

## Economy Energy response

(Received via e-mail)

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Please find below Economy Energy response to the above titled consultation sent 17<sup>th</sup> December 2015.

- 1 Economy Energy is fully supportive of the smart meter rollout and the opportunities it will provide customers to be able to better manage their energy. The use of HHS data at this time doesn't appear to provide the benefits that warrant the investment into the systems and processes. However, with ongoing technological advancement of household appliances and systems the potential for time of use tariffs and HHS is significant.
- 2 Supply License Conditions – currently SLC 47 (electricity) requires the Secretary of State to approve all requests to obtain HH settlement data from Domestic customers. This will obviously need to be revised. It is unclear how this would be aligned to the DP Act and upcoming EU DP regulations. If the associated conditions and processes required to obtain, retain and monitor permissions is onerous there is an implicit cost implication.
- 3 Mix and Match - whilst there exists a variation in meters (smart and dumb) being used in the UK, consumption data handling systems will need to be able to process both forms of data, this would also be the case should it not be mandatory for all customers to provide HH settlement data. For most companies that acquire 3<sup>rd</sup> party systems, this may result in having to purchase two systems and the associated licenses. They will then have to ensure that the information provide to and from each system can be homogenised and consolidated for all the required industry and internal processes. There may will be negative CAPEX and OPEX implications of this, which may in turn have a negative impacts on customer bills.
- 4 Customer Appetite – Economy Energy supports the transition to smart meters as the opportunity for our customer to be able see their energy consumption in more detail and increase the flexibility in payments options and managing their costs, however, Economy Energy as seen little evidence that there is significant customer appetite for load management and/or time of use tariff to incentivise such activities. Without the technological advancements to make household fully integrated into smart systems, by which they can automatically optimise the house against the tariff, there will be very few who will want, or be able to make best use of a tariff aimed at load management.
- 5 Tariff Complexity – Economy Energy support innovation around tariffs with the aim of creating options that best suit customer needs and with technological advancement time of use tariffs, however, there is significant concern of the possibility of customers being confused by and unable to undertaken comparison of tariffs. All comparison sites and engines will need to be able to access the HH settlement data (being that most relevant to the customer's current situation) to make accurate comparison and being able to translate into easily understood representations
- 6 Data – The significant increase in data will provide several challenges to suppliers. The current systems will need to be adapted, or new systems purchased that can receive, process and store the data. This CAPEX will likely be significant and certainly with respect to the expected usefulness of the data at this time.

- 7 Using the data -From the customer's point of view, with regards to billing, this will be largely superfluous. Suppliers are able to create accurate bills from smart meters without acquiring all of the HH data. There may be the opportunity to improve the consumption forecasts used by suppliers to hedge and forecast. But for most suppliers the level of accuracy is high anyway and the additional benefits would have to be proven for this to be considered a benefit. The industry settlement processes relating to costs and charges will be more accurate more quickly understood HHS and this would be welcome. This may well improve the cash flow impact on suppliers and ability to accurately forecast this cost element in customer prices, however, again the change in accuracy and the impact on costs will have to be proven for this to be considered a benefit. It reasonable to expect that this will make marginal differences to a customer bill.