

Welsh Assembly Government comments on DECC smart meter prospectus consultation

Main Prospectus document

Question 1: Do you have any comments on the proposed minimum functional requirements and arrangements for provision of the in-home display device?

We agree with the proposed minimum functional requirements.

Question 2: Do you have any comments on our overall approach to data privacy?

Existing legislation on data protection should be reviewed to ensure it is fit for purpose in respect of the smart meter rollout. We understand that Consumer Focus is developing model terms and conditions for data privacy and use for smart meters which could be useful.

Question 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)?

We agree that it is important that customers should have positive experience of smart meter rollout. It is also important that the opportunities provided by the rollout to identify households suitable for energy improvements and/or alternative tariffs are realised.

We welcome the proposal to develop Code of Practice in consultation with suppliers, consumer groups and advice agencies so these opportunities can be realised where customers are willing to accept advice. We believe that customers should be given the opportunity to take independent advice (i.e. from someone other than a supplier).

Question 4: Have we identified the full range of consumer protection issues related to remote disconnection and switching to prepayment?

We believe there needs to be a systematic review of all consumer protections, especially those for low income and vulnerable consumers. One of the reasons for this is to ensure that there are sufficient safeguards against inappropriate remote disconnection. We are particularly concerned that safeguards should be in place to ensure that the vulnerable customers are not disconnected once a home visit is no longer necessary to carry out a disconnection.

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

Sufficient protections should be in place so that the inclusion of a gas valve within smart meters does not lead to disconnection of vulnerable gas customers.

Question 13: Do you agree with the proposal for a Smart Energy Code to govern the operation of smart metering?

We welcome the development of the Smart Energy Code.

Question 14: Have we identified all the wider impacts of smart metering on the energy sector?

DECC has identified some important wider benefits – in particular the role of smart meters in developing the UK smart grid and facilitating the expansion of microgeneration and electric vehicles.

Question 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 co-ordination)?

Consumer engagement will be critical to the success of the smart meter rollout. One of the most effective ways of engaging consumers could be through co-ordination with local organisations, in particular local authorities and advice agencies. Under the new all Wales fuel poverty scheme we are establishing a central coordination point which could be useful in helping to co-ordinate the roll out of smart meters in Wales.

Consumer Protection supporting document

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?

We believe that it would be beneficial for the roll out to be linked to independent source(s) of tariff advice.

We are intending to introduce an element of tariff advice into the new all Wales fuel poverty scheme from April 2011. With the likely abolition of Consumer Focus government may wish to consider if Ofgem should take a formal role in scrutiny of tariff advice services and switching sites.

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

Yes. We believe that it will be very important to protect customers from unwelcome sales activity in order to maximise access rates for the roll out and prevent inappropriate sales activities or switching of supplier.

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

We believe it may be acceptable for the supplier to offer basic energy efficiency and tariff advice to at am installation visit to help a customer identify opportunities to save energy and/or money on bills. Customers should be made aware that there are independent sources who could provide more detailed advice.

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

Yes we agree with the proposed approach to ensuring IHDs are not used to transmit marketing messages.

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?

Yes, we agree that consumers should be able to obtain consumption information free of charge.

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 believe that safeguards need to be put in place to ensure that customers aren't automatically put onto prepayment meters without their consent or without consideration of the suitability of this payment method for their circumstances. We would not wish to see switching to a prepayment meter effectively leading customers to self disconnect, as this could have potentially serious impacts on vulnerable customers (who are protected from supply disconnection).

We understand that Ofgem plans to introduce emergency protections in this area. We welcome Ofgem's guidance to suppliers regarding visits the home to check that the customer is not vulnerable and to ensure the meter is in a 'safe and practical' place.

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 welcome the proposal to require suppliers to take all reasonable steps to check the customer is vulnerable. We would like DECC and Ofgem to consider whether a site visit should be required before disconnection of supply can take place.

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?

Partial disconnection is preferable to disconnection as a first step, and could act as a final warning and incentive to pay. Customers should be given a clear warning that partial disconnection will take place and, to avoid confusion, the reasons for doing so. This warning should allow customers time to take preventative action (e.g. clear the debt).

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

We welcome Ofgem's recent guidance that before a household is switched to prepayment the supplier should undertake a visit to the home to check that the customer is not vulnerable and to ensure the meter is in a 'safe and practical' place. We would like DECC and Ofgem to consider whether this guidance could be extended to requiring a site visit before disconnection of supply can take place (where a visit prior to the switch to prepayment has not already taken place).

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?

Our experience through the Home Energy Efficiency Scheme is that low income and vulnerable customers do need more support, so we believe a dedicated help scheme could be beneficial to this group.

We have recently amended our definition of vulnerable households to include households with a child or young person under the age of 25. We understand that KPMG is auditing energy suppliers' standard definition of vulnerability and will report its findings to suppliers and Ofgem next year. In the light of this report DECC and Ofgem may wish to consider whether the dedicated help scheme should be offered to a wider group than the current vulnerable group.

We suggest that the dedicated help scheme could include information on benefits (and risks) of smart meters, energy efficiency and tariff information, referrals to grant schemes and the priority services register. We believe the dedicated help scheme should be developed and delivered by independent organisation (i.e. not by suppliers), and there may be benefits to linking it with the national awareness campaign.

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

We agree up front charging for basic smart meters and IHDs should not be allowed. To mitigate any disproportionate impact of the cost of the rollout on customers on low incomes we must try to ensure vulnerable customers can benefit at as early a stage as is practicable. The development of a dedicated help scheme should be a priority to ensure this can happen.

Rollout Strategy supporting document

Question 1: Do you believe that the proposed approach provides the right balance between supplier certainty and flexibility to ensure the successful rollout of smart meters? If not, how should this balance be addressed?

Consumer engagement will be critical to the success of the smart meter rollout. One of the most effective ways of engaging consumers could be through co-ordination with local organisations, in particular local authorities and advice agencies. Under the new all Wales fuel poverty scheme we are establishing a central coordination point which could be useful in helping to co-ordinate the roll out of smart meters in Wales.

The Assembly Government would be interested in exploring whether we could test the impact of smart meters on vulnerable customers through our new all Wales fuel poverty programme (due to start in April 2011) and/or *arbed* our area based strategic energy performance investment programme.

Question 2: Would the same approach be appropriate for the non-domestic sector as for the domestic sector?

We believe that although local co-ordination would be appropriate for the domestic sector it might not be effective in the non-domestic sector. The Carbon Trust has carried out advice activities in Wales with clusters of similar types of businesses, and this approach could also be tried for smart metering.

Question 3: Is there a case for special arrangements for smaller suppliers?

We believe that suppliers should be encouraged to locally co-ordinate their smart meter rollout activities with third parties. However, there may be a case for exempting smaller suppliers where their customer base is widely geographically dispersed.

Question 4: What is the best way to promote consumer engagement in smart metering? As part of broader efforts, do you believe that a national awareness campaign should be established for smart metering? If so, what do you believe should be its scope and what would be the best way to deliver it?

It will be important to maximise the opportunity provided by the roll out of smart meters to enable delivery of energy efficiency measures and advice. We would support an independent national awareness campaign. We believe this is likely to be more trusted than activity led by suppliers themselves.

We believe the scope of the campaign could include awareness activities, advice and information on benefits of smart meters, general advice on energy efficiency and support available, referrals to grant schemes and the priority service register.

We believe it would be very challenging to achieve a co-ordinated approach if consumer engagement were to be led by suppliers. It would also be preferable from the Assembly Government's point of view if we could co-ordinate our activity with one national awareness campaign rather than the activities of separate suppliers. We suggest that there could be some benefits to linking the national awareness campaign with the dedicated help scheme.

Question 5: How should a code of practice on providing customer information and support be developed and what mechanisms should be in place for monitoring and updating it over time?

If information and support were delivered centrally via a consumer awareness campaign and dedicated help scheme, then a code of practice would only be necessary to cover the basic information and advice offered by suppliers.

Question 6: Do you agree with the proposed obligation on suppliers to take all reasonable steps to install smart meters for their domestic customers? How should a completed installation be defined?

Yes, we agree with proposed obligation.

Question 7: Do you think that there is a need for interim targets and, if so, at what frequency should they be set?

We would support the setting of interim targets for proportion of customer base receiving smart meters, and interim targets for proportion of the customer base identified as vulnerable during the smart meter installation visit.

Question 10: Do you have any evidence to show that there are benefits or challenges in prioritising particular consumer groups or meter types?

Our Home Energy Efficiency Scheme (to be superseded by the all Wales fuel poverty programme from April 2011) has experienced and overcome many challenges related to engaging with vulnerable customers. If it would be useful we would be happy to share some of our experience.

Question 11: Do you agree with our proposed approach to requiring suppliers to report on progress with the smart meter rollout? What information should suppliers be obliged to report and how frequently?

Yes, we agree with the proposed approach. We would like suppliers to be mandated to provide information on what proportion (and the absolute number) of their customers in Wales who have received smart meters.

Question 13: Do you agree with our proposal to require suppliers to develop codes of practice around the installation process? Are there any other aspects that should be included in these codes of practice?

We agree that suppliers should be required to develop codes of practice regarding the installation process.

Implementation Strategy supporting document

Question 4: Do you have any comments on the risks we have identified for staged implementation and our proposals on how these could best be managed?

It will be important to ensure that vulnerable customers are adequately protected, particularly in the early stages of the rollout, before full consumer protections come into force in 2011. We are particularly concerned that safeguards should be in place to ensure that the vulnerable customers are not disconnected once a home visit is no longer necessary to carry out a disconnection.

In home display supporting document

Question 2: We welcome evidence on whether information on carbon dioxide emissions is a useful indicator in encouraging behaviour change, and if so, how it might be best represented to consumers.

We are aware of some evaluations of the impact of tools such as the DECC Carbon Calculator (WAG sponsors a Welsh version) which suggest that they are not effective at changing behaviour alone. However, where the information can be interpreted face-to-face with the householder and particular actions can be identified, householders are more motivated to make energy and/or carbon savings.

Question 3: We welcome views on the issues with establishing the settings for ambient feedback.

If, when a customer received an IHD the customer is reassured and the purpose of it is clearly explained, this should help to reassure customers and avoid self rationing and/or self disconnection.

Question 7: Do you have any views or evidence relating to whether innovation could be hampered by requiring all displays to be capable of displaying the minimum information set for both fuels?

We don't believe innovation would be hampered by requiring IHDs to display minimum information.

Question 8: Do you agree with the proposals covering the roles of and obligations on suppliers in relation to the IHD?

Yes we agree with the proposals on roles and obligations on suppliers in relation to the IHD.