

The background features a large, white, 3D-style arrow pointing to the right. The background is a composite image with a blue-toned left side showing a perspective view of a modern building with a grid of windows, and a right side showing a close-up of a white, multi-tiered mechanical component, possibly a smart meter or a valve, with a blue gear-like element at the bottom left.

Consumer empowerment and protection in a smart meter world

31 January 2013

Agenda

1. Introductions 10:00
2. Ofgem presentation: intro to the project, purpose of the workshop, some example policy questions 10:10
3. Energy UK presentation – Frances Williamson 10:30
4. Consumer Focus presentation – Zoe McLeod 10:50
- Coffee break** 11:10
5. Small group session one: smart opportunities and regulatory barriers 11:20
- Lunch** 12:20
6. Small group session two: smart risks and regulatory protections 12:50
7. Wrap-up and next steps 13:50

INTRODUCTION TO THE PROJECT

Background

- Ofgem consulted in December 2011 on a strategy to promote smart energy markets
- In July 2012 we published a decision paper: *Promoting smarter energy markets: a work programme*
- This set out four workstreams:
 - Change of supplier
 - Electricity settlement
 - Demand side response
 - Consumer empowerment and protection

Smarter Energy Markets Work Programme

Change of Supplier

Objective:
A fast, reliable and cost effective change of supplier process, which will facilitate competition and build consumer confidence.

Electricity Settlement

Objective:
Settlement arrangements that use smart metering data to allocate energy in an accurate, timely and cost-effective way, which will facilitate product innovation and efficient use of energy.

Demand Side Response

Objective:
Create a market environment that supports the efficient, system-wide use of DSR, which has the potential to reduce bills for consumers, enhance security of supply, and contribute to sustainable development.

Consumer Empowerment and Protection

Objective:
Regulatory arrangements that empower and protect consumers to participate effectively in smarter retail energy markets, recognising the opportunities and risks involved.

Related Ofgem Projects

DECC
Smart
Meter
Implement¹
Programme

Smart
Metering
(Rollout)

Smart Grids
Project

Smarter
Energy
Markets
Programme:

Consumer
DSR
Change of
Supplier
Settlement

RMR
(Retail
Market
Review)

Consumer Empowerment and Protection Project

Objective: regulatory arrangements that empower and protect consumers to participate effectively in smarter retail markets

timeline



- Scoping and policy development:**
- Stakeholder engagement
 - Identifying policy issues
 - Identifying Ofgem’s role in relation to those
 - Prioritising those issues
 - Preparing consultation paper

**Consultation
on our
proposed
policy issues
and priorities**

**Decision
document
setting out
workplan**

**Begin carrying
out detailed
workplan –
2014 – 201x**

PURPOSE OF WORKSHOP

Purpose of Workshop

Input and help from you:

- Identifying key opportunities for consumers
- Identifying how the existing regulation might create barriers to achieving those
- Identifying the important risks for consumers
- Identifying how the regulatory arrangements may need to change to provide protection from those risks
- Prioritising those regulatory changes

SOME EXAMPLE POLICY QUESTIONS

Advice on best tariffs

Opportunity:

- Consumers receive accurate advice on the best tariffs for them, based on their accurate consumption data.

Risks:

- Complexity of data and of tariffs making it difficult for consumers to find the best tariffs without specialist advice.
- Complexity for consumers providing their consumption data to switching sites, other suppliers, or other third parties.
- Increased complexity for switching sites, new suppliers or third parties making recommendations on more complex data and tariffs.

Policy questions:

- What role should the Confidence Code play in relation to calculations of future consumption based on smart data?
- What role should the regulatory framework play in ensuring consumers receive estimates of future consumption based on smart meter data?
- How should this area develop alongside the RMR proposals?

Energy Services

Opportunities:

- New, innovative services.
- Increased competition in the energy sector.
- Bundled deals offering good services to consumers across a range of products.

Risks:

- Energy services largely unlicensed – does this mean consumers are largely unprotected?
- Licensing requirements for suppliers may restrict innovation.

Policy questions:

- How should Ofgem balance consumer protection with freedom to innovate?
- How should energy services fit within the regulatory framework in the future?
- Does existing regulation on suppliers limit the role they can play in energy services?
- Are energy services companies limited in the services they can offer without becoming suppliers?

[ENERGY UK PRESENTATION]

[CONSUMER FOCUS PRESENTATION]

SMALL GROUP QUESTIONS

Outline of Small Group Sessions

Two small group sessions:

- Opportunities, and regulatory barriers
- Risks, and regulatory protections

Opportunities

- What are the opportunities for consumers that smart meters bring?
- What regulatory barriers might prevent those opportunities occurring, or otherwise impede the innovation?
- What are the top three priorities for regulatory change?

Risks

- What are the risks for consumers from smart meters and smart-related developments?
- What regulatory changes could Ofgem take to protect consumers from those risks?
- What are the top three priorities for regulatory change?

WRAP UP

The background of the slide is a composite image. On the left, there are rows of solar panels under a bright sun. On the right, a hand is shown holding a white document. In the bottom left corner, a blue gas burner is visible. The overall theme is energy and customer service.

ofgem

Promoting choice and value
for all gas and electricity customers