

**Consumer Engagement Strategy Consultation
DECC**

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ESTA Energy Services and Technology Association

ESTA is the UK Industry Body representing suppliers of products, systems and services for Energy Management. The 120 members cover energy consultants, aM&T providers, controls manufacturers through to full Energy Services/Contract Energy Management mainly working in the I&C sector.

ESTA is engaged with UK Government policies on Energy and Climate Change, The Green Deal, Energy Performance of Building Directive, Part L Building Regulations, Display Energy Certificates, Carbon Reduction Commitment, Energy Services Directive and the roll-out of smart and advanced meters. It also provides UK input to developing international energy management standards and Chairs several BSI committees.

ESTA members are key to the UK's realisation of a low carbon, secure and affordable energy future. Our members provide equipment, systems and services for energy management to reduce energy demand at source and including renewables.

Our response is a majority consensus of the members involved. Where ESTA members respond directly, they may offer differing opinions on some issues which we respect as expressing their own definitive view.

Consumer Engagement Strategy Consultation

ESTA welcomes the opportunity to respond to this consultation and continue to provide its supports for the smart meter implementation programme and its objectives.

Below are responses to the specific questions set out in the consultation.

Chapter 2 Introduction

Question 1: Are these the right aims and objectives (paragraphs 2.12-2.13) against which to evaluate the Government's consumer engagement strategy for smart metering? Please explain your views.

ESTA are broadly in agreement with the proposed objectives as laid out in the consultation. Achieving these is key to engaging consumers and realising the benefits of the programme. Tackling procedural, security and supplier legacy issues will be challenging, however it is paramount that when mandating a consumer strategy that the consumer benefits are the number one priority over and above everything else.

ESTA are more than happy to provide assistance and support in determining how non-domestic consumers can be most effectively engaged with smart metering and how wider changes within the energy system and markets can be promoted.

Chapter 3 Effective Consumer Engagement

Question 2: What are your views on focusing on direct feedback, indirect feedback, advice and guidance and motivational campaigns as behaviour change tools? What other levers for behaviour change should we consider? (See also Appendix 1.)

The best mechanisms will be market driven. Opportunities to sell advice, guidance and products linked to the smart meter system helping the consumer reduce demand will develop over time, with best practice and innovative solutions coming to the fore.

How these third parties providing such services are accessed by consumers will be key. So, in effect effective consumer engagement by its nature requires effective services access in addition to those available directly from the supplier. Due to the complex nature of the programme it is imperative that all parties work together to achieve the overall goals.

Question 3: What are your views on community outreach as a means of promoting smart meters and energy saving behaviour changes?

There are various community groups which would be able to provide useful engagement. However, literature highlighting advice and independent resources would need to support such activities. ESTA believes the high level advice should come from Government perhaps through the Energy Efficiency Deployment Office (EEDO) in order to maintain a standard national approach which could then work with consumer engagement initiatives

provided through local councils, consumer advice centres, libraries, churches and so forth to deliver information at a drilled down level. Feedback and local case studies will support such initiatives and areas that succeed in this approach should be able to be highlighted across other communities. A portal for centralised feedback from a community level will assist the overall programme and its objectives.

Question 4: Have the right evidence requirements been identified for Foundation learning? What other evidence or approaches to research and trialling might we consider?

There is a limit to what can be done at a foundation level when we don't have complete interoperability. Consumers need to be able to compare like for like, this is something that as yet without smart meters is a mine field for the consumer, simply at a tariff level. With the ability to provide actual data and therefore engage consumers to reduce consumption, trust needs to be reinstated that comparisons can now be made, simply and easily. If supplier switching is not ironed out, consumers will be at a disadvantage losing out on innovative products and services which will also result in reduced market competition and reduced interest. Research should be carried out into consumer views on comparison as well as switching requirements and the effect new products into the market place may have.

Chapter 4 Delivering Consumer Engagement

Question 5: What are your views about the desirability of the Programme, or other independent parties, making available information on different suppliers' installation packages and their impacts? When might this best be introduced?

ESTA agrees with this approach, but are concerned over the limitation of only making available information on suppliers' installation packages which we believe without full interoperability and independent innovation would see limited choice and comparisons. Will interoperability with other suppliers be shown on installation package information?

Question 6: Do you agree that a centralised engagement programme, established by suppliers with appropriate checks and balances, is the most practical solution given other constraints? If not, what other practical alternatives are there?

ESTA believes engagement should be supplier led, but disagree that it should be centralised. This is because it will prevent suppliers from adding their own value to the demand reduction process.

Ideally, DECC should establish a set of guidelines that a supplier must include such as: 'how can I best save?', 'how much effort is it for me?', 'what will it cost me?', 'what will you do to help?', 'what if I later decide I want to change?' that they can use to discern which supplier to go for. This framework should be provided for the suppliers to adhere to and include advice on where to gain an independent perspective.

Question 7: Do you think that suppliers should be obliged through licence conditions to establish and fund a Central Delivery Body or would a voluntary approach be preferable?

ESTA believes that individual supplier delivery regimes mandated through licence conditions should be implemented. This will provide individual accountability rather than a central delivery body taking that away. A central delivery body would be to the detriment of the programme.

Question 8: What are your views on the proposed objectives for the Central Delivery Body? Are there any additional objectives which should be included?

Delivery should draw out the full benefits of smart metering for the consumer. How the consumer can apply them in conjunction with the meter and engage fully with the energy industry as a whole and what it has to offer.

Question 9: What are your views on the suggested activities for the Central Delivery Body?

ESTA agrees with the suggested activities, but believes this should not be through a centralised body.

Question 10: Do you have any views on mechanisms for monitoring progress and holding suppliers to account in delivering objectives?

Having a central body which will water down objectives and progress will not properly hold suppliers to account (especially a body funded and implemented by suppliers). Monitoring should be through the smart energy code, with appropriate penalties put in place.

Question 11: How can we ensure sufficient effort and funding to achieve the objectives is balanced against the need to keep costs down?

Transparency of costs to the consumer will go some way to helping with this objective.

Question 12: Do you think contracting an existing organisation or setting up a new Central Delivery Body would be a workable mechanism for delivering consumer engagement? What are the advantages and disadvantages of these two options?

An independent body with the sole objective to reduce consumer demand through smart metering would be a huge step forward. One that inputs into the smart energy code advisory panel would be useful.

Question 13: Do you think the objectives and activities of the Central Delivery Body described here will help deliver the aims of the consumer engagement strategy (see paragraphs 4.32 – 4.33)? Please explain your views. Do you have any alternative suggestions?

See answer to question 12.

Question 14: How can we ensure that the Expert Panel attracts a sufficient level of expertise?

Empowerment. DECC must encourage, listen to and act upon feedback from consumers.

Question 15: Do you foresee any conflicts between this approach (particularly when structured in accordance with the information provided in the rest of this chapter) and competition law? If so, what are these and how might they be addressed?

If the delivery is solely supplier-led and agreed from a central perspective there may be an issue regarding competition law. Specifically and especially where smaller suppliers, third party advice and service providers are concerned. Adhering to EU guidelines on competition law is important in achieving the balanced approach necessary to deliver a fully integrated market for the future.

Question 16: Do you have any other comments on how a governance framework could be designed to ensure the appropriate balance as described in paragraph 4.35?

'an independent element to the Central Delivery Body's direction' is not strong enough to ensure fair and representative input to provide the balance needed in ensuring the best approach.

Question 17: What role should smaller suppliers have, if any, in setting up a delivery mechanism for central engagement? What should the ongoing relationship between small suppliers and the central delivery mechanism be?

Small suppliers must be enabled to play a larger role. Not hampered by legacy and size, smaller suppliers can respond more quickly to market opportunities. They should be able to take advantage of what the smart meter roll-out can do for the consumer and given the same access and privilege to the development as the large supplier.

A central delivery mechanism should take into account all players in the market on an equal and fair basis. As previously discussed however, if individual supplier delivery regimes are mandated then a fairer and level playing field could be encouraged, which reinforced here would see innovation in delivery lead the way. Central delivery which is slow to respond and adapt mirrors the larger players in the market. We question this approach as the best solution.

Question 18: What role, if any, should network companies and communications service providers have in central engagement?

Network companies are not geared towards direct consumer engagement, and it would be a large step change for this to be improved to a level sufficient for this objective.

Communications service providers on the other hand are more consumer focussed and if independent could be contracted to provide services for a supplier's delivery body.

Question 21: Should there be requirements for suppliers to share roll-out plans with the Central Delivery Body, and for the body to take them into account?

It is reasonable for roll-out plans to be shared, but it is important that the risks and impact are considered. The roll-out must ensure that if kit is installed that is found to be subsequently not interoperable then it must be replaced. We are still unsure as to whether this additional cost is being borne by the customer or whether this is a shareholder risk for early adopters.

Question 24: Do the licence conditions as drafted give the Central Delivery Body sufficient separation from suppliers to achieve the policy objectives as set out above? Do you have any specific comments on the Construction, Members and Directors, and Independence sections of the licence conditions?

ESTA supports and strongly advocates a fair and level playing field in terms of representation on panels that affect the industry as a whole. Currently, lobbying and make up of industry panels is weighted towards the big6, due to inherent resource. Smaller suppliers and demand side consumer representation is lacking because of the opposite reason.

This is currently the picture across the SMIP working groups and although DECC have engagement teams in place, more needs to be done regarding governance to ensure equal voice and representation is achieved. If the consumer, not the supplier is the main target in reducing consumption through a fully working smart meter market then DECC and Ofgem need to do more to address the unbalance and help the voice of the demand side have equal impact.

Chapter 5 The non-domestic sector

Question 32: What are your views on the state of the energy services market for non-domestic consumers and its future development?

The non-domestic energy services market is working reasonably well across third parties and suppliers. ESTA believes this market is a great opportunity to provide success and to identify structures and strategies that can be employed in other areas. Well established, however, the market can develop further to realise a greater impact in demand reduction scenarios should standards be mandated and interoperability for equipment brought to the fore.

Question 34: Should the central delivery arrangements proposed in Chapter 4 extend to micro-businesses? What are your views on any centralised activities focussing on micro-business alone?

Micro-businesses as other stakeholders also have a role to play. Identifying best practice businesses and roles in that arena will be key to assisting others move the programme

forward. Micro-businesses are by nature more fragmented and so a greater understanding is needed for underlying implementation and engagement issues.

Question 35: What changes might be required to the licence conditions at Appendix 2 to address the needs of the non-domestic sector?

It is imperative that the programme does not undo the work already undertaken by non-domestic consumers in reducing demand. Suppliers must not interfere or otherwise compromise or disengage any effort or investment the consumer has made in smart metering and must take all reasonable steps to support it.

Chapter 6 Enabling wider changes to the energy system and market

Question 36: What are your views on whether the Government should, in due course, alter energy efficiency incentives in the light of new opportunities arising from smart metering? How might any such incentives operate?

There is mileage in suppliers offering performance contracts based on a mandated framework. This should be flexible across suppliers to allow for development and therefore should not be centralised which we see as a one-size-fits-all approach which would hinder innovation and development.
