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Ofgem
10 South Colonnade
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19th June 2019

Dear colleague,

Re: Strategic review of the microbusiness retail market

We are pleased to respond to Ofgem's opening statement on the microbusiness retail energy market, and welcome the ambition of this review. In achieving better outcomes for microbusinesses in the energy market, smart meters will have a vital role to play. However, currently there are elements of the smart meter policy framework which must be looked at to ensure the delivery of these benefits.

Smart Energy GB is the campaign for a smarter Britain. It's our task to help everyone in Great Britain understand smart meters, the national rollout and how to use their new meters to be cleaner and greener with their energy use. Our role has recently expanded to also cover communication with microbusinesses about smart meters and their benefits.

Our response relates mainly to questions relating to the 'Theories of Harm' identified and the role smart meters play in addressing these and what can be looked to improve on the current framework in relation to data sharing and the cost of smart meters.

The potential for smart meters

Smart meters have huge potential to support microbusinesses to engage with the energy market, save on costs and waste less energy. Although we have not undertaken research with microbusinesses who have smart meters, we know from domestic consumers that people with smart meters are more engaged with their energy use, changing their behaviour to save energy and have more confidence in engaging in the market.¹

As highlighted in the Theories of Harm set out in the consultation there are barriers to accessing, sharing and fully benefiting from smart data. Smart meters can potentially go a long way to solving these if the right data sharing provisions are in place. BEIS is currently looking into access to data for non-domestic consumers in a separate review, but these provisions are worth considering in the wider context of engagement in the energy market as covered in this review.

Currently, accessing data through smart meters isn't necessarily free for microbusinesses. Although BEIS estimate that 85% of suppliers are already offering data access for free, according to Citizens Advice, 47% of microbusinesses with smart meters hadn't accessed their usage data². Perception of cost, actual cost or a lack of awareness could all be to blame for this lack of engagement. To address this, data should be free to access and automatically sent to customers, as a minimum, every month.

¹ Populus for Smart Energy GB, Smart energy outlook, March 2019

² Citizens Advice (2017) Smart Choices, investigating microbusinesses' interest in, and awareness of smart meters



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Evidence from domestic consumers shows the provision of data is vital in supporting behaviour change. Our research has consistently found that smart meters and the IHD are driving long-term behaviour change, with around 80% of people consistently saying they are taking steps to use less energy³. As small businesses do not receive a free IHD, it is important that alternative provisions are in place to support this. Guaranteeing free access to data is a positive step in this direction, however this will still require the customer to actively request their data. By also automatically sending data to the customer, this will have a positive impact on engagement.

It will also be important that energy consumption data is delivered in an understandable format, which is also easily sharable with third parties who can offer additional services such as insights into consumption patterns and advice on how to save energy.

Making smart meters free for microbusinesses

Ultimately, the uptake of smart meters amongst microbusinesses will be dependent not only on a compelling national campaign, but a good offer. We are concerned that if smart meters remain a cost for some microbusinesses it will be challenging to drive uptake. As mentioned above, part of a good offer has to be access to useful information but we would also like to see the cost of smart meters looked at.

Although free for most, we are aware that many do pay for them and the research from Citizens Advice also found that 16% had paid for their smart meter. Additionally, over half of those questioned (55%) said they would be unwilling to pay for them.⁴ Cost could therefore become a major barrier, and we would like to see this barrier removed for this audience.

Smart meters will be an important and useful tool in helping microbusinesses to engage in the energy market. But we must ensure that the right policies are in place which maximise the benefits and also remove barriers to take up. If you have any questions about this response please contact Rebecca Yates, Policy and Public Affairs Manager on rebecca.yates@smartenergygb.org or on 0203 019 1053.

Yours sincerely,

Rob Cheesewright
Director of Corporate Affairs

³ Smart energy outlook, March 2019, conducted by Populus for Smart Energy GB

⁴ Citizens Advice (2017) Smart Choices, investigating microbusinesses' interest in, and awareness of smart meters