



New York Road  
Shiremoor  
Newcastle upon Tyne  
NE27 0LP

Smart Metering Implementation Programme  
Department of Energy and Climate Change  
Room 103  
55 Whitehall  
London SW1A 2EY

1 June 2012

Dear Sirs,

**Smart Metering Implementation Programme: Consumer engagement strategy**  
Ref: URN 12D/033

Northern Powergrid is the electricity distribution business for the north east, Yorkshire and parts of northern Lincolnshire, operating through its two licensed subsidiaries. We welcome the opportunity to respond to this consultation.

Our detailed responses to the questions are included later in this response, but it may be helpful to summarise our views on the key issues below.

We agree with the overall aims of the consumer engagement strategy, but have two key points to make:

- First, the programme focuses on the benefits of energy efficiency. However, the smart meter impact assessment indicates that a significant proportion of the benefit to the customer comes from enabling customers to shift the time when they use their energy through smart grid techniques, rather than simply reducing energy consumption. It might be clearer, and indeed provide a more direct incentive, to the customer if the aim was amended to achieving savings on the energy bill rather than energy savings. This fits in with the conclusions of the research carried out for DECC by Navigator and published on 30 May 2012.
- Second, the consumer engagement strategy must be fully integrated with the roll out programme. Poor experiences of meter installation, even if uncommon, could quickly become widely known and affect customer attitudes. We are concerned that no decision has yet been made to ensure that customers have 24-hour access to deal with problems surrounding the installation and operation of faulty meters and remote disconnections. In the past, DNOs have been able to provide emergency cover where customers have lost their supply through a problem with their meter. Suppliers will need to make arrangements to ensure cover is provided in future.

Yours faithfully

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NORTHERN POWERGRID HOLDINGS COMPANY

Registered Office: Lloyds Court, 78 Grey Street, Newcastle upon Tyne NE1 6AF, Registered in England and Wales: 3476201  
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## Smart Metering Implementation Programme: Consumer engagement strategy

Response by Northern Powergrid

### Chapter 2 Introduction

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.*

We agree with aims of the consumer engagement strategy with two provisos. First, the smart meter impact assessment indicates that a significant proportion of the benefit to the customer comes from enabling customers to shift the time when they use their energy through smart grid techniques, rather than simply reducing energy consumption. It might be clearer, and provide a more direct incentive, to the customer if the aim was amended to achieving savings on the energy bill rather than energy savings.

Second, the consumer engagement strategy must be fully integrated with the roll out programme. Poor experiences of meter installation, even if uncommon, could quickly become widely known and affect customer attitudes. We are concerned that no decision has yet been made to ensure that customers have 24-hour access to cover to deal with problems surrounding the installation and operation of faulty meters and remote disconnections. In the past, DNOs have been able to provide emergency cover. Suppliers will need to make arrangements to ensure cover is provided in future.

### Chapter 3 Effective consumer engagement

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.)*

Evidence from research in the UK and abroad indicates the need to keep the messages simple, whether from direct or indirect feedback. Some sort of traffic light system, perhaps related to rate of spend rather than energy use or price level, is likely to be most effective. Valuable learning will also become available from the Low Carbon Networks fund projects that are focusing on customer engagement, in particular Northern Powergrid's Customer-Led Network Revolution, because of the involvement with British Gas's pre-emptive smart meter roll out. The strategy must be flexible enough to enable new learning to influence the approach adopted.

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

Community outreach could well be valuable. Learning in this area will also derive from the Low Carbon Networks fund projects.

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

As mentioned above, DECC needs to incorporate learning from other sources, especially Northern Powergrid's Customer-Led Network Revolution, because of the involvement with British Gas's pre-emptive smart meter roll out.

## Chapter 4 Delivering consumer engagement

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?*

Suppliers will no doubt be publicising this information themselves. There is no reason why other bodies should not refer to it.

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?*

Given that the smart meter programme is a Government initiative, it is difficult to see how a centralised engagement programme can be avoided. But a centralised programme can only provide information: behaviour change requires a greater degree of engagement with the customer.

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?*

We have no comment to make on this proposal.

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

The comments made in response to question 1 are also relevant here.

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9. *What are your views on the suggested activities for the Central Delivery Body?*

The information and advice role needs to extend to saving money through time of use tariffs and other customer response activities.

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

It will be necessary to establish what role the Central Delivery Body has in reviewing progress and unforeseen or emerging issues, and proposing solutions or alternative ways forward.

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

The success of the smart meter programme is ultimately a Government issue. It must therefore be for Government to decide on the balance.

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?*

We have no comment to make.

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 answers to questions 8 and 9.

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

This is an area of growing interest with an increasing number of people engaged in it. It is for the Central Delivery body to create the right incentives to attract them to join the Expert panel.

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?*

We have no expertise in this area.

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?*

No.



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?*

We have no comment to make.

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

Network companies and communications service providers have important roles to play in the roll out of smart meters. Since network companies are likely to be the first port of call if a supply fails as a result of a faulty meter, they should be represented, perhaps through the Energy Networks Association.

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.*

We have no comment to make.

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

As we said in answer to question 6, a centralised programme can only provide information: behaviour change requires a greater degree of engagement with the customer. We have no view as to whether this is a role for the CDB.

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?*

Suppliers need to share roll-out plans with the CDB and the relevant network operators.

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?*

We have no comment to make.

23. *Do you agree that the licence conditions as drafted in Part A effectively underpin the policy intention to require energy suppliers to form a Central Delivery Body? Please explain your views.*

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We have no comment to make.

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 Constitution, Members and Directors, and Independence sections of the licence conditions?*

The conditions appear to give a higher priority to independence than to competence. It is likely that the CDB would want to make use of employees on secondment from supply companies. This would be prohibited under the conditions as currently drafted.

25. *Do you agree with the way the objectives are drafted in the licence conditions? Should they be more or less detailed?*

No. See response to question 1. The objective is not just about energy efficiency; it must include demand response as well.

26. *Do you agree that the licence conditions as drafted underpin the policy intention with regard to the expert panel? In particular, do they correctly identify the types of expertise required, and give sufficient clarity and detail on the purpose, role, independence, membership and operation of the Expert Panel? Do you agree that the Secretary of State should approve the process for appointing the Panel?*

We have no comment to make.

27. *Do the licence conditions effectively underpin the policy intention of the functions of the CDB? Are there any additional functions that you think should be included in the legal drafting? Please explain your views.*

We have no comments to make.

28. *Do you agree with the form and content of the Engagement Agreement as drafted in the Licence Conditions? Please explain your views.*

We have no comments to make.

29. *Do you agree that the licence conditions as drafted effectively underpin the other duties of suppliers in relation to the Central Delivery Body? Are there any other duties that should be included? Please explain your views.*

We have no comments to make.

30. *Do you have any other comments on the licence conditions which have not been covered by the previous questions? Are there any unintended consequences we can anticipate?*

We have no comments to make.

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31. *Do you think there are any consequential changes to existing licence conditions or codes which are needed in order to make the proposed obligations work as intended? Please explain your views.*

We have no comments to make.

## Chapter 5 The non-domestic sector

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

We have no comments to make.

33. *Do you agree that information on current smart and advanced metering would be useful to non-domestic customers in the short term? Is there other information that could usefully be provided at the same time?*

We have no comments to make.

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?*

We have no comments to make.

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

We have no comments to make.

## Chapter 6 Enabling wider changes to the energy system and market

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?*

We have no comments to make.

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