

Unite Submission to the Department of Energy and Climate Change Consultation on Smart Metering for Electricity and Gas

1. Executive Summary

- 1.1 The deployment of smart meter technology for all domestic consumers will present the UK energy sector with a significant challenge. A challenge which can only be met with the active participation of all industry stakeholders.
- 1.2 Achieving the proposed targets will require national co-ordinated roll out programme with a consistent framework across the industry.
- 1.3 The effective management of a fully qualified and directly employed workforce will be essential to deliver the programme on time and on budget.
- 1.4 Unite believe that a fully centralised model for smart meter roll out in which consideration is given to the boundary of each regional franchise is the only viable option.

2. Introduction

- 2.1 This submission represents the views of Unite the Union. Unite is the UK's largest Trade Union with 2 million members working in a raft of industrial sectors including energy, manufacturing, construction, engineering, transport, information technology, finance, local authorities and the National Health Service.
- 2.2 Unite applauds the governments decision to mandate for the introduction of smart meters and welcome the opportunity to comment on the proposed market models for the subsequent roll out.
- 2.3 Unite would stress that further debate on this strategy must include all stakeholders from the industry and be developed on the understanding that the consumer derives a tangible benefit in the medium to long term.
- 2.4 Unite believe that a national co-ordinated roll out programme with a consistent framework across the industry is essential.
- 2.5 Furthermore Unite would highlight the importance of labour force planning in the whole process.

- 2.6 A measured approach is essential to ensure that sufficient numbers of qualified operatives are available to facilitate an efficient roll out programme and that workers displaced by the development of the new technology are re-trained and re-deployed elsewhere in the industry.

3. The Workforce

- 3.1 Unite would make the case that workforce engaged in the roll out program come from those operatives who are already working in that part of the industry. This is essential to ensure a continuity of the highest levels of competency and health & safety standards.
- 3.2 Furthermore to ensure consistency, those operatives brought into the industry to meet increased demand in the medium term must be directly employed on comparable terms and conditions to those operatives already engaged.
- 3.3 Based our experiences in other sectors of the UK economy, most notably in the construction and contracting sector, Unite would stress the importance of having a directly employed workforce to counter the proliferation of tenuous employment practices.
- 3.4 Unite believe that the skills shortage across the UK energy sector means that it is imperative that a consistent re-training package is developed for operatives to ensure that once the peak in the installation work has elapsed they are ready and able to be actively engaged elsewhere in the industry

4. The Technology

- 4.1 Notwithstanding the fact that initial cost of the new technology will be passed onto the end user, Unite believe that the ultimate aim of smart meters should be to put the customer in control of their energy usage with a view to reducing their consumption. In addition the new technology should increase the provision of social tariffs.
- 4.2 Furthermore and consistent with the concept of competition it is essential that the new technology does not act as a barrier for customers who wish to transfer between suppliers.
- 4.3 Crucial to the development (and relevance) of the smart meter technology will be the issue of interoperability. Unite would emphasize the role of a co-ordinated procurement policy in respect of this consideration.
- 4.4 Unite believe that piecemeal development and distribution of the new technology will only serve to exacerbate the problems which the implementation of smart meters is seeking to address.

5. Engagement

- 5.1 Whilst Unite are exceptionally mindful of the potential labour relations implications of the introduction of smart meter technology we are also conscious of the fact the majority of the general public are still unaware of the new technology.
- 5.2 Unite believe that engagement with the general public on the role and benefits of the new technology is essential. Such a programme of engagement needs to start with a public awareness campaign along the lines of that currently being undertaken in respect of the digital switchover.
- 5.3 Unite would urge the government not to simply rely on the private sector energy companies to deliver this awareness campaign. Recent developments around the issue of fuel poverty have done little to encourage public confidence in these companies.
- 5.4 Unite believe that the whole process needs to utilise the growing public awareness of the need to reduce energy consumption for both economic and environmental reasons.
- 5.5 In this respect Unite are especially mindful of the commitment the UK government has recently given, along with the other European Union (EU) member states, to reduce carbon emissions by increasing the provision of renewable energy.
- 5.6 Unite believe that public engagement will be assured if it can be demonstrated that there are positive energy efficiency benefits to be gained from the new technology of smart meters and suggest that a further commitment to the concept of micro-generation would go along way towards this. In short customers must be able to see the way in which new technologies can reduce their energy bills

6. Market Model Definitions

- 6.1 After due consideration, and in consultation with its elected workplace representatives in the industry, of the three proposals Unite would support the fully centralised model.
- 6.2 Notwithstanding certain difficulties that could arise it is our opinion that this approach provides the best opportunity to reduce the cost to the end user.
- 6.3 Unite are mindful that there will be significant rewards available to the franchise holders insofar as they will be providing meters and installation for a predetermined region.
- 6.4 Unite believe that the organisations who would apply for these franchises must be scrutinised to ensure competency for the role and that all relevant procurement criteria should ensure best practice.

- 6.5 Unite believe that the fully centralised model provides the best opportunity to avoid overlapping workforces and the duplication of administration and logistics operations.
- 6.6 Should the decision be made to follow the fully centralised model, the establishment of a regional franchise structure raises further considerations largely concerned with the geographical boundaries of the franchises.
- 6.7 Unite cannot stress enough the importance of giving careful consideration to the geographical boundary of each regional franchise.
- 6.8 As you would expect Unite would not want to see the creation of such boundaries result in the displacement of the current directly employed skilled workforce or lead to the proliferation of large scale sub-contracting.
- 6.9 With this in mind Unite are also keen that the workforce continues to be engaged in the industry once the roll out programme of smart meters has been completed.
- 6.10 To this end there has to be a support structure in place to allow companies and their operatives to diversify. A move into the area of energy efficiency and micro-generation for example would be consistent with current developments. Input from organisations such as the Regional Development Agencies (RDAs) could be crucial in this process.
- 6.11 Unite would suggest that due consideration is given to setting the regional boundaries in line with those of the RDAs or such similar organisations that exist to promote and fund business development, employment and training across the UK regions.

7. Conclusion

- 7.1 Now that the government has made clear their decision to mandate for the implementation of smart meters, Unite would call for a clear a decisive policy direction.
- 7.2 Unite would urge government to take the next step and commit to one of the proposed market model definitions for the roll out at the earliest opportunity.
- 7.3 The sooner this direction is provided to the industry the sooner the relevant stakeholders can plan for the not insignificant demands that will be placed on their business.
- 7.4 Unite would also consider that existing metering technology is continuing to be fitted in houses and business, which will almost certainly not reach the end of its life cycle, whilst there continues to be a delay in the decision making process.
- 7.5 Even the most casual economic observer will appreciate the stimulus that the roll out of smart meter technology can have on the UK economy. That said, and in light in the current contraction in the availability of credit, stakeholders must have

sufficient direction to plan for the supply of relevant hardware and for the training of their workforce.

- 7.6 Unite would also suggest that stakeholders must have sufficient time to consider the labour relations implications of a fundamental change in the structure of the metering industry. The retention of skilled operatives in this newly developed sector will be essential for the effective management of the new technology.


Unite the Union

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