

# **Smarter energy markets from the platform of smart metering**

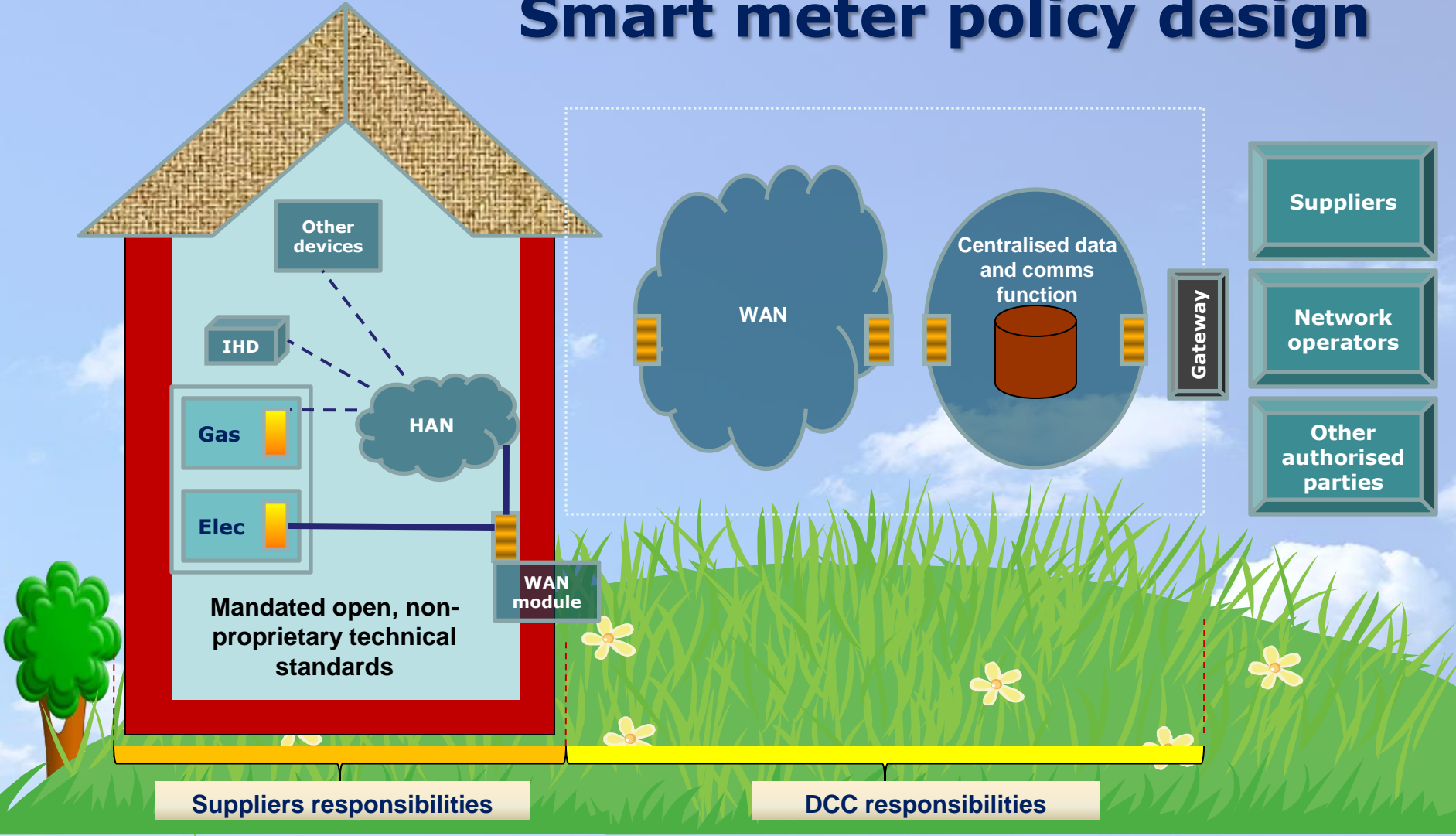
## **Risks and opportunities from an SD perspective**

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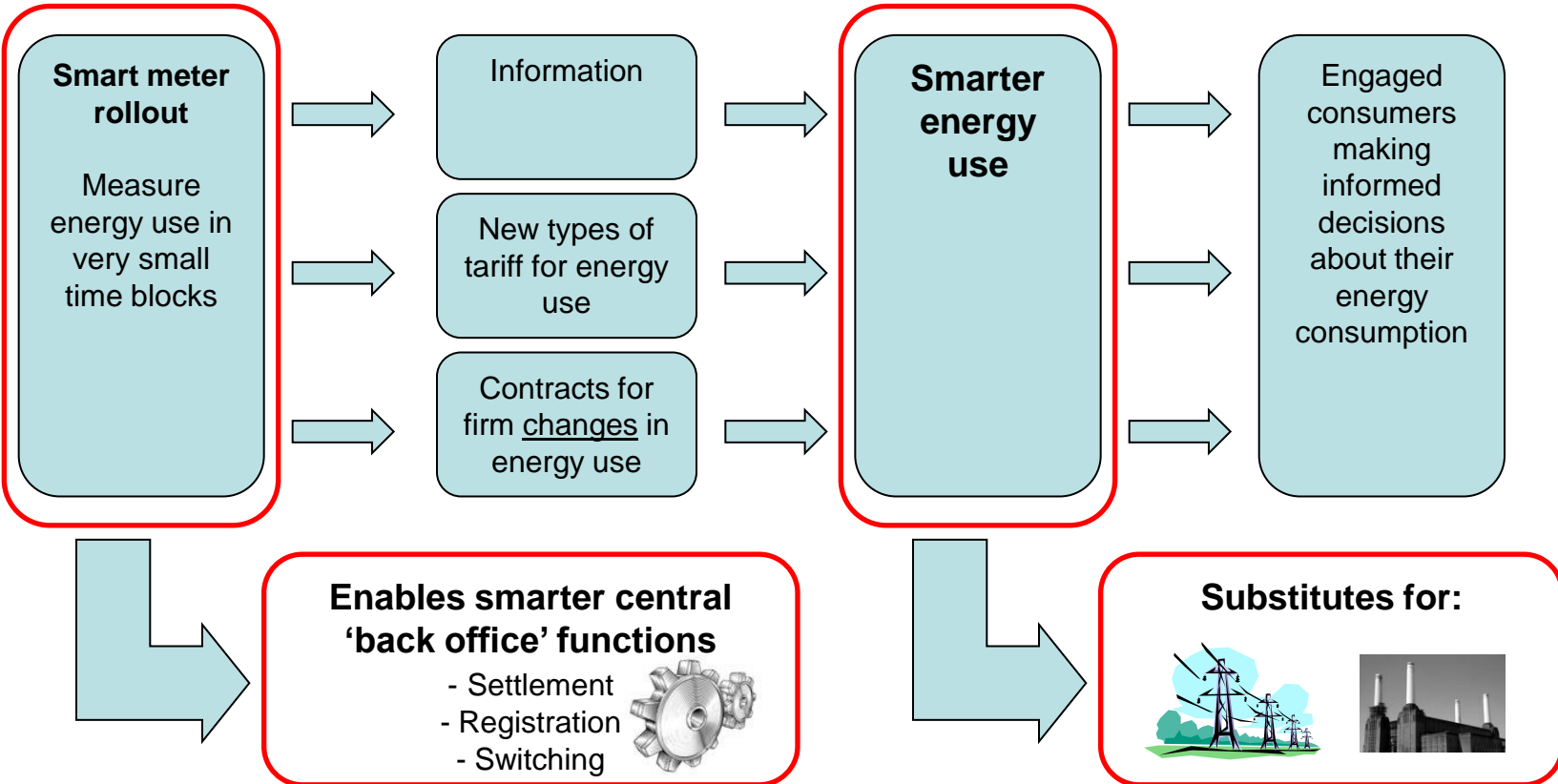
## Smart meter rollout – some key facts

- Smart meters are meters capable of two-way communication
- Government Programme – reconfirmed explicitly in Coalition Agreement
- Mandated rollout to all electricity and gas consumers – target 2019
  - 53+ million meters
  - 30+ million households and businesses
- Government business case:
  - Costs= £11.7 billion
  - Benefits = £18.7 billion (from industry efficiencies and energy savings)
- Timeline
  - Policy design finalised (joint Ofgem/DECC work) – March 2011
  - “Foundation stage” to build readiness – to mid-2014
  - Mass rollout – 2014 to 2019
- Policy design features
  - Supplier-led rollout
  - New regulated monopoly to collect data and manage data access (“DCC”)
  - Open, non-proprietary standards to ensure equipment has required minimum functions and is inter-operable

# Smart meter policy design



# Smart meters are an important platform for change



**..but how best to protect consumer interests?**

# Smart meter rollout and sustainable development

## OPPORTUNITIES

- More control for consumers – costs & carbon impacts
- Tariffs that reward efficient energy use
- Technology/services to help automate more efficient energy use
- Cheaper, better pay-as-you-go services
- Deferral/avoidance of network and generation investment
- Managing system balancing

## RISKS

- Tariff complexity leads to poor decision-making and further disengagement
- Confusion/mis-selling from increased data and bundling of products and services
- Distributional impacts from move to peak/off-peak pricing
- Market / customer segmentation
- Affordability of smart appliances

## Questions for discussion

- How important are these opportunities (and risks) from the perspective of sustainable development relative to other changes impacting the energy sector?
- What are the roles for Ofgem, energy market participants, Government and others in realising the opportunities and mitigating the risks?