

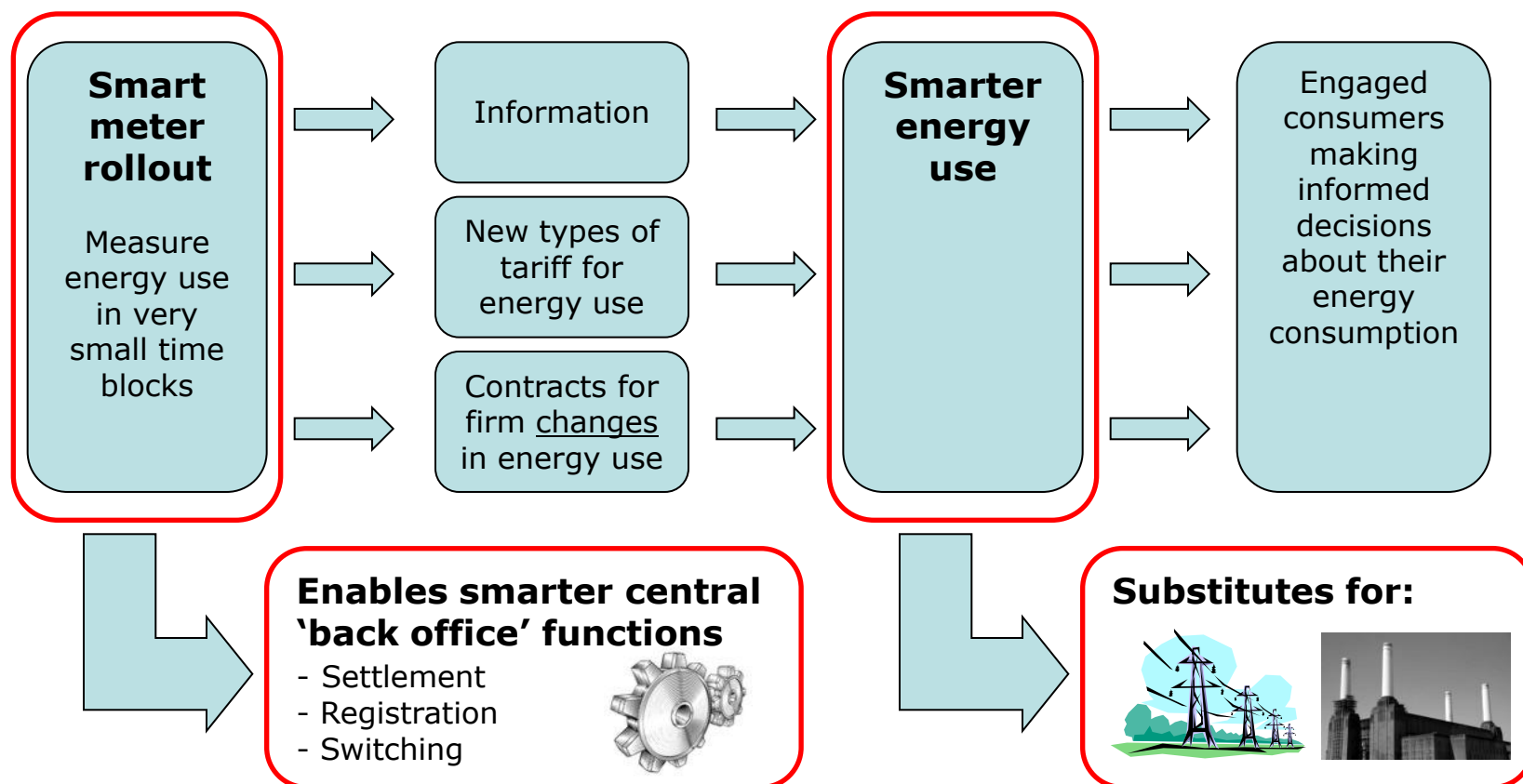
From smart meters to smarter markets – developing a reform strategy

Neil Barnes

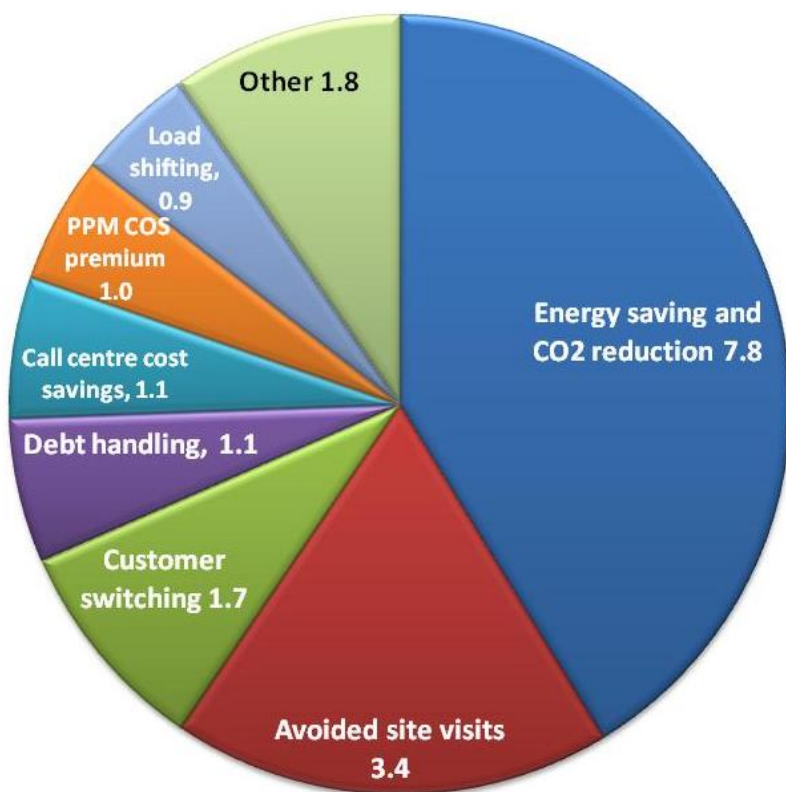
Head of Smarter Markets Strategy

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Why smart meters are important



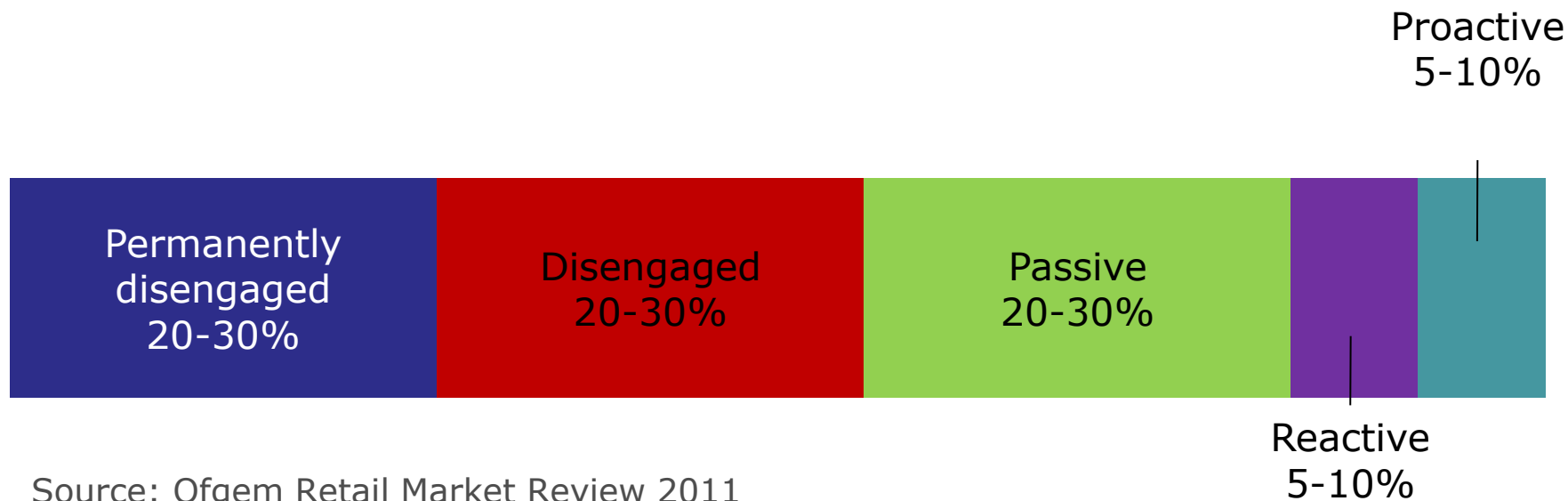
Smart metering can deliver significant benefits



- DECC estimate benefits of around £19bn (gross)
- Excludes potential benefits:
 - Competition
 - Smart grids
 - Security of supply

Full potential of smart metering will only be realised with changes to market arrangements

Consumer engagement will be crucial



Source: Ofgem Retail Market Review 2011

We need markets that make it easy for all consumers to make good decisions on how and when to use energy

Reforms needed to market arrangements

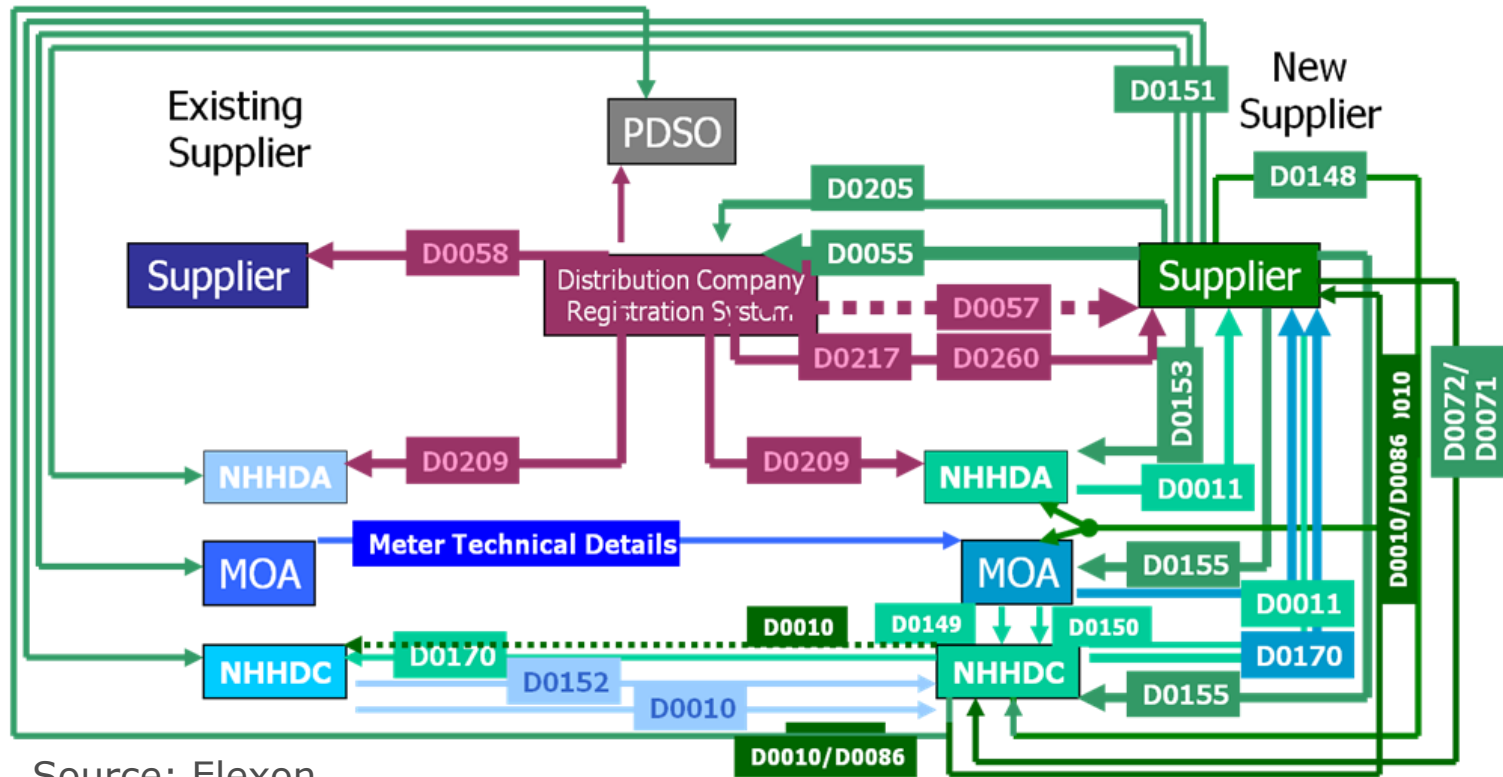
- Existing market arrangements largely fit-for-purpose for today's needs...
- ...but could restrict market development
- Need to create right conditions for shaping market development in way that best meets consumers' interests
- Market rules and processes are important aspect of these conditions...
- ...as are consumer protections

Facilitating demand-side response



Suppliers need the right incentives to offer time-of-use-tariffs that consumers are able to engage with effectively to save money on their energy bills

Reforming change of supplier



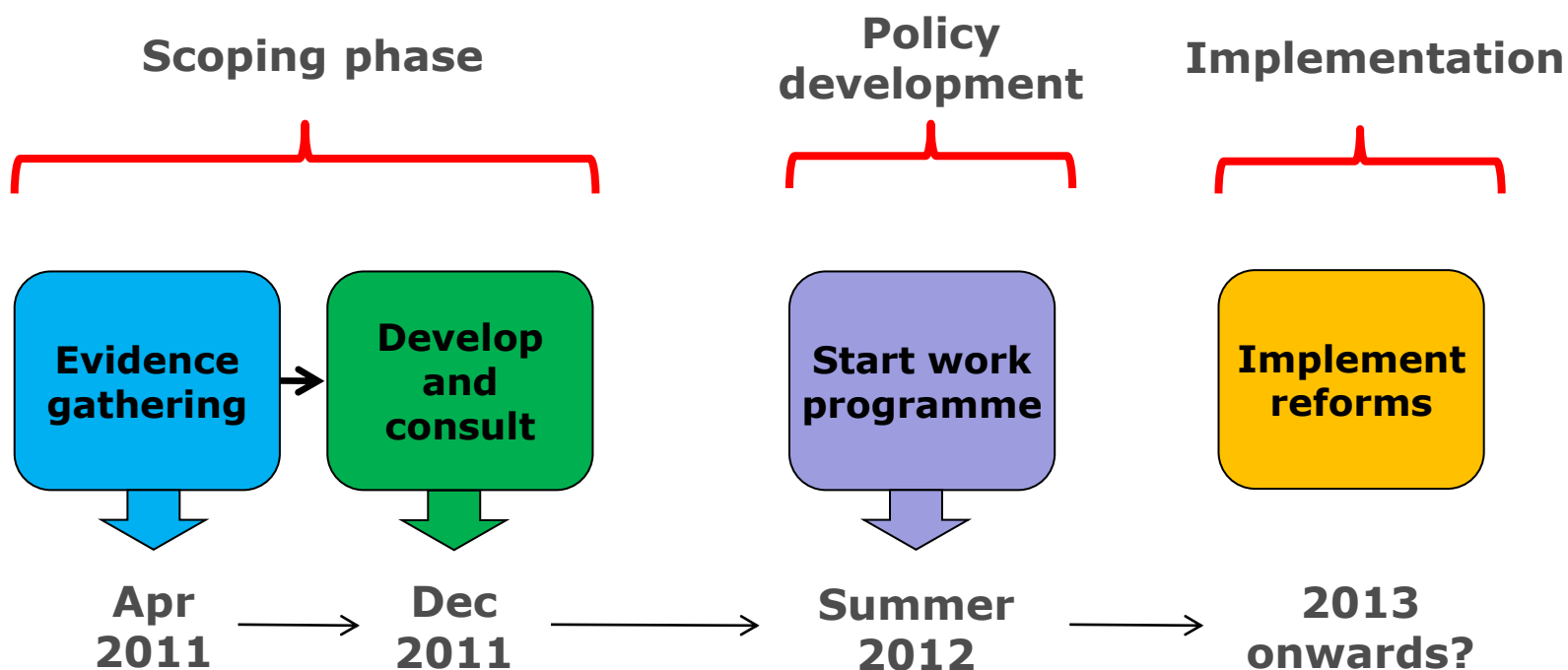
Source: Elexon

**Change of supplier process should be fast and reliable,
so that consumers can confidently switch supplier**

Ofgem will help shape market development

"Our aim is to nurture smarter markets in retail energy and the goods and services that affect how energy is used – helping to realise for consumers the value of the opportunities created by the rollout of smart metering"

Next steps





Promoting choice and value
for all gas and electricity customers