

The background of the slide features a large, stylized image of interlocking gears. On the left, a blue gear is partially visible, while on the right, a larger, light-colored (beige or cream) gear dominates the scene. The gears are set against a soft, hazy background that suggests a modern architectural structure with a grid of lines. A large, white, semi-transparent 'X' shape is overlaid on the left side of the slide, extending from the top left towards the bottom left.

Smarter Markets Coordination Group (SMCG)

Meeting 1, 22 January 2013

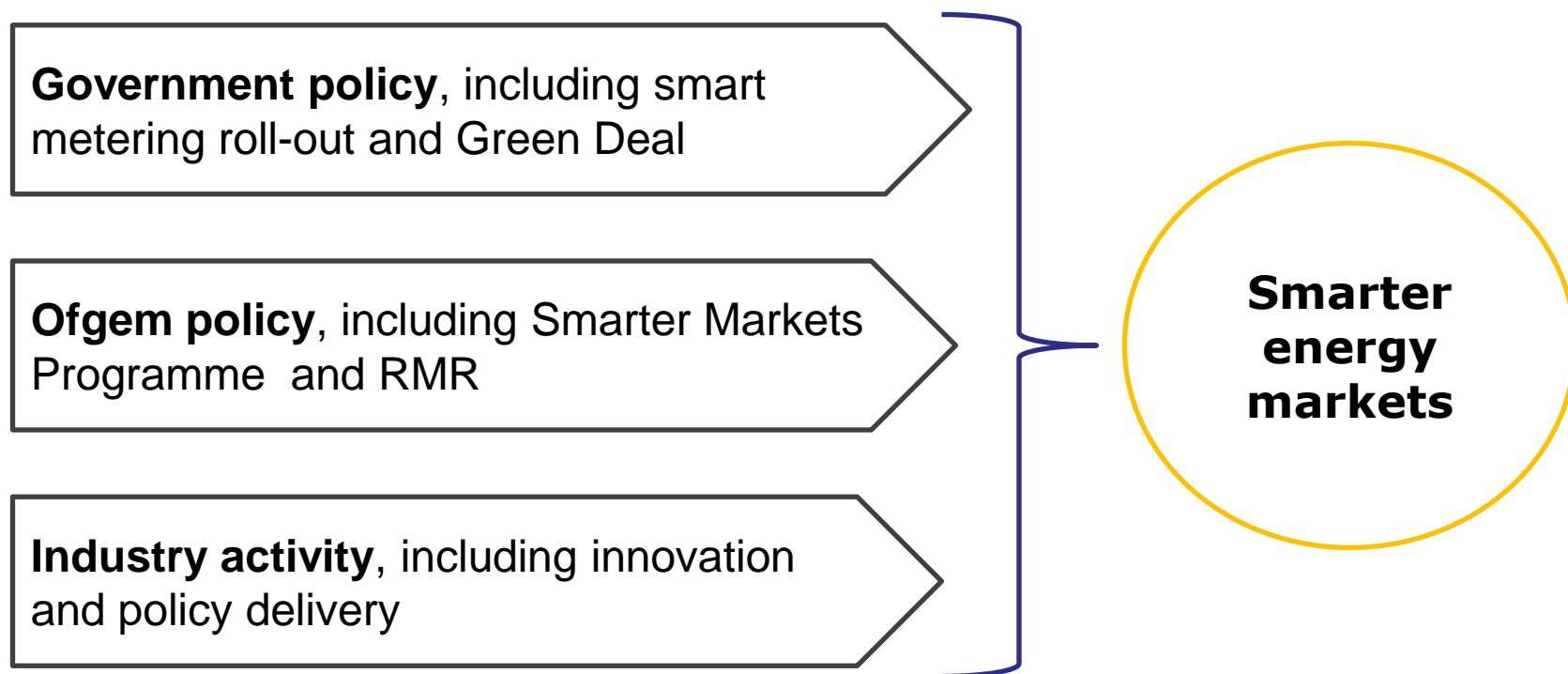
Agenda

- 11.00 – 11.10** Welcome (Colin Sausman)
- 11.10 – 11.30** Introduction to the Smarter Markets Programme, SMCG terms of reference and ways of working (Steve Ragg)
- 11.30 – 12.05** Roundtable: Why is it important to promote the development of smarter markets? (SMCG members)
- 12.05 – 12.35** Updates on projects (Project leads)
- 12.35 – 12.55** Programme links and dependencies (Johnny Amos)
- 12.55 – 13.00** Wrap up (Colin Sausman)

Introduction to the Programme and the SMCG

Steve Ragg, Programme Director (interim)


Context of the Smarter Markets Programme




Our Programme is one of many activities that will help to transform how markets operate

Scoping our work

- Smart metering will play a key role in helping to realise smarter markets...
- ...but not without changes to market arrangements
- From April 2011, we scoped out Ofgem's role to deliver these changes
- In July 2012, we published a work programme for the next 12 months


Promoting smarter energy markets:
a work programme


Promoting choice and value
for all gas and electricity customers

Promoting smarter energy markets:
a work programme

Final decision

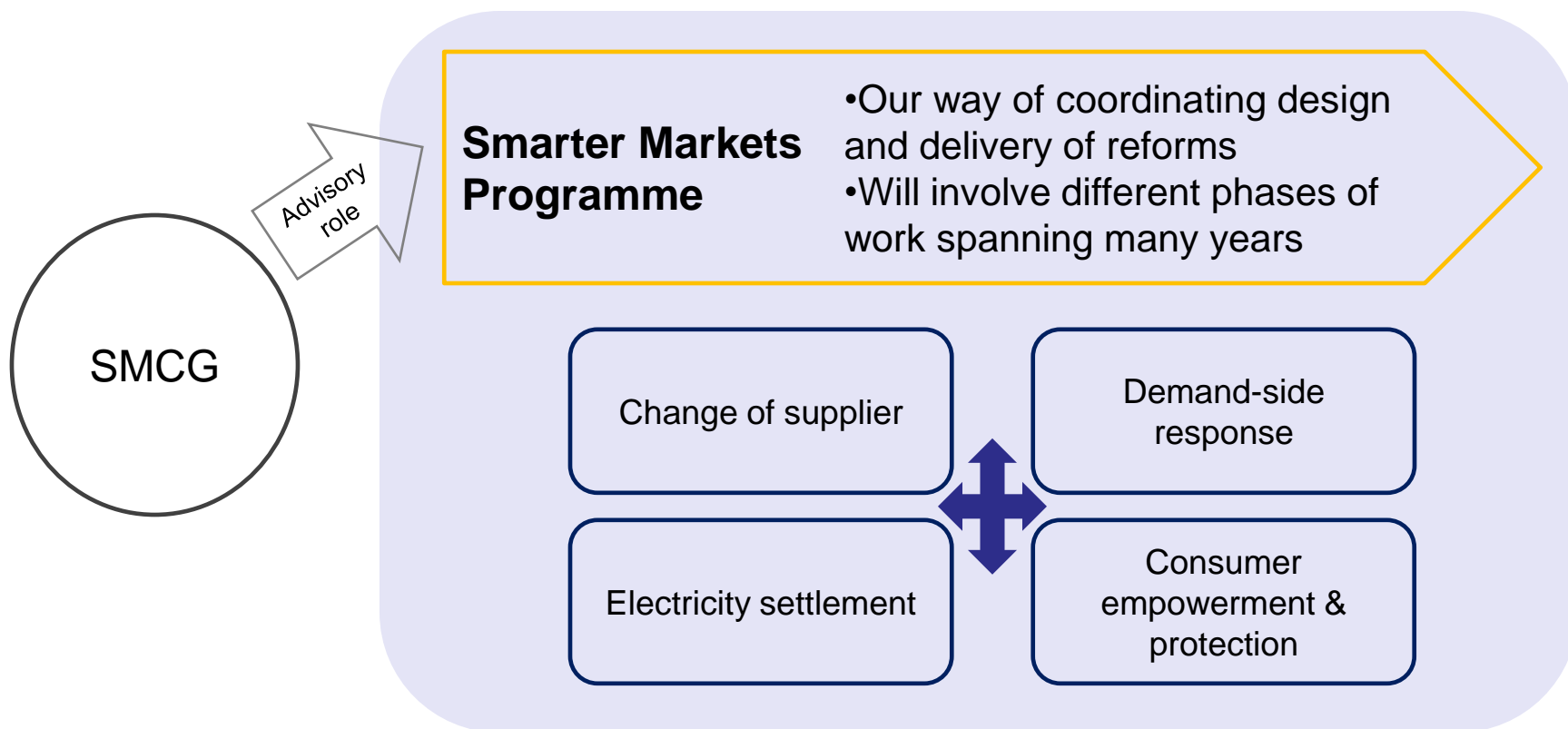
Reference:	110/12	Contacts:	Adhir Ramdarshan, Senior Policy Manager Jonathan Amos, Policy Analyst
Publication date:	31 July 2012	Team:	Smarter Markets
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Overview:

Following our consultation on the scope of a strategy to shape market development from the platform of smart metering, we have prioritised four key projects for further consideration. In this document, we outline how we will drive forward thinking on reforms across these priorities in order to enable market development to happen in the interests of consumers during the roll-out and beyond.

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Overview of the Programme



SMCG established to provide strategic input to the Programme and inform its evolution

Update on progress

Andrew Wallace, Ben Smithers, Anthony White, Johnny Amos

Change of supplier

Our longer-term objective is for a fast, reliable and cost effective change of supplier process that will facilitate competition & build consumer confidence

- Need for reform: The eight million transfers experienced by customers each year typically take more than a month. A significant number have unnecessary complications.
- Scope includes:
 - change of supplier process for all customers
 - centralising Data Processing and Data Aggregation
 - centralising registration services under the Data and Communications Company
- Initial Q: *What are the potential options for reform to deliver an appropriate balance between speed, reliability and cost?*
- Approach to engagement:
 - industry workgroups from May to Sept 2013
 - consultation Q1 2014 on high-level policy
- Target outcome: Identify change scenario that best meets longer-term objective

Electricity settlement

Our longer-term objective is for arrangements that use smart metering data to allocate energy in an accurate, timely and cost-effective way

- Need for reform: Over half of metered consumption is settled using estimates as part of a process that can last up to 28 months
- Initial Q: *What is the most effective process for delivering longer-term reform of electricity settlement arrangements?*
- Scope: Supplier Volume Allocation arrangements and associated processes
- Engagement: BSC Panel report submitted to Ofgem in December 2012
- Target outcome: Identify process that can deliver longer-term objective within a reasonable timescale
 - Open letter published at end of March will provide clarity on way forward

Demand-side response

Our longer-term objective is create a market environment that supports efficient, system-wide use of demand-side response

- Need for reform: Significant potential to reduce consumers' bills by providing value across the supply chain
- Initial Q: *How might current market arrangements constrain the development of demand-side response in the electricity market?*
- Engagement: March consultation aims to define and articulate challenges
 - Examining policy questions, not developing policy solutions
- Target outcome:
 - Either a compelling case for change to market arrangements or conclusion that no additional intervention required
 - If we conclude change needed, we will propose how this should be taken forward (whether by Ofgem, industry or others)

Consumer empowerment and protection

Our longer-term objective is to have in place regulatory arrangements that empower and protect consumers to participate effectively in smarter retail markets, recognising the opportunities and risks involved

- Need for reform: The roll-out of smart metering raises significant challenges to the way consumers engage in retail markets, as well as a number of opportunities. We need to ensure that the regulatory arrangements meet these.
- Initial Q: *Are existing regulatory arrangements that influence how consumers engage with energy suppliers and the retail market more broadly fit-for-purpose for the start of mass roll-out?*
- Scope: Establishing a work programme for the consumer-facing developments as a result of widespread smart metering.
- Engagement:
 - Stakeholder workshop on 31 January
 - Consultation on a proposed work programme in Autumn 2013
- Target outcome: A 3-5 year work programme for smart consumer policy.



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