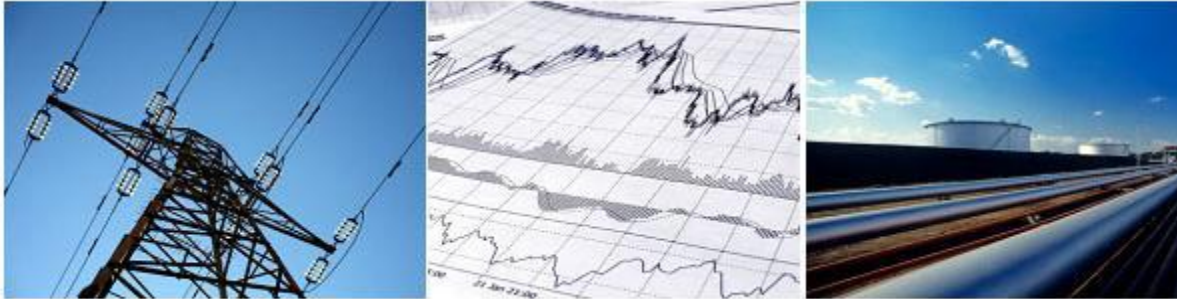


Department of Energy & Climate Change (DECC) Smart Metering Implementation Programme



Response to DECC Consultation on Consumer Engagement Strategy

from HP Enterprise Services UK Limited
and Abbott Mead Vickers BBDO Limited

1st June 2012

AMV BBDO



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Background - HP

Hewlett-Packard is a technology solutions provider to consumers, businesses and institutions globally. Our offerings span information technology (IT) infrastructure, personal computing and access devices, global services, and imaging and printing.

Hewlett-Packard counts nearly all of the global Fortune100 companies as customers and is proud to serve as the preferred vendor of IT products and services to thousands of large enterprise customers worldwide. The fact that these companies entrust HP to power their critical business operations is testimony to HP's strength as a proven, reliable supplier of enterprise solutions.

In 2008 HP acquired Electronic Data Systems Corporation (EDS) and formed HP Enterprise Services. HP Enterprise Services provides infrastructure technology outsourcing services, applications services, and industry services, including business process outsourcing. HP now provides one of the broadest portfolios of products, services and end-to-end solutions in the technology industry. The combined offerings are focused on helping clients accelerate growth, mitigate risks and lower costs.

HP Enterprise Services leverages the breadth of the HP portfolio and our Best Shore[®] delivery strategy to offer comprehensive IT services to more than 1,000 business and government clients in 90 countries. We have a wide range of clients in the UK and Ireland in the following industries:

- Financial Services
- Healthcare
- Local and Central Government
- Manufacturing
- Retail
- Telecoms/Network Service Providers
- Public Sector

Background – AMV BBDO

AMV is part of the BBDO network, the third largest Communications Agency network in the world, with 288 offices across 80 countries. BBDO (part of the Omnicom Group) is recognised as both the world's most creative and effective agency network.

AMV has been in the UK for the last 15 years, and has become the biggest agency in the UK. We are also part of the AMV Group of communications companies, which includes specialists in Customer Relationship Management, Public Relations, and Contract Publishing.

AMV BBDO works with 85 brands and has one simple aim with all of them: to help our clients solve their business challenge with creative ideas that change the competitive landscape.

Each challenge is unique; two thirds of those brands spend less than £5m a year on advertising and are challengers in their respective markets. Many of the others are well-established incumbents with household brand names that need to earn their consumers' loyalty every day. A number are government or charity sector clients for whom saving lives is the ultimate measure of success.

Whatever the challenge, we shape our solution accordingly and use whichever media forms are the best to achieve the objective – digital, experiential, print or broadcast.

Introduction

HP and AMV BBDO welcome the opportunity to respond to the DECC's consultation on Consumer Engagement Strategy, issued on 5th April 2012. HP teamed with AMV BBDO in order to bring together joint views based on our respective expertise in the IT and Marketing industries.

We believe that the introduction of smart metering will benefit consumers, suppliers, UK plc and the environment, supporting the transition to a low-carbon economy and helping to provide affordable, secure and sustainable energy.

We have based our response to the consultation on HP's experience as a leading provider of IT and related services; our 30 years of global experience in the utilities industry; and our understanding as a leading IT supplier to the UK government. We have extensive experience in helping public and private sector organisations improve their operations through advanced technology and business process improvement, in areas which include energy management, privacy, security, safety, customer focus and data transfer services.

HP is supporting smart metering programmes for utility clients around the world; has developed deep understanding of the importance of advanced metering infrastructures (AMI) to support the introduction of Smart Grids; and has introduced a Smart Meter Managed Service (SMMS) offering.

HP serves more than 1 billion customers in more than 170 countries on six continents. In 2010, HP shipped 64 million PCs, the equivalent of two per second. We understand consumer desires and concerns, and can bring our expertise and experience to DECC's Consumer Engagement Strategy.

Finally, HP is a recognised leader in sustainability, providing IT services and solutions - to government and business clients as well as domestic consumers - that improve energy and cost efficiencies, reduce carbon emissions, conserve natural resources and achieve competitive advantage.

AMV BBDO has handled many of the biggest behaviour change campaigns in recent years, inventing and creating communication for the THINK! brand with the Department for Transport, inventing and creating communication for the "Act on CO2" brand and campaign for the DECC, managing the Digital Switchover with Digital UK and communicating the transition to pricing in proportion for Royal Mail. AMV BBDO is also the current agency of record for TV Licensing, so has experience not only in persuasion messaging, but also in compliance messaging. AMV BBDO's expertise in the energy sector is based on extensive research with both DECC during the Act on CO2 campaign and its current relationship as the retail agency for EDF-Energy.

HP and AMV BBDO's joint responses to the consultation in general, and to some of the specific questions raised by DECC, follow.

Response to Consultation

General Comments on the Consultation Document

HP and AMV BBDO believe, as DECC Minister Stephen Hendry recently said to Parliament, that “the interests of the consumer are at the heart of the [Smart Metering Implementation] programme. It is the consumer experience that will determine its success...”.

The Consumer Engagement Strategy consultation document clarifies DECC’s thinking and intentions, and lays out some excellent principles and concerns. In particular we endorse:

- The consumer behavioural analysis thinking – through frameworks such as MINDSPACE;
- The recognition that neither energy suppliers nor central government are fully trusted by large sections of the public – and therefore other bodies of communication and motivation need to be embraced;
- Measures already in progress to ensure that a consumer’s first experience of smart meters is positive – designed to prevent mis-selling, to ensure smooth and successful installation and switch-over, and provide energy-saving advice;
- The emphasis placed on protection of, and support for, vulnerable consumers;
- The recognition that the non-domestic sector needs separate consideration in an engagement strategy – particularly because they wield a disproportionately high influence on benefits realisation within the Smart Metering Implementation Programme (SMIP).

We do, however, have supplementary and diverging views on a number of topics, laid out in our responses to specific questions in the consultation document. More generally, we are concerned that a central campaign of consumer engagement commences promptly.

The Urgent Need for a Campaign

The Consumer Engagement Strategy consultation document helpfully outlines 4 approaches in which it could engage the consumer and influence sentiment and behaviour:

Engagement Lever	
1. Direct feedback on energy consumption	Household energy consumption info provided in real time (IHDs)
2. Indirect feedback on energy consumption	Household energy consumption info provided historically (e.g. on bills)
3. Advice and guidance	Information, advice and guidance on energy reduction (by paper, web, mobile, face-to-face or phone). Recognising that a key touchpoint is the Meter Installation – advice must be given at that time.
4. Motivational campaigns	Designed to drive consumer awareness of energy efficiency and motivation to reduce consumption.

HP and AMV BBDO believe that DECC needs to move beyond a strategy and take urgent action to initiate and own a unified national campaign comprising Motivation and Awareness, Advice and Guidance - in a similar manner to that used for Digital (TV) Switchover.

The right time to start such a campaign is NOW, not in 2013 or beyond, because:

- the challenges are considerable;
- Suppliers are already rolling out smart meters;
- DECC's SMIP plans involve mass roll-out from 2014/15.

This is one reason why we believe improvements can be made concerning the consultation document proposals to set up a new Central Delivery Body (CDB) , which we believe will take far too long. *More detailed comments on the proposed CDB are given for consultation questions 6-10 below.*

The campaign should have specific, year-on-year targets (or key performance indicators) in order to assess its success and value. *More detailed comments on these are given for consultation question 1 below.*

Unlike the Digital Switchover campaign, the Smart Metering campaign is more complex (addressing the 3 challenges outlined above) and of longer duration. Initial thrusts are not enough - the programme must be funded and sustained throughout the decade (through to 2019 and beyond, if consumer behaviour changes are to be achieved and reinforced).

The campaign will also need to develop and evolve in the light of SMIP experience, changing socio-economic factors, energy consumption habits and new smart grid technology. In order to do this, an IT-enabled analysis function will need to be established, using industrial-strength analytics in order to understand the effectiveness of campaign activities.

We urge DECC to take and retain ownership of this campaign and be responsible for its outcomes, as the public and parliament would expect.

HP Responses to Specific Questions

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.

Response:

HP and AMV BBDO believe that DECC's stated aims for a Consumer Engagement Strategy – are applicable, but need to be more specific and meaningful and provide a direction that can be measured. A strategy consisting of elements such as "building confidence" and "providing reassurance" will only make a marginal impact on consumer sentiment, and is unlikely to support change to consumer energy-consumption behaviour.

In order to address the very considerable challenges concerning consumer sentiment and behaviour, DECC – working closely with the Energy Suppliers - needs to think, plan and act – not in terms of a light-touch strategy - but in terms of a concrete national campaign comprising Motivation and Awareness, Advice and Guidance over many years - in a similar manner to that used for Digital (TV) Switchover.

Such a campaign should have SMART (Specific, Measurable, Attainable, Relevant, Time-Bound) objectives. We recommend that DECC formulates 3 objectives directly aligning with the three most significant consumer challenges, namely:

- 1. Consumers willingly adopting Smart Metering**
- 2. Consumers reducing Energy Consumption**
- 3. Consumers changing Consumption Patterns** (in order to get best value via new Time-of-Use tariffs)

These three objectives would replace the first two proposed in the consultation document.

The third objective proposed in the consultation document - ensuring that vulnerable and low income consumers can benefit from the roll-out – could be a subsidiary objective within each of the three.

SMART goals can then be formulated in line with these objectives. The table below gives examples. Note that these are examples only and are not suggested to be realistic – the specific measures and targets would be set by DECC in line with programme, resource and funding constraints:

Objective	Example Measures and Targets
1. Consumers willingly adopting Smart Metering	<p>Smart Meters installed and functioning for:</p> <ul style="list-style-type: none"> 30% of domestic consumers by end of 2017; 60% by end of 2018; 90% by end of 2019 40% of non-domestic consumers by end of 2017; 65% by end of 2018; 95% by end of 2019
2. Consumers reducing Energy Consumption	<p>Smart Meter domestic consumers' average annual energy consumption, compared to 'Dumb Meter' domestic consumers in the same consumer segment:</p> <ul style="list-style-type: none"> Electricity: 98%, 97%, 96%, 95% by end of 2016, 2017, 2018, 2019 respectively Gas: 99%, 98%, 97%, 96% by end of 2016, 2017, 2018, 2019 respectively <p>Smart Meter non-domestic consumers' average annual energy consumption, compared to 'Dumb Meter' non-domestic consumers:</p> <ul style="list-style-type: none"> Electricity: 97%, 96%, 95%, 94% by end of 2016, 2017, 2018, 2019 respectively Gas: 99%, 98%, 97%, 96% by end of 2016, 2017, 2018, 2019 respectively
3. Consumers changing Consumption Patterns (in order to get best value via new Time-of-Use tariffs)	<ul style="list-style-type: none"> Smart Meter domestic consumers on Time-of-Use electricity tariffs: 5% by end of 2017, 15% by end of 2019. Smart Meter domestic consumers' electricity demand-side response (i.e. moving from defined peak times of day/week to other times): 2% of demand shifted by end of 2017, 5% by end of 2019. No targets for gas consumption No targets for non-domestic consumers

Only by setting, measuring and monitoring such goals will DECC be able to know whether its Consumer Engagement Strategy is succeeding, and hence whether the investment in a national campaign is justified.

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.)

Response:

The breadth of levers identified is comprehensive, and it is vital that all are included to achieve the goals identified. Previous campaigns attempting to change behaviour around energy consumption have faltered due to the inability to provide direct and indirect feedback to ‘close the loop’ on motivational campaigns and advice and guidance. Doing all these things concurrently is the only way to achieve change.

We agree that focusing on direct and indirect feedback is absolutely essential. For example, DECC’s recent publication “Smart meters: Research into Public Attitudes”¹ demonstrates that – on balance - IHDs make consumers far more aware of their energy consumption and actually drive behaviour change to reduce consumption.

In terms of motivational campaigns, a crucial focus must be to help consumers understand *how* behaviours and outcomes are linked, rather than simply listing behaviours and making outcomes visible. This is illustrated in section 3.3 of the consultation document, where a series of routine behaviours that could help reduce energy consumption are listed. However the list includes behaviours that have such a negligible effect on energy use, they are not even worthy of consideration (e.g. “Switch off appliances and electrical chargers when not in use”, “Switch off lights when not in use”) alongside behaviours that can make a big difference to energy consumption (e.g. “Use heating or timing controls to turn off heating at night or when the home is empty”). The campaign needs to find a way to challenge the perception that all energy saving and environmental efforts are equal, if consumers are to see the benefits of greater control through the smart meter, rather than leaving them to experiment on their own.

The potential missing lever in the consultation document is illustrated by considering a parallel area of desired behaviour change in society. Whilst the number of factors that govern behaviour change in energy consumption are undoubtedly complex, they seem extremely simple when compared with the web of issues that affect *obesity*.

The DoH’s Change4Life campaign exposed the need not to change only the messages communicated about the issue, but the culture in which they are received – it is this cultural context that makes the biggest difference to health outcomes and effectiveness of messages. The role of Jamie Oliver has also been pivotal here, with the focus on school dinners and the continued dialogue between celebrity and government ensuring that the issue remains front of mind for most and that levels of understanding are as high as possible.

We suggest that a consideration of culture is vital in achieving any similar levels of change around energy consumption – thinking about involvement of celebrity and the use of longer form content (TV series in particular) to embed messages in the popular consciousness is necessary for success.

One of the ways in which this can be achieved is by using media partners to help consumers to role-model their behaviour against others. Providing information on energy and cost saved in different regions and different cities helps to show real-time evidence that everyone is changing, but also introduces an element of local and regional competition.

¹ DECC, May 2012. Research undertaken by Navigator

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

Response:

Community outreach activities are vital in creating the supportive and pro-active environment needed to provide information, foster consumer participation in the SMIP and encourage subsequent behaviour change. It will help reach groups who may be harder to target through conventional media and also enable discussion and debate, rather than simply communication of messages.

The Consumer Engagement Programme needs to build a momentum of positive consumer sentiment, including a belief in the SMIP goals, benefits and implementation approach amongst consumers. This will only be achieved through progressive saturation of a positive perception across many British communities – both physical (local) communities, and virtual communities such as faith networks or social networks. It should not be underestimated how powerful a negative perception, however ill-informed, can become entrenched in a community, as happened, for example in the MMR vaccine controversy of the late 1990s.

The SMIP's supplier-led approach will result in individual households being targeted for the change to Smart Metering and a consumer's initial personal experience and perception of the SMIP will typically result from that interaction. This experience is likely to commence with targeted communications and awareness information, as well as pre-switch planning information. In our view:

- The 'meter change' experience will have the single greatest measurable impact on consumer sentiment in the short term;
- Realisation of personal benefits – particularly cost savings - will have the greatest impact on sustained behaviour changes to save energy.

In both cases, real-life consumer experience will rapidly overtake any high-level, generic campaign messaging. Public opinion will very quickly permeate online and social media channels and inevitably will drive the general media's positive or negative "take" on the SMIP.

HP and AMV BBDO believe that a community outreach approach will be the single most effective mechanism in convincing consumers of the national and personal benefits of smart metering. Having individuals and groups share their experiences will create the trust, personalisation and visibility of the SMIP to those who have not had personal exposure.

The benefits of a community outreach programme are not limited to fostering a positive attitude towards smart metering. There are a number of practical benefits which support realisation of the wider benefits of the SMIP:

- General awareness of Consumer Engagement Programme messaging;
- Practical awareness of the impact of the implementation process;
- Understanding of the Smart Meter technology, with practical assistance and advice on how to use it
- Visibility of practical actions which result in reduced energy cost or consumption;
- Visibility of actual results where energy costs and consumption were reduced;

- Tailoring of campaign messages to local and virtual communities based on a variety of factors (e.g. Rural/Urban, Geographical, Economic, Cultural and Language).

The key advantage of the community outreach approach is that the messages and advice will be seen as coming from ‘someone like me’ rather than pushed down from Government or the wider media. This approach will also see a normalising effect, where neighbours attempt to emulate the actions and savings of their peers in the community.

Community outreach also provides important opportunities to provide protection and support for vulnerable consumers, including opportunities to:

- de-mystify the technology roll-out;
- achieve short-term cost reductions;
- avoid negative behaviours (e.g. turning off heating when reacting to the cost displayed on an IHD).

Community outreach should not be seen as a substitute for national communication activity. A change of this magnitude will need to be invested in and communicated with clarity and consistency. Whilst reaching into communities is an important part of the campaign, messages can be lost and critical mass will not be reached unless they are communicated in the context of a clear national message. It’s not a way to do Smart Meter consumer engagement on the cheap.

Other Partners

In addition to the suggested “community outreach” partnerships (listed in section 4.4 of the consultation document), HP and AMV BBDO recommend that DECC also embrace other partner channels: in this context, “more is better” – provided that the approach is co-ordinated. Specifically, we advocate using:

- Citizen-facing channels and programmes in other government departments, NDPBs and other government-sponsored bodies could be used to support the Smart Metering campaign by incorporating smart metering information, advice and messages. For example Post Office Ltd. is looking at becoming the ‘front line of government’ through its primary post offices and so could be used to disseminate information. Consideration should also be given to using the citizen communications channels – such as call centres - of the “high-volume” citizen-facing departments and agencies, e.g. DWP, HMRC and DVLA;
- Charities and voluntary organisations – particularly those with an energy-saving focus. We note that the Digital UK campaign operated in this way, selecting lead local charities and voluntary organisations as partners to co-ordinate a network of other local VCS bodies;
- Third-party energy brokers and intermediaries (TPIs);
- Although the document refers to ‘supermarkets’, it is not clear whether DECC envisaged partnering with retailers, or just using supermarkets as convenient information points. We recommend that DECC partners with the large food retail chains, since they are a touchpoint with almost all the British population;
- Private-sector businesses selling energy-related or technology products or services to the public. For example, solar panel fitters; or the nascent Electric Car industry.

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

Response:

The evidence requirements laid out in the consultation document are eminently sensible. In addition to the requirements stated, HP and AMV BBDO suggest that DECC should specifically capture information as follows:

1. From metered energy consumption data (retained in anonymised and/or aggregated form to avoid data privacy concerns):
 - a. the level, nature and timing of Smart Meter consumers' energy reduction behaviour in, say, the 6 months after installation;
 - b. any changes from Credit to Prepayment mode (where meters allow this), plus the frequency and nature of Prepayment top-ups;
2. From consumer surveys:
 - a. the reasons why some consumers rejected the offer of Smart Metering when offered;
 - b. whether smart meter consumers took concrete steps to reduce energy consumption – and if so whether this was as a result of seeing consumption/cost information on their IHD, on printed energy bills, or online;
 - c. If Time-of-Use tariffs are introduced, consumers' reactions to them – particularly to identify whether there is over-complexity and/or confusion arising.

We are also concerned that, since this evidence will be collected in the context of Smart Metering Trials and Foundation Stage deployments, conclusions drawn from this evidence may not be valid for the mass roll-out.

It might seem to be in energy suppliers' interest to focus Foundation Stage marketing and implementation activity on the most profitable and/or pliable customers. As the mass roll-out progresses, however, there will be a need to penetrate the more ambivalent and resistant consumers, who will have very different attitudes and behaviours to those of the Foundation consumers. There is also a need to focus on learning experience from Foundation smart meters deployed to vulnerable and fuel-poor consumers, so that they are given appropriate priority and support during the mass rollout.

We therefore urge DECC to continue market research on a wider scale: amongst the public at large – as well as small non-domestic consumers, monitoring consumer sentiment and particularly any changes (positive or negative) in localities where Smart Meters have been deployed. This is because (as the consultation document acknowledges), familiarity and the experience of acquaintances – friends and family – are major influences on consumer attitudes.

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?

Response:

HP and AMV BBDO do consider it desirable for the Programme or other independent parties making available "information on different suppliers' installation packages and their impact", in order to support two potentially overlapping objectives:

1. To provide visibility to consumers of the opportunities and options offered by competing suppliers;
2. To provide evidence to validate the overall SMIP business case.

For the first objective, it would be important from a "central competition-stimulating" perspective for consumers to be able to compare supplier offerings well in advance of an identified smart conversion date for them as individuals; if the desire behind this objective is to promote supplier switching (as implied in the consultation document para. 4.17).

There would then need to be a mechanism for the new supplier to fulfil or exceed consumer expectations about their own smart conversion date. It is therefore very important to consider the practical implications of this approach, since suppliers are likely to want to fix their implementation schedules well in advance and avoid cancelled or rescheduled appointments.

For the second objective, an example might be considering evidence for changes in energy usage (as cited in para. 4.17 of the consultation document). To that end, statistically reliable evidence for consumption change has to be considered very robustly and will require the collection of consumption information for significant periods both prior to smart metering switchover and post switchover.

In order to deliver a desired degree of statistical completeness and rigour (avoiding bias), a large data sample needs to be captured – possibly for every consumer during the early years of the SMIP. This may not be fulfilled by DECC relying on voluntary arrangements with energy suppliers – who could be selective in the information that they share. Instead, HP advises that an appropriate methodology and associated data specification be established and then mandated via regulation or industry codes as a requirement on suppliers to deliver such data (in appropriately anonymised and/or aggregated form) for subsequent analysis by a central body. This should be introduced during the Foundation Stage.

This raises a number of issues for DECC to resolve, including:

- Who should be the central body that is custodian of such data ? The DCC would appear to be best placed to do so, on behalf of Ofgem and DECC;
- How should data be aggregated in a manner to ensure anonymity, whilst providing sufficient granularity for analysis purposes ?
- What organisation should provide the data storage and analysis services ?

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?

Response:

HP and AMV BBDO understand the significant part that energy suppliers are and will be playing in consumer engagement for the SMIP. We absolutely support the concept of a centralised delivery body to supplement and co-ordinate those activities. However we do not believe that the proposal by DECC that this CDB be established by suppliers, even with checks and balances in place, would be the most effective structure to meet the Consumer Engagement Objectives, for the following reasons:

1. There is ample evidence showing that the level of trust and engagement between consumers and energy suppliers is very low relative to other sectors. A centralised engagement programme established by suppliers is unlikely to change this perception and has the potential to enforce perceptions of collusion, cartel-like behaviour etc. A parallel would be the “Independent” Police Complaints Commission – widely distrusted by large sections of the public. We hope that energy suppliers will grasp the SMIP opportunity to improve their customer engagement, satisfaction, trust and image – however this will take time to turn round;
2. A new body would have no experience in managing or executing a unified national campaign and would find it difficult to attract the very best expert marketing resources. Energy suppliers do not necessarily have the required level of expertise and have a reputation for relatively poor customer relations;
3. Making the necessary changes to licence conditions on energy suppliers, followed by them agreeing on the organisation, establishing and setting up such a body will take a considerable time, when the need is to get started with action now – ideally in 2012 and certainly in 2013, rather than in 2014.

The main concern of creating a supplier-led CDB – even if a new organisation – is #2: that its brand will become associated with those of the energy suppliers, and the lack of consumer trust in these brands at present. Whilst many energy suppliers are running excellent communication campaigns, the motives for these campaigns are constantly questioned by consumers and the ‘benefits’ dramatised are almost always greeted with cynicism. Whilst individual suppliers are working hard to differentiate on this measure of trust, the industry is poorly viewed in aggregate².

AMV BBDO saw this phenomenon when exploring ways to communicate changes to postal pricing for Royal Mail in 2006. Every message which tried to communicate a benefit, was seen to be a ‘trick’, due to the context around Royal Mail as a brand. The levels of suspicion curtailed the breadth of messages we were able to communicate.

Using suppliers to manage the CDB, however checked and balanced, will make the communication of the motivations and benefits of the SMIP considerably more complicated and potentially fatally compromised.

This does not mean that the budgets and channels of the energy suppliers cannot be used to help centralised activities, as the number of touchpoints they manage are very useful. This was the model for Digital UK during the rollout of digital switchover – a

² See for example, a) RepTrak Pulse 2012 survey that public confidence in utility firms was lower than for any other sector in the UK; b) Report on the 2009 Consumer Conditions Survey, conducted by Consumer Focus, showing that UK energy suppliers ranked 44th out of 45 sectors in terms of consumer confidence

central brand that used the broadcasters' touchpoints (including BBC TV and Radio) to advertise the brand and message, in addition to touchpoints of retailers and producers of digital TV receiving equipment (digital TVs and initially simple set-top boxes).

For more details on our alternative proposals, see the response to Question 12 below.

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

Response:

We believe that the CDB's objectives should be essentially identical to those of the overall Consumer Engagement Strategy - although since the majority of direct consumer engagement will be undertaken by the Energy Suppliers, and not the CDB the Consumer Engagement Strategy has a wider scope. Our proposed objectives for the Strategy are given in our response to Question 1 above.

In HP's view there is also a requirement for an objective encapsulating the information and communication process that incorporates data collection, aggregation and information analysis function, particularly in support of:

- validating the SMIP business case (e.g. in respect of energy consumption reductions achieved);
- monitoring and evaluating roll-out plans as they impact specific consumer segments.

It would seem appropriate for the CDB to embrace this function as it would be integral to some of the ways in which such a central body would measure both the overall performance of the SMIP and its own success - the state of consumer sentiment and behaviour changes that the body attempts to influence.

For example, understanding the distribution and consumer profiles of frequently cancelled or missed installation appointments, could provide early insight into consumer engagement – some consumers could signal their lack of enthusiasm for smart meters purely through not permitting suppliers access to their premises.

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

Response:

HP and AMV BBDO recommend that the activities of the Central Delivery Body therefore should include:

- Commissioning and managing the creation and deployment of a communication campaign to prepare Britain for the switch to Smart Meters;
- Working with energy suppliers, broadcasters, and community organisations to ensure consistent delivery of the message at all consumer touchpoints, beyond paid-for communication and centrally created creative assets;
- Working with other government departments, agencies and local authorities to encourage the coupling of Smart Meter rollout with other citizen-facing initiatives and programmes where appropriate, in order that the full potential for behaviour change around energy consumption is delivered. This aligns with the Cabinet

Office Strategy Unit's advice which includes empowering citizens with joined-up information, and facilitating personalised use of that information³;

- Co-ordinating the phasing and targeting of energy suppliers' Smart Meter implementation plans (*see our response to Question 21 below*);
- Evaluating implementation achievements against the Consumer Engagement Strategy's three primary objectives (*see our response to Question 1 above*) and against consumer benefits in the SMIP Business case (*see our response to Question 8 above*);
- Promoting best-practice in consumer engagement, and publicising consumer success stories and techniques to the public, to ensure that data from the Smart Meters is used to help households reduce energy usage.

The core competence of the delivery body will be this creation of a joined up narrative, over time and with a wide variety of organisations, to ensure that Smart Meter rollout is seen in the context of a broader vision for energy management in Britain.

We suggest that the Central Delivery Body's campaign activities should be modelled on the approach used by Digital UK. Digital UK's remit is defined on their website:

"Digital UK is the independent, not-for-profit organisation leading the process of digital TV switchover in the UK.

We provide impartial information on what people need to do to prepare for the switch to digital, and when they need to do it. The company was set up by public broadcasters at the request of the Government.

Digital UK will work with digital TV platform operators, equipment manufacturers, installers, retailers, rental companies and consumer groups to coordinate the technical rollout of digital television across the UK."

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

Response:

We suggest that the CDB should be responsible for reporting and monitoring progress of the overall Consumer Engagement Strategy. We have outlined our recommended objectives and provided some examples of the types of targets that could be set in our response to Question 1 above. Reporting and monitoring should therefore be against those targets (rather than, for example, against the progress of the overall SMIP).

The proposed CDB should be the focus for independent reporting and should therefore frame its own mechanisms, but a set of common supplier performance indicators related to their consumer engagement activities could be specified including, for example:

- fulfilment of their targets for offering, and installing, smart meters;
- installation appointments kept;
- level of queries concerning advice provided;
- level of consumer complaints about smart meters.

This would require some input from suppliers in terms of their implementation plans and the provision of data to the central body to monitor performance (*see our responses to Questions 5, 8 and 21*).

³ Power in People's Hands: Learning from the World's Best Public Services, Cabinet Office, July 2009

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

Response:

Whilst there is always a desire to keep costs down, the campaign should be setting budgets on the basis of achieving broader benefits to society. If the SMIP fails to deliver its projected benefits due to lack of consumer understanding, the £ billions invested in rollout will have been wasted by trying to save £ millions in compromised consumer engagement. As long as objectives are clear, and benchmarked against the cost of comparable national campaigns, the balance should be simple to strike.

In terms of timing and funding, we recommend that DECC should inject seed funding from its own budget, to make a head-start until such times as a permanent funding stream is made available.

Approaches to keeping costs down – i.e. within the specified budget - include:

- Applying best practices in governance and programme management of the CDB and its activities – using the Cabinet Office's standards and guidelines;
- Looking for opportunities to use partner organisations with established advertising mechanisms, to minimise advertising costs;
- Identifying campaigns within local government and other central government departments, where the CDB can 'piggyback' to disseminate SMIP messages and information/advice;
- Working with consumer-facing partners such as Consumer Focus and Which? in order to promote messages, information and advice through those channels;
- Utilising existing government channels such as DirectGov;
- Instead of using direct mail to the public, use inserts in correspondence that suppliers are already issuing (such as quarterly bills);
- Providing online information and advice to the public as direct links resulting from a member of the public expressing an interest in energy in social media or within government websites;
- Continual monitoring of not only the CDB's overall expenditure against budget, but also the cost-effectiveness – against the CDB's objectives – of individual central initiatives.

Experience from the Digital UK, THINK! and TV Licensing campaigns shows the importance of:

- continual monitoring of the effectiveness of messages;
- a media deployment that can react to achievement of KPIs;
- setting clear targets early, and then monitoring continually

...so that investment can be reduced as targets are achieved.

Investment in measurement of effectiveness is vital to ensure that the campaign is not over-spending. The latter years of Digital UK have shown significant media cost efficiencies as learning from the first rollout regions has been used to make subsequent regions more cost effective.

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?

Response:

Either of these options could be workable, although of course they would depend upon the identification of an appropriate body and finding the resource to deliver the responsibilities of the body.

The overriding criteria for deciding on the CDB are that the organisation:

- is genuinely independent of specific energy industry participants' interests;
- is able to be trusted by the public;
- can create and sustain a powerful Smart Metering brand.

The two options can be compared as follows:

	Contracting an existing organisation	Setting up a new body
Advantages	<ul style="list-style-type: none"> • would have a set of relationships that could quickly be used to the benefit of the SMIP. • would have teams used to working with one another, with a track record of delivering campaigns. • would have a visual identity, tone of voice, brand values and awareness that could be deployed. • could enable trust to be achieved much more quickly, and reduce the initial cost of setting up the campaign, as initial awareness build would be achieved more quickly, building on existing awareness of the organisation. 	<ul style="list-style-type: none"> • the ability to create a brand and a culture that is specifically fitted for the challenges of the SMIP rather than attempting to adapt the structure and values of an existing organisation to achieve the goal.
Disadvantages	<ul style="list-style-type: none"> • the time and effort required to identify an organisation with the right brand and reputation to realise all the potential advantages outlined above. It is not immediately obvious who would have all the criteria required, including a clear or positive existing reputation, with no partisan agenda, some degree of awareness and the ability to build and maintain strong relationships with energy suppliers and government. • the probable need to undergo EU procurement processes, with their inherent effort, cost and protracted timescale; • delivery could become confused or diluted by the organisation's other activities, or by previous activities. 	<ul style="list-style-type: none"> • the likely cost of and time taken in setting up such an organisation. • building brand awareness is not cheap (N.B. this cost would also apply if the campaign were to choose a partner with low current awareness). • the recruitment and retention of an entire new set of people could take quite some time to establish (N.B. HP and AMV BBDO contend that campaign activity should begin as a matter of urgency).

We believe that the most crucial decision is the creation of a brand for the campaign to operate, and for that brand to be seen to be independent of the poorly trusted energy companies. In common with brands like THINK!, Change4Life and Digital UK, this brand can then be used in a wide range of situations and add credibility to any communication from the energy providers themselves.

The organisation creating and operating this brand is a secondary consideration, but would need to display the attributes summarised in the table above to be effective. The more important matter is the need to begin the development of the brand and to begin communication activities.

Therefore in the short-term, due to the urgent need to commence a campaign, we recommend that DECC should contract directly with an existing organisation to launch a campaign. Options for an appropriate partner body include:

- An independent Energy Advice body, of whom the Energy Saving Trust may be best placed;
- A Management Consultancy with a track record in running national campaigns.

Of these options, the Energy Saving Trust has some advantages – 1) no profit motive, so greater consumer trust; 2) a name with some recognition and great clarity in helping consumers 'save' without clouding the issue with 'green' or 'carbon'; 3) a track record of good relationships with a wide range of stakeholders.

It is unlikely that existing organisations would simply be able to absorb these new responsibilities into their existing activities. Sufficient funding would need to be allocated to enable them to expand their resources and/or form partnerships to supply the full complement of resources and expertise (*see our response to Question 14 below*).

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?

Response:

HP and AMV BBDO do not believe that the objectives are sufficiently ambitious or focused. See our response to Question 1 above.

The proposed activities are all vital, but we also recommend using other activities (see our response to Question 9 above), other partners (see our response to Question 3 above), and other channels – particularly those involving ICT.

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

Response:

The CDB – however it is formulated – will need to draw on a wider range of expertise either by a) employing such staff or b) using an Expert Panel or similar arrangement. Such a Panel would provide advice and guidance, and potentially act in a monitoring capacity, providing desirable checks and balances. We recommend that the following fields of expertise are provided for in one way or another:

- Consumer Research and Insight in relation to energy use and behaviours (e.g. Ofgem's "Consumer and Demand Side Insight" team and "Consumer First" panel);
- Consumer Advocacy for consumer interests and protection (e.g. Consumer Focus);
- Energy Supply industry expertise;
- Consumer Intermediary Business representation;
- Leaders in marketing to the British public – including brand development; campaign design and execution, feedback and analysis;
- Leaders in supply of technology goods and services to the British public on a mass market basis;
- Information Management and Analytics.

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?

Response:

HP understands the governance necessary to support such a wide reaching campaign across many different types of stakeholders. This is necessary to ensure a culture of collaboration, knowledge sharing and trust that is supported by common goals, clear strategy and integration with the SMIP.

Having the appropriate governance framework in place is essential to ensure the effectiveness of SMIP and ongoing service delivery to energy consumers. The framework needs to include governance processes working across three distinct levels: Strategic, Tactical and Operational. We suggest that DECC, Ofgem, Consumer Focus and the Suppliers should have significant roles at the Strategic Level. However, in order to be purposeful, agile and effective, the operational management of the appointed body should play the lead role in Tactical and Operational decisions.

This will need to be supported by:

- A governance framework manager and administrator to ensure timely input as well as active participation;
- Operational Review Meetings monitoring the success of the campaign;
- Integration with SMIP governance to ensure full alignment with the overall programme;
- A mechanism for making changes to the campaign;
- Use of the Expert Panel for advice and guidance;
- Integration with key working groups such as the one dedicated to data access and privacy;
- A mechanism to set up working groups to support and inform campaign decision-making.

The campaign will need to have a clearly defined operating model supported by a robust governance framework that operates across all stakeholders. Clear roles and responsibilities must be defined and provided in order that the right level of formal and informal engagement is achieved, aligned to the achievement of DECC and SMIP strategy and goals.

The Tactical element of governance enables the campaign to adapt and flex as the energy industry is changing, whilst Operational governance enables performance management, monitoring and tracking against the agreed campaign plan.

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?

Response:

Small suppliers should be able to participate in all activities associated with the operation of the CDB if they are willing and able to provide the same data inputs as large suppliers. They should also be provided with an appropriate level of protection (as evaluated on a case by case basis by the central body) to safeguard their commercial interests if the scale or location of their operations is such that equal disclosure of this information would lead to their specific operations being identified in any anonymised scenarios.

HP and AMV BBDO advocate that individual suppliers' representation in the management of the CDB should be proportionate to the number of electricity and gas accounts held.

Furthermore, the inclusion of small suppliers within the CDB will help encourage the level of consumer trust in the CDB's work.

Question 19: Do you agree that the timings for the creation of a Central Delivery Body as set out above are achievable? Please explain your views.

Response:

DECC's proposed timings for establishment of the CDB would mean that no centrally-led consumer engagement activity commences until April 2014 at earliest. Whether this is achievable or not, HP and AMV BBDO's view is that this timeframe is too long and hence does not meet the needs of the SMIP. In the light of the fact that smart meters are already being rolled out – the SMIP is planning on the basis of over 4 million being installed by late 2014 – we strongly recommend that a CDB should be established by April 2013 at latest.

As expressed in response to Question 12 above, the urgent need is to proceed with action now – in 2012. Our alternative suggestion in response to Question 12, of commissioning a partner body on an interim basis, would enable consumer engagement activity to get under way whilst the deployment of Foundation Stage meters progresses, during DCC Market Trials and for the start of mass roll-out.

It is also important to grasp the reality that there are bodies already engaging with consumers on smart metering - including suppliers who are rolling out Foundation smart meters, and consumer groups such as Which? and Consumer Focus. There are other intermediaries who are well placed to do so, such as uSwitch.com and Confused.com. By delaying on the start of a Consumer Engagement campaign until 2014, DECC would pass up the opportunity to influence early messages and consumer experience; and runs the dual risks of potentially negative press, and being overtaken by events.

Question 20: What are your views on the need for the Central Delivery Body to establish an outreach programme?

Response:

As describe in our response to Question 3, we consider an outreach programme as defined in the consultation document to be fundamental to the success of the scheme. The campaign needs to create a brand and campaign that can be consistently adopted by a range of different organisations, both national and local, to affect a culture change around energy usage and management. Without this, the Consumer Engagement Strategy is unlikely to succeed.

THINK!, Change4Life and Digital UK have all shown the benefits of giving a single, well defined brand to a range of organisations and allowing them to use for their own communications through community infrastructure through schools, community centres, doctors surgeries, etc.

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?

Response:

HP and AMV BBDO believe it is essential for suppliers to not just share their plans but to also engage with the CDB in their planning processes – in order to ensure that:

- The roll-out can be targeted to the agreed sequence of consumer segments within relevant geographies, in order to achieve the programme's goals;
- The Consumer Engagement Campaign can plan appropriately and target its interventions to the relevant localities and consumer segments, via the relevant partners and channels, with timings aligned to the suppliers' plans;
- The campaign can learn lessons from the various suppliers' plans and approaches, and advise suppliers in general terms on lessons learnt.

The plans shared should be at an appropriate level of consumer data aggregation, to avoid any issues of data privacy.

The CDB could act as an "honest broker" between suppliers where there are possibilities of independent supplier strategies and approaches during roll out combining to compromise delivery of the overall SMIP. For example, suppliers will each wish to combine operational efficiency with potential commercial benefits in a competitive manner, so may predicate their roll out plans on different criteria. Such an approach could - from a collective perspective - lead to specific geographies or consumer groups being disadvantaged. A CDB with an independent oversight function would have the opportunity to identify and potentially mitigate these outcomes in partnership with the suppliers through dialogue and persuasion.

We believe that the need for commercial and competitive confidentiality – as well as consumer privacy - can be maintained: the CDB should be under obligation not to disclose supplier plans to other parties, or to make such information public domain.

Question 22: Is there value in such a brand and if so, when should it start to be visible? Should suppliers or other stakeholders be able to use the brand on their own (non-central body) smart meter communications and if so, on what basis?

Response:

We strongly support the need for the creation of a brand for Smart Metering Rollout. The cost of building and creating this brand should not be that much greater than the cost of running the central communication campaign itself, as both would be rolled out simultaneously. This is backed up by AMV BBDO's considerable experience in the areas of branding (including campaigns such as THINK!, Act on CO2, and Digital UK).

Regarding the question of how soon the brand should be established – i.e. soon enough but not so early as to create demand that cannot be fulfilled - lessons can be learned from AMV BBDO's work with Digital UK. Through very clear signposting of dates, we were able to generate awareness considerably in advance of switchover, without creating any rush in demand.

The role of the brand is not to 'sell' Smart Meters, but instead to provide really simple and clear information around Smart Meter rollout – it will be a brand that helps a consumer through the change and helps the household to benefit from it, rather than a brand that is promoting the need for the change. By way of example, Digital UK never sought to justify why digital switchover was a good thing, but instead became the consumer's helpful ally in managing the change, which was positioned as inevitable – not a choice. As such, we believe that the brand should be launched as soon as possible to provide clear information and advice and perhaps begin the process of education around which actions in home will ultimately yield the greatest cost saving. The latter is the biggest education job required in order for households' usage of Smart Meters to be fruitful and rewarding.

As we have mentioned earlier in this submission, the creation of a brand will enable the effectiveness of partner activity and community outreach, giving an instant understanding and seal of endorsement to what otherwise could be a disparate and un-co-ordinated set of activities. The value of this clarity should not be underestimated.

Chapter 5 – The Non-domestic Sector

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-businesses alone?

Response:

HP and AMV BBDO recommend that the CDB campaign should regard the small non-domestic sector as a separate consumer segment and incorporate activities with this sector, not least because of its disproportionate contribution to benefits in the SMIP business case. Small-to-Medium Enterprises should not experience discrimination or disadvantage in respect of ease of change to Smart Metering; installation experience (e.g. disruption), change costs or ongoing costs.

There are good reasons to apply less resource and effort in tackling this sector than for the domestic sector segments. These include:

- There is no evidence of the barriers that affect the domestic consumer market;
- The non-domestic market is more energy-conscious than the domestic market;
- Many non-domestic consumers have already had advanced metering installed by metering agents and pay for their metering and data directly;
- There is more energy-saving promotion activity by third-party energy brokers and intermediaries (TPIs) in the non-domestic market;
- Business owners are domestic consumers too, and their media behaviour is indistinguishable from the media behaviour of the broad household audience. So these consumers will become familiar with Smart Metering and its potential benefits through domestic consumer engagement.

Our conclusion is that the only activities the CDB might consider are:

- Providing information and messages at the national level tailored to the non-domestic segment – and making these available on a website, signposted from DirectGov;
- Ensuring that broadcast activity is inclusive enough to touch a very wide range of people, households and properties - so will not, for example, be exclusively showing families with young children;
- Ensuring that centralised campaigns include communications to small businesses – using channels such as the Federation of Small Businesses; Trade Associations; Chambers of Commerce; the Carbon Trust.

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?

Response:

HP and AMV BBDO concur with DECC that, at this stage, it is too early to make a judgment call on the efficacy or necessity of using either consumer-targeted or market-actor-targeted 'levers' such as:

- specific (e.g. financial) incentives favouring adoption of smart metering (or disincentives for retaining 'dumb' meters);
- additional (e.g. financial) incentives as rewards for reductions in energy consumption;
- additional (e.g. financial) incentives as rewards for shifting energy usage to off-peak times.

One reason for this wait-and-see approach is that the need for such incentives has not been demonstrated. Experience in smart metering programmes in the USA is that incentives help drive enrolment, small incentives can be sufficient to pique consumer interest: increasing incentives offer diminishing returns⁴.

This is supported by the KISS principle: "Keep It Simple, Stupid." It is imperative not to present complex information or confusing messages to the consumer: messaging needs to be clear and simple in order to be understood and internalised. For that reason, we advise that – although campaigns can be co-ordinated – SMIP messages should not be mixed with those of other policies or programmes such as the Green Deal (which does involve financial incentives), Feed-In-Tariffs for renewable energy, or buildings Energy Performance Certificates.

However, government-led incentives should not be ruled out in the medium term. There is no guarantee that – given consumers choice – the adoption of smart meters will penetrate to the SMIP's target levels. Nor is there assurance that suppliers' tariffs will incentivise consumers to reduce energy consumption, or shift energy consumption to the extent envisaged in the SMIP business case. DECC should – at least at the strategy level – draw up contingency plans for a change in policy should the current strategy not deliver the goods. Appropriate review points could be after Smart Metering Market Trials by the DCC, and a further year on in the roll-out.

⁴ "Excellence in Consumer Engagement", Smart Grid Consumer Collaborative, 24/10/2011