



# **Smart Metering Prospectus**

## **Consumer Protection**

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**Q1. 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?**

- We do not believe in restricting consumer choice or placing limits on their ability to save money by moving to a better tariff
- For the foreseeable future, there will always be a standard tariff for receipt of bill payment
- We believe that Ofgem's Overarching Standards provide protection and guidance with respect to tariff confusion

Consumer engagement – Enhanced consumer engagement and understanding of energy consumption, costs, and tariffs, is a key objective of the smart metering programme and a key element of the benefits case.

New products - The design of any new products needs to be clearly and simply defined to consumers, especially those who are vulnerable or have communications challenges.

Multi-rate tariffs – Economy 7 is very well known and provides a very good example to consumers of a two rate tariff. Three rate tariffs such as Economy 10 are also well known and hence more than three registers is a natural extension of a tariff structure that is well understood by most. Whilst our smart metering trials did indeed reveal some initial confusion relating to three and four rate tariffs, we found that once customers understood the offering they embraced it and were able to use appliances such as washing machines and dishwashers during the cheapest periods.

Complex tariffs – Over the next decade, we envisage the development of increasing consumer choice in tariffs that suit consumers' needs and capabilities. For example, some may wish to be supplied on tariffs that have indexation or other dynamic relationship to factors such as wholesale prices. Some consumers will wish to have this indexation applied to the different registers (day, night, peak, etc.).

Consumer understanding – Consumers could reduce their bills by choosing the right tariff and adjusting their consumption accordingly. Some consumers will benefit from information beyond that provided by suppliers, whether this is for an independent view, or because personal contacts have the best view of the capabilities of the consumer. In this regard not only do consumer advocates and advice agencies have a substantial role to play, the personal network of the consumers will also be very helpful.

Complaints – It is worth noting that tariff confusion can lead to complaints, disputes, and late payment. Suppliers are strongly incentivised to reduce these.

Trial period and tariff switching – As well as changing supplier, consumers can change tariff whilst remaining with their supplier. They can change towards a more innovative tariff with the expectation of saving money, but if they find that the inconvenience of or inability to engage in demand management outweighs the cost saving, then they can change back to a standard tariff. Consumer experimentation with different tariffs could be conducted with little fear of large bills that may catch up with them after several months.

Time of use – Certain industry changes are required to support the suppliers' ability to offer smarter tariffs. In particular, suppliers will need the half hourly meter data in electricity and



daily data in gas, not only to support industry settlement, but to analyse for the purpose of setting up new tariffs that may be beneficial to customers. Clearly, suppliers will observe the Data Protection Act at all times. It is important to note that whilst widespread access to time of use tariffs is very important for individual consumers and energy policy, actual provision and use will grow slowly in the first few years. It is important to design a system that does not build in excessive cost now, but which can contend with increasing volumes over time. So, the regulation needs to be fit for purpose to allow the development of these tariffs, which in turn require supplier access to information about the energy that they supply. Time of use tariffs require a more sophisticated use of energy (indeed their purpose is to engender this sophistication). We believe that Ofgem's overarching standards of conduct are fully fit for purpose to prevent the inappropriate provision of such tariffs to consumers who are at risk of disbenefit from them. It is important to note that time of use tariffs should enable all consumers to reduce their bills, whether they choose to install home automation, or simply to turn devices such as washing machines on at different times. However, it is worth noting that the water industry uses 15% of electricity overnight to pump waste water round the network. The impact to the water network and the electricity network of everyone suddenly using washing machines etc at night will have to be carefully balanced. The solution here is to provide the information and education, rather than to restrict the product range.

Consumer protection – Consumers benefit from considerable protection, beginning with the Energy Ombudsman for disputes, and ending with a number of statutes and regulations for redress.

**Q2. Do you agree with our proposed approach for addressing unwelcome sales activities during visits for meter installation?**

- Yes, broadly

General approach – This is a difficult subject, and the guidance, codes and regulations will need to be drawn very carefully. The beginning of the smart metering programme is about consumer engagement. For the fitting of smart meter/s to be presented solely as a replacement of meter equipment would represent a waste of a key opportunity to stimulate engagement. At the same time, the consumer has let someone into their home, and there must not be the slightest concern about this on the part of the consumer.

Clarity – We believe that the consumer, suppliers, agencies and advocates, should be clear and consistent about the rules of engagement. In its current version, we support the Code of Practice produced by the Energy Retail Association.

Customer charters and codes of practice – We support an industry-wide code of practice.

Signing contracts at the visit - We do not support this because complete clarity of the purpose of the visit is required at this stage. It may be that “leave behind” product literature provides both an appropriate stimulus for thinking about energy management and efficiency, and this can be done in the customer's own time.

Opt-in and opt-out – There are a number of points in the process where opt-in or opt-out of information/sales provision could be effected; for example: in the initial contact made for the purpose of making an appointment; the confirmation of the appointment; the dialogue with the engineer before they enter the home; before or after the installation; when the engineer has returned to the doorstep; and in follow up contact. We do note that the greater the



configuration allowed (in or out of cross sell, upsell, energy services etc.) the greater the cost and exposure to failures in the process.

Cross sell of fuels – We believe that any solicitation to the consumer of the benefits of switching supplier, of either fuel, should not be undertaken inside the home by an engineer.

Up sell of tariff – We believe that it is appropriate for an engineer to note that there may be benefits of switching tariffs for the benefits of demand management, but that it is not appropriate to engage in any conversation that may result in tariff switch in relation to payment types. This is not the primary training of the engineer. We believe that it is appropriate to explain the function of prepay and credit and note the capability to switch between them, if it exists.

Sales of energy services – We believe that the installation of a smart meter is an essential opportunity to make the consumer aware of energy efficiency and demand side management. We therefore believe that it is appropriate for the engineer to leave behind literature, which may contain contact details, and that this should be done at the doorstep on exit, following installation.

Contracting at the visit – We believe that there should be no contracting of any form at the visit, nor exchange of payment.

On-selling from non-meter activities undertaken – If in addition to the installation of metering equipment the engineer undertakes another activity such as a survey, other installation, or repair, we believe it to be appropriate to leave behind relevant literature at the doorstep on exit. In the early stages at least, we believe that the visit should focus solely on smart meter installation.

Pre-visit and follow-up – We believe that contact with the consumer both prior to and after the visit is appropriate, and that it is appropriate to offer any tariff or service that may be of benefit to the consumer.

### **Q3. What do you consider as acceptable and unacceptable uses of the installation visit and why?**

- The key purpose of the visit is to complete the installation of as much equipment as possible, so that the number of entries into the customer's home is minimised
- We believe that other pre-arranged activity such as survey, maintenance, repair, or non meter installation, should not be precluded
- We believe that it is appropriate to install the meter in prepay mode if this is agreed in advance with the customer or where the customer is already using a prepayment meter
- The visit will expose problems with existing installations and suppliers will need to work through the best approaches for these
- Where there is the apparent potential for the exchange to be inappropriate for reasons of vulnerability.
- We believe it is acceptable to use installation visit as an opportunity to update the Priority Service Register

Overarching principle – We believe that the ideal is for there to be a single visit to install the smart metering system (including both gas and electricity meters where appropriate) during which all components are fully commissioned.



Purpose of visit - We consider that the primary use of the visit is the following: i ) installation of the Smart metering system including WAN module; ii) commissioning of the communications equipment to ensure that a signal is available and connection to the Communications Service Provider (DCC once live); iii) provision, communications pairing, and clear customer education (including the provision of written user information on the new equipment) of the IHD; iv) demonstration and explanation of the IHD; v) explanation of the PPM functionality (where applicable).

Safety check – We believe that the safety checks should be as they are at present for traditional meter exchanges. These are covered now under the Meter Asset Management Code of Practice (MAMCOP) and the Meter Operation Code of Practice Agreement (MOCOPA).

Existing problems – The engineers conduct certain safety tests as part of meter exchanges. These commonly expose existing issues, for example relating to boilers, or meter location. These issues sometimes are related to safety. It is worth noting that since credit meters have relatively low functionality and require no physical contact by the consumer, there remain configurations that do not follow the current rules and industry arrangements. For example the meter fuse, that determines the service termination of the distribution system, may be too far into the premise to be appropriate for the distribution company to manage. In addition to this, issues arise where an appropriate location for a credit meter is inappropriate for a smart meter, or when consumer changes to the furniture or building fabric have rendered the meter inaccessible for replacement, or the location inappropriate. Suppliers are entitled to charge for activities beyond a standard replacement and we recognise that it is a matter of judgement whether or how much to charge (not exceeding cost). To take two extreme cases: we would expect the consumer to pay if they have rendered a meter inaccessible, and the supplier to pay if the meter tails are non standard.

Code of Practice - In its current version, we support the Code of Practice produced by the Energy Retail Association.

Acceptable and valuable activities at the visit – We believe that a common code of practice is beneficial, and that it is very likely to develop to incorporate the collective learning in the early stages of rollout. For example, if a boiler is to be condemned, then it would be extremely unhelpful to provide no information whatsoever, but wholly inappropriate to initiate the sale of a new boiler. Experience will determine the best policy here. Similarly, experience will inform the best policy on providing information about energy efficiency, the status of the home, levels of consumption, and kinds of tariff.

**Q4. Do you agree with our proposed approach to ensuring that the IHD is not used to transmit unwelcome marketing messages.**

- No, broadly

Experience to date - Sending messages to customers via the IHD on the trials has had mixed results, with many customers ignoring the messages. We believe that trial and adaptation is the best way to serve customers, and that regulation here is not appropriate. Suppliers are clearly incentivised to stimulate their consumers to engage, and this engagement would be reduced by inappropriate marketing.



General principles – Consumers purchase services primarily for the purpose of benefiting themselves. Their search costs are reduced by the proactive marketing efforts of service providers. The provision of misinformation is covered by existing consumer protection legislation, and the provision of information to the consumer is not a matter of policy. Clearly, the use of marketing information should not crowd out information about consumption, but beyond that, the right balance will be found between the consumer and the supplier. For example the supplier will not engage in marketing that is ineffective, and consumers will complain if the marketing information is distracting or otherwise unwelcome or misleading.

The competitive market – If customers have negative experiences from their suppliers, such as unwelcome marketing messages, then they will be stimulated to switch supplier.

The purpose of the IHD – The mandation on suppliers to offer an IHD is for a reason: this is consumer engagement. Consumer engagement is a matter of competition, and suppliers who can engage consumers most effectively will prevail. The IHD will become the predominant channel for engagement of consumers by suppliers.

Configuration – If there is consumer desire to configure the IHD to have a particular combination of information, such as no marketing messages, then suppliers will respond to this. It may be possible to configure the information going through the DCC to preclude certain messages. However, the minimum specification of the IHD in the Prospectus does not include this functionality. Nor has it been discussed as a preference to be held in the DCC. Any increase in bespoke configuration increases cost, and so the appropriate point of configuration, and the quantified merit of it, should carefully be considered.

Search costs – The search cost is the cost, in time and money, that is incurred by a consumer in investigating their choices. The choices may be to change product or supplier, or more complex choices such as a tariff that rewards consuming at different times. The IHD greatly decreases the cost and inconvenience of accessing the potential services of the supplier. This is an important benefit.

Third party messages – It may be that the reduction in consumer search costs can be reduced further by the provision by suppliers of some third party information.

Sustainability - Sending messages via IHD is a low carbon and low waste way of sending marketing messages.

Wider use – The IHD has the potential to receive information that is relevant to consumers: for example, regarding rota disconnections should there be an energy shortage. If suppliers have invested in the capability to have bespoke messaging for marketing purposes, then this facility would be available for other purposes.

Service – It may be that suppliers use the IHD for the provision of service information. It would in practice be hard to differentiate a service message that is constructed well enough to be engaging, from one that contains marketing.

**Q5. 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?**

- Yes, although we note that “free” really means “bundled”, as all costs on suppliers ultimately find their way to consumers





- We believe that HAN security is a significant issue

Retrieval and presentation. Customers should be able to obtain consumption data at a useful level of detail and in the most appropriate format. We suggest that this data be made available via the HAN interface, which the Prospectus sets out as being available for customers to pair devices to.

The storage of high resolution information – Whilst the DCC will have the capability to transmit information of high temporal resolution (at least half hourly for electricity and daily for gas) the optimal storage of this information remains under consideration. It could be stored in any or all of the IHD, meter, DCC, or supplier systems, as well as other possible places such as consumer owned equipment, the internet cloud, distribution systems or external agencies.

Cost – Broadly speaking, we expect the decarbonisation of electricity. Some low carbon sources face particular challenges in the form of imperfect predictability and lack of user control of primary energy (e.g. wind), or of relative inflexibility (e.g. nuclear). To use effectively this form of primary energy will require flexibility in demand. We expect active demand side management with consumers being able to act as small energy complexes. Consumers will naturally expect their supplier to be able to provide products that are tailored to their consumption, and suppliers will thence need to be able to have energy settlement cost structures at the appropriate resolution. This then requires the development of data to be through the DCC, rather than being blocked at the consumer side of the DCC, at the meter. It would be costly if suppliers developed solutions that accessed data at the meter, IHD or other item at the consumer end of the DCC, at the expense of solutions in which carriage, storage and processing happened through the DCC at a later date.

Security – It is our belief that security, especially the protection of the consumer from crime, is of paramount importance. Different data solutions have different degrees of security. The HAN is particularly exposed.

One way possibilities – Read-only devices could improve security, albeit with potential loss of functionality. To take an extreme example, holding half hourly data only on a read-only IHD would provide high security, but the lack of high resolution data carriage through the DCC or to personal consumer equipment would have severe limitations on functionality. Since the meter talks two-way to the DCC then any interaction with the meter has security issues.

Personal access to the IHD – This may be an effective way to have one-way flow of data that is useful to the consumer. Either all possible data must be sent and then stored at the IHD (or other device downstream of the meter), or the IHD would need to send requests to the meter, and therefore have two-way data flow. The minimum specification IHD will have very limited memory. It is likely to be “paired” to the meter and depend very much on what is sent to it by the meter.

Third party access – If the consumer wished to authorise third party access to their data, then a number of problems would need to be worked through. For example, given that one way communication may be required (to avoid a very expensive security solution), then the low ability to configure the data, or request more via the DCC, would require high data storage in the IHD. This would add expense and raise privacy issues. The minimum specification IHD will not have high data storage or the ability to configure.

Delay – Adding a delay between the request for information and its receipt reduces the security risk associated with data carriage. For example, non-domestic customers with Automated Meter Reading (AMR) technology installed are provided with access to their



consumption on a day after basis, meaning that the previous day's consumption is displayed on internet based software each day. Customers can then choose to use and manipulate this data and identify areas where saving can be made. Our experience in the smart meter trials was that customers found a 'day after' approach acceptable.

Complex data – We do believe that the DCC design should allow the development of data flow to support smart grids. These data could be at high resolution (one second or less), and be of other forms than the integration of active power flow over a time interval (voltage, harmonics, reactive power etc.). We do believe that if the networks feel a need for smart grid data to develop communication routes outside the DCC, then this would be a disappointment.

**Q6. Do you consider that existing protections in the licence are sufficient to ensure that consumers are not remotely switched to prepayment mode inappropriately?**

- Yes

The benefits of switching between PPM and credit - the ability of consumer and supplier to engage with the meter without requiring physical access, is a vital benefit of smart metering. One example of remote functionality is the ability to switch from credit to prepay *and from prepay to credit*.

Most beneficial customer contact - We believe that the most effective dialogue for a consumer is with our customer facing staff, more than with engineers whose primary training is in physical installation. This enables the most effective, compliant and sensitive capture, recording and utilisation of potentially sensitive personal information, for the purpose of helping the customer manage their energy consumption and costs. Through our contact centre we can discuss customer needs and provide them with information about tariffs, eligibility for free or subsidised measures or tariffs/rebates, sources of further information such as social security benefits or the use of Fuel Direct for debt repayment, and discussion about their current circumstance.

Relevant codes - There are currently no licence requirements protecting customers specifically in relation to remote switching but there are licence conditions regarding the offering of different ways to pay, and regarding debt repayment and the ability to repay debt at a given rate. We believe that there is no need for any new conditions added to either the Supply Licences or new Smart Energy Code. Any guidance or rules should be placed into the Smart Code of Practice and Customer Charter. We have no objection to the mandate in the Smart Energy Code of access to a Smart Code of Practice.

**Q7. Could provision of an appropriate IHD help overcome meter accessibility issues to facilitate prepayment usage?**

- Yes

Visibility - The provision of an IHD will provide the consumer with a useful real-time view of consumption, demand, remaining balance and credit status (normal or emergency) and as it is remote from the meter, it can be placed in a much more prominent and user friendly position within the household - in the kitchen or living room for example. This will undoubtedly help many customers overcome accessibility issues they face especially for





customers in flats or where the meter is located in an inaccessible position, maybe under the stairs, in the cellar or even outside.

IHD top up – If the security issues can be solved, especially relating to two way communications with the IHD, then it may be possible to top up directly by the IHD. The IHD could be configured to allow top up directly therefore overcoming any issues arising from the position of the meter itself. There are considerable consumer benefits to this as demonstrated by our trials.

Trials – We have conducted trials in which the consumer could top up directly at the IHD.

The role of the meter – The role of the meter and the DCC in the carriage and storage of top up instructions remains under review. It would certainly be possible for the DCC to transmit payment instructions.

It seems likely that many customers will continue to use prepayment in a similar manner to now, where they visit a shop. One way to do this would be for a remote top up transaction to be sent directly from the shop to the meter and/or IHD at home via the DCC. If there is a failure of the WAN or HAN communications networks, the receipt given to the customer will contain a unique vend code that could be typed into either the IHD or meter displays thus ensuring continuation of supply. These solutions require IT and/or infrastructure development with the national service providers of prepayment terminals and of the prepayment infrastructure providers.

**Q8. What notification should suppliers be required to provide before switching a customer to prepayment mode?**

- All of the current notifications and more. The IHD could provide the opportunity to act as a key medium here, but there are technical, privacy, and security considerations to work through.

Consumer choice – Whilst fitting a PPM is a common way to manage debt, not all consumers that choose to switch to prepayment mode are in financial trouble or in debt. Many find it a convenient way to budget and control their outgoings and consumption. There should be no impediment placed to a voluntary switch to PPM.

Current pathway - Currently a supplier must give 28 days for a customer to pay, including working 7 days' notice of the intention to fit a prepayment meter supply. We do not believe that this needs to change. Currently we engage in considerable physical activity (calls, letters, visits), but with diminishing returns. We believe that the IHD will present: i) far greater access to the customer; and ii) greater opportunity for controlled and tailored messages.

The need for a visit before switching the meter to PPM - Smart metering reduces the need to enter the homes of consumers. This is a social benefit (as it decreases costs) and an individual benefit (as it reduces the pretext for distraction burglaries, enables customer contact to be with a contact centre that has the best information and training for identifying potential or actual vulnerability, and avoids the need for home entry that consumers tend to prefer to avoid). At the same time, we recognise that for some consumers and some situations, a home visit would be required as part of the process of switching the meter to PPM mode. For example, where the consumer is potentially vulnerable, they may need advice on how to top up the credit that will be applied to the meter. In addition, for most PPM



configurations, it may be necessary to confirm that there is an IHD, that it receives a signal and is operating effectively.

**Q9. 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 do not support prescription of friendly credit

Npower’s practices – we currently operate friendly credit at night times, bank holidays, and on meter exchange. Therefore such a regulation would be unlikely to affect us in principle, but the details of regulation may be drawn differently to our operation, and this could have negative customer impact.

Innovation and customer service – We believe that suppliers respond first and foremost to the needs of their customers, and will develop solutions to support their customers. Prescription will reduce supplier flexibility to serve their customers best, and may have a negative effect on product innovation.

Technology – We do not believe that it is technologically difficult to configure friendly credit on smart meters and therefore believe that regulation would ensure a standardised approach.

New payment channels - Customers will be able to top up via new channels such as telephone or internet. This reduces the need for friendly credit, but not all customers have access to these channels.

**Q10. Do you consider that an obligation similar to Prepayment Meter Infrastructure Provision (PPMIP) may be required?**

- Yes, for the moment

Excluded consumers – Some consumers: i) have no bank account; ii) are not “online”; iii) have no telephone. Therefore the PPMIP and the network of National Service Providers (NSPs), are practical and socially beneficial. However, other consumers cannot easily travel to a retail outlet with a prepayment machine. We believe generally that the three noted aspects of social exclusion will reduce and there will come a point where the maintenance is no longer optimal for total welfare.

PPMIP mandation – The licence requirements on suppliers to offer PPMIP when they have PPMIP for themselves, is becoming redundant. Therefore only the DCC could realistically be mandated and we believe that PPMIP may extend beyond its core function.

NSP provision – Whilst PPMIP can be mandated, NSP provision cannot. Whilst it is likely that NSPs will continue, as they are used for many payments other than energy, this cannot be assured. Therefore we believe that the industry should drive towards remote solutions. We recognise that the PPM system has worked well for many customers and that many customers may initially find the transition from physical devices (tokens, keys and cards) difficult. We do expect suppliers to provide information that will help consumers to move towards new PPM solutions. For example if a consumer has no bank account, access to the internet, or phone top up capability, then they can pay at the NSP. If there is no signal from



NSP/PPMIP to the meter/IHD then the customer could enter a payment code to the IHD/WAN.

**Q11. 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?**

- The regulations are sufficient
- We observe the Energy Retail Association Safety Net

Definition of vulnerable – The licence definitions cover: i) consumers in premises where there is no one over 17 and not of pensionable age; ii) disabled; and iii) chronically sick. The licence conditions make no reference to those who live in rural areas or who may be vulnerable in other respects. We go further than licence requirements, observing the Energy Retail Association (ERA) Safety Net and never knowingly disconnect a customer if, for reasons of age, health, disability or severe financial insecurity, they are unable to safeguard their personal welfare or the personal welfare of other members of the household. We believe that self regulation and case by case characterisation that is not overly rule bound is the best approach. The ERA has a debt policy group with which members meet regularly to develop best practice in helping vulnerable customers and liaise with consumer groups such as Consumer Focus and Citizens Advice.

**Q12. What notification should suppliers be required to provide before disconnecting a customer?**

- Remote prepay should almost eliminate the need for disconnection
- Electricity trickle flow may further help (see Q13)
- Safety considerations should always be paramount, especially for gas
- Tampering should be dealt with

The key consideration here is that the customer fully understands: i) the process on the pathway to switching to PPM to recover debt; ii) how the PPM works.

**Q13. 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?**

- Addition of threshold limit capability on electricity meters has considerable benefits in debt and consumption management
- The cost benefit analysis for load limiting in electricity meters has not concluded
- Load limitation is currently not suitable for gas
- There are methods of partial disconnection, such as certain times and days

Threshold management capability – Terminology is important. For example pay-as-you-go has widespread acceptance in mobile telephony and yet prepayment in energy continues to receive pejorative association in the media. In this case, the ability of a meter to manage thresholds in different ways should be viewed more positively than “partial disconnection”. At this point, the industry is reviewing the technical possibilities at the meter and some options will be more expensive than others. In general, we believe that threshold management at the meter is potentially very beneficial to consumers. In effect it could act as a more



sophisticated prepayment. This should enable consumers to better manage their energy, energy costs, and energy debt.

Accompanying technology – Whilst it may be technically possible for a supply meter to direct the household consumer unit to apply limits to different circuits at different times (e.g. reduce all other loads before lights), this is unlikely to be cost effective to retrofit. Going forward, we do expect substantial development in device management, and selective action on different circuits seems likely. We note that this does not necessarily need the supply meter and could be done purely downstream of the meter, provided that the meter could send appropriate signals.

Incentive to pay – Prepayment / Pay-as-you-go is popular with many consumers because it makes a real connection between energy management and short term budgeting. PPM should not be associated with incentive to pay, but more as a tool to manage energy and money. It is true to say that the application of a debt to a PPM does create an incentive to pay; the application of a weekly debt recovery at a level that the consumer is able to pay, does encourage a particularly careful management of energy and money until the debt is cleared.

The effect of applying load thresholds – The application of a load threshold to the meter (whether it be kW, kWh over a day, or more complex) has the effect of managing down the cost of energy and thereby facilitates the early payment of debt. The clearing of debt is to the benefit of the consumer.

Complex thresholds – The capital and operating costs of the various configurations for load thresholds are still being worked through. It should be noted that different configurations will have different requirements in suppliers' IT systems.

**Q14. Do you agree with our approach for addressing issues related to remote disconnection and switching to prepayment?**

- Yes, broadly

Broader use of remote switching - The ability to access the meter remotely goes beyond saving on costs (and therefore bills). Smart metering brings a consistency of the view of the cost of consumption between consumer and supplier. If the technical ability and thence infrastructure and processes, are developed to effect remote switching for the purposes of account management, this same capability can be used for other purposes such as safety, diagnostics, more sophisticated management of active energy flow and other electrical elements (volts, reactive power, short term peak limiting etc.), which are to the benefit of individual consumers and consumers at large.

Contact centres are the best place for consumer dialogue - As noted in Q6, we believe that the most effective dialogue for a consumer is with our customer facing staff, more than with engineers whose primary training is in physical installation. This enables the most effective, compliant and sensitive capture, recording and utilisation of potentially sensitive personal information, for the purpose of helping the customer manage their energy consumption and costs. Through our contact centre we can discuss customer needs and provide them with information about tariffs, eligibility for free or subsidised measures or tariffs/rebates, sources of further information such as social security benefits or the use of Fuel Direct for debt repayment, and discussion about their current circumstance.



Reconnection – The infrastructure that enables remote disconnection enables reconnection. This is a material benefit to consumers, as they can be reconnected within a short period of agreeing payment with the supplier.

**Q15. 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.**

- Yes, on the credit to PPM switch

Consumer protection issues from not having the capability to switch between PPM and credit – Currently suppliers cannot switch from PPM to credit without a physical visit. Under smart this switch will be able to be effected remotely, to the considerable benefit of the consumer.

Change in consumer protection capability in smart - We recognise and understand the need for protection for consumers during remote disconnection or switching to prepayment mode. Currently business process and technical constraints mean that a home visit is required physically to switch a meter from credit to prepayment. The final capture of consumer information in order to protect them is then undertaken at the doorstep by an engineer for whom this is not their primary skill.

Cost – The supplier costs per consumer of the late stages of the debt pathway are very high (millions of pounds per year). The cost of obtaining a court warrant and of the physical exchange from credit to PPM is particularly high. These costs eventually find their way to the consumer base as a whole.

Debt management – The current debt pathway takes a long time because there are so many steps and repeat actions. During this time, the consumer commonly builds up further debt, to their ultimate detriment. The ability to remotely change meter mode has the benefit of ensuring that customers do not build up levels of debt that they are unable to manage.

Trials - Our prepayment smart trial has a minimum debt collection set but customers can override this to be a higher amount if they so choose; however, they cannot set it to lower than the minimum set amount. It may be that this functionality could be provided at larger scale.

**Q16. What information, advice and support might be provided for vulnerable consumers (e.g. a dedicated help scheme)? Who should it be provided to?**

- We believe that smart meters will help vulnerable consumers considerably

A dedicated help scheme – This seems possible although its cost and overlap with other services should be considered.

Home Heat Helpline – The Home Heat Helpline launched by the Energy Retail Association in 2005 is a free, not for profit phone line set up to help British energy customers who are struggling to pay their fuel bills and keep warm. It has become a cornerstone service for low-income households in urgent need of heating help and advice. The HHH also provides information on the grants, benefits and payment schemes that consumers may be entitled to as well as basic steps that can be taken to save money on heating bills by making homes



more energy efficient. It can also put the call straight through to the energy supplier's specialist team, or another advice or grant giving agency.

The Extra Help Unit of Consumer Focus - This was set up specifically to help with consumers at risk of losing supply. We believe that this is a useful service and that continuity should be maintained. Noting the reallocation of Consumers, Estate Agents and Redress Act responsibilities under the Comprehensive Spending Review, we believe that the Citizens' Advice Bureau is a potential home for this function.

Advice on smart metering – We do recognise that smart meters may be confusing for some consumers. We have noted the lessons learned and general success of the Digital Switchover campaign (which was well funded over several years). We do not believe that a dedicated service should be set up. Suppliers should be in the front line, and supported by agencies such as the CAB.

Social services – Our experience to date is that Social Services appears to be too stretched to help consumers who are beyond the reach of energy suppliers; for example, in situations where the supplier cannot be sure that consumers will use energy safely, or no one can help them understand how to manage their energy costs, bills and / or prepayment meter. This remains a significant concern for us.

**Q17. Do you have any comments on our proposals to prevent upfront charging for the basic model of smart meters and IHDs?**

- No
- We agree that the provision of the meter and the IHD, to the regulatory specification, should be “free” (i.e. bundled in the supplier's cost base).

Incentive – we anticipate challenges in engaging consumers to exchange credit meters to smart meters. An incremental charge would slow down the programme by years.

IHD's - We support the approach taken on IHDs, i.e. provided free and optionally to the consumer, with the right of the consumer to take up (for free) within a year. We believe that if a consumer refuses the IHD at installation, suppliers will provide one by post if the consumer changes their mind within a 12 month period.

