and resource, there is the real risk that engagement may not be as strong as it should be.

Citizens Advice has been actively involved in the digital television switchover process, and clearly there is learning to be drawn on from that process to inform the smart meter rollout. Of particular resonance should be the way in which digital switchover has sought to engage with consumer groups and vulnerable consumers.

We are unsure whether there is a need for a dedicated help scheme such as the one which was created as part of the digital switchover. Partly this is due to the fact that the digital switchover scheme is about home visits to install (free or reduced price) digital set top boxes for certain vulnerable consumers, whereas under the smart meter programme these visits will occur as a matter of course for every household.

For the smart meter programme to be successful we think that it is essential that consumers are provided with information, advice and support to help consumers understand their smart meter (and IHD) and to make the most of them. While it may be that certain groups of consumers may require more assistance than others we do not think that it is possible, nor helpful, to seek to define which groups might be more, or less, likely to require information, advice and assistance. Rather, we think it is in both suppliers' and Government's interests to ensure that everyone should be supplied with information and advice in an accessible and easily understandable format and that anyone who may require additional assistance should be able to request it.

Question 17: Do you have any comments on our proposals to prevent upfront charging for the basic model of smart meters and IHDs?

Citizens Advice agrees that the imposition of an upfront charge would have negative repercussions for the rollout of smart meters since such a cost would deter some customers from agreeing to have such a meter. Charging a one-off fee would also mean that some low income consumers might struggle to afford the charge.

The alternative – recouping the cost via customers' bills on an ongoing basis – can rightly be regarded as more opaque. However, we do think that Ofgem should investigate other variations on this approach, and whether these might offer more equitable methods of meeting costs. For example, the feasibility and attractiveness of attributing the costs of smart meters via energy bills could be looked at but rather than being charged a set amount per household, this figure could be calculated as a percentage of the customer's bill. In this way, those with larger energy bills, who might generally be assumed to be in larger houses and / or better off, would pay more.