



*Campaigning for Warm Homes*

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Dear OFGEM,

Thank you for your letter dated 29 March 2011 and accompanying statutory notice on *Supporting effective switching for domestic customers with smart meters.*

Please accept this as NEA's response to the consultation. NEA is the leading national charity working towards the eradication of fuel poverty with the objective of ensuring affordable warmth for financially disadvantaged and vulnerable households. NEA actions to achieve this key objective include advocacy of policies and programmes to: improve heating and insulation standards; to maximise direct financial support for disadvantaged energy consumers; to reduce energy costs through targeted subsidies or discounts; and to ensure sympathetic and equitable treatment of vulnerable consumers in the competitive energy market.

NEA recognises and values the significant contribution of regulatory interventions in protecting consumers from any unintended consequences from the roll-out of smart meters. However, we remain unconvinced that the roll-out will actually bring meaningful benefits to low-income and vulnerable consumers who may be in, or at risk of, fuel poverty. NEA believes that since the cost of the roll-out will be recovered through consumers' bills, regardless of financial circumstances, the regulator should work with relevant stakeholders to ensure that benefits can accrue to vulnerable and financially disadvantaged households.

NEA recognises that some suppliers have chosen to roll-out advanced domestic meters (ADMs) early ahead of the final specification for the meters being published. However, we remain concerned that this is not necessarily in the best interests of consumers and may have an impact on the type of information available to customers, as well as creating some barriers to switching supplier. While we believe that the recent proposed additions to licence conditions, and proposals set out in the initial document published in December 2011 on supporting

effective switching, represent a positive step in the right direction, we do not believe they go far enough. NEA believes that installation of ADMs should be capped until there is full interoperability, inter-changeability and confidence in the switching process. It is also important that the consumer engagement and benefits realisation strategies are fully in place, including an extra help scheme for vulnerable energy consumers, and that all relevant partners at national and local level are fully aware of their role in communicating essential consumer information to accompany the roll-out. This is a necessary prerequisite of large-scale roll-out if customers are to fully access the advantages of smart metering. Any negative experiences of the roll-out at such an early stage could have a detrimental impact on the level of consumer engagement and confidence and, ultimately, success of the remainder of the roll-out.

NEA fully supports any move towards ensuring households are properly informed about the risks associated with having a meter installed early and therefore endorses inclusion of the proposal to require suppliers to inform customers of any meter functionality and associated services they may lose if they switch supplier. We believe that if this is not communicated properly there is a risk that consumers may switch supplier to their detriment. We agree that this could result in consumer disengagement, potentially from both the process of switching supplier and from the roll-out of ADMs/smart meters (with an associated impact on the expected cost savings for customers under smart meters).

NEA supports the assertions made in 1.11 – 1.13 of the Impact Assessment in relation to the costs to suppliers. We would therefore not expect the proposed changes to result in any additional costs being borne by consumers. In particular, we believe that it is imperative that customers (including those on PPMs) should not be required to pay any upfront cost for a potential meter exchange on changing supplier. Rather, NEA believes that suppliers could in fact see some cost savings in the long term, for example by avoiding further customer complaint and query handling in relation to moving to another supplier, as well as possible savings if not cost equivalent for a PPM ADM exchange. NEA would welcome clarification from Ofgem on how the regulator intends to monitor pass-through of costs and what penalties suppliers will face if found to be in breach of legitimate practice.

Finally, we strongly support the commitment to keep all regulations under review and to monitor their effectiveness. NEA supports Consumer Focus' recommendation that all monitoring needs to evaluate the customer experience, the impact on the wider roll-out programme, and the financial and distributional implications. .

In conclusion, NEA intends to continue to work with both DECC and the Regulator to help ensure that all vulnerable domestic consumers are protected from detriment as a result of the 'go-early' approach adopted by some suppliers and will continue to feed in comments relating to the wider roll-out through the Consumer Advisory Group. Should you have any queries

relating to this response I would be grateful if you would address them to me at:  
[piya.malik@nea.org.uk](mailto:piya.malik@nea.org.uk)

Kind Regards,