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Smart Metering Implementation Programme – Regulation team
Department of Energy & Climate Change
3 Whitehall Place
London
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Dear Sirs

Consumer engagement strategy consultation

Thank you for the invitation to respond to the above consultation. As you are aware, Good Energy is a unique small electricity and gas supplier, as we only supply customers with 100% certified renewable electricity, and gas which supports renewable heat. It is our mission to provide a blueprint for the UK to transform itself to a low carbon, 100% renewable economy through the work that we do and the actions of our customers and renewable generators.

For your ease we have responded to the questions asked, expanding where necessary.

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.**

   As a business we believe that an engagement programme with the public is vital and important to the UK rollout. Without pubic engagement, supply businesses will have a much more difficult task in achieving a successful rollout. Supply businesses may prefer an option of developing their own awareness campaigns instead of having a specific 'central' engagement strategy; however we firmly believe that this approach will be at the detriment of the overall rollout programme.

   We see the consumer engagement strategy as the keystone to the programme, in ensuring that the purpose and benefits of the smart meter rollout is made clear and embraced by UK consumers. The rollout is a massive task and will be expensive; something that consumers will find hard to stomach, particularly in light of anticipated coverage from some quarter of the media. While customer trust is not an issue for Good Energy; consumers in general are reported to have low levels of trust with energy companies. Therefore it would be prudent to have the UK rollout awareness managed independently and centrally rather than leaving it to energy businesses.

   In terms of the objectives in paragraphs 2.12 – 2.13; we believe that these are the right objectives. As we have already stated we are in agreement with the need for a centrally managed engagement strategy; however we would like to stress that these campaigns must be joined up and not disadvantage suppliers by showcasing the services that only some advanced or early pioneering suppliers can provide and ignoring services supplied by others. We would not like to see a situation where the awareness campaign is championing the "bells and whistle" services that will not be provided by all suppliers or even any using a "basic" IHD – this scenario would heighten consumer expectation to a level that cannot always be met.

   In addition to the point above we would also highlight that the Government should be wary of regional campaigns as there can be no guarantee that small and independent suppliers will follow a region by region rollout; most likely their rollouts will be determined by the metering businesses they partner with. Essentially it is vital that the campaign does not over-promise and the strategy considers what can be delivered by all suppliers and when.

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 proposed feedback mechanisms look sensible. Our overriding concern at this stage is the timing of developing a feedback programme and delivering the results in time for the full UK rollout to begin in 2014.

   The proposed feedback and motivational campaigns look sound and correct; however we must continue to stress points made in question 1; in that any campaign must be supportive of all suppliers and the services that they can and must provide at specific times.

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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 programmes could be an important facet of the consumer engagement strategy. If there is an opportunity to work with specific communities to better understand their particular concerns with smart metering or to find more effective ways of teaching the benefits of energy efficiency; then that opportunity should be explored further.

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

We would agree with the identified evidential requirements; but re-iterate our concerns regarding the time required to initiate, develop, implement and deploy everything that the engagement programme hopes to achieve ahead of 2014.

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?**

We do not agree that information on different suppliers' installation packages should be available. The central message from the engagement strategy to consumers should focus on why they are getting a smart meter, the benefits of engaging with energy & energy efficiency and what they can expect to take place during the visit. This should be focused on the basic offering and its benefits – suppliers wishing to promote their propositions should do so within their own marketing expenditure.

Again, we do not believe the engagement strategy should concern itself with individual supplier packages, the timings of their rollouts or their flagship services. It is vital that the programme focuses on helping consumers understand why this is happening and how it is helping the government to deliver on targets and therefore supporting the supplier community in achieving the overarching obligation placed upon them by the Government.

It is important that the rollout is not "perceived" by consumers to be a marketing push by suppliers, even if it is not actually the case.

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?**

We agree to the idea of a centralised engagement programme that is established by suppliers. The development of checks and balances will be necessary to ensure that the correct central message can be delivered.

We would also advocate that the programme engages and consults with relevant bodies to assist in the development of the strategy and where future changes become necessary.

Most importantly the engagement message needs to be unified across all supplier parties and involve all; therefore requiring all suppliers to play a role. This will also reduce the possibility of the strategy being seen to disadvantage some suppliers in the message it delivers.

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?**

If a central delivery body is established then the funding route should not be through a licence obligation; we are very wary of the number of licence obligations that are being proposed and cannot agree that a failure to fund the CDB could result in a 10% of group turnover fine.

Should there be funding then a voluntary approach is preferable. In particular for smaller suppliers with specific niche customers basis that do not have the communications challenges associated with customers that might need targeting through community outreach programmes.

Smaller suppliers should only fund the relevant parts to their organisation. So should not fund regional awareness if they are not engaging in rollout in that area at that time. Equally, if a supplier completes their rollout early, then they should not be funding the continuing programme.

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

We are in agreement with the proposed objectives and there are no additional objectives that we would like to see included; although there should be a requirement to be inclusive of smaller suppliers and their needs should be part of its constitution.

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

While we agree on the activities suggested for the CDB; we are minded that the activity must always present joined up and agreed message across all suppliers.

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

Our initial view is that this should not require any licence obligation; suppliers can deliver the agreed objectives without the threat of a fine through licence conditions.

We would also suggest that the task of monitoring is not over-burdensome for suppliers, especially those from the small supplier community. The addition of further reporting in an environment where some smaller suppliers are already stretched will only increase the costs and resource of those businesses; in turn this 'could' add to the costs of delivering a smart meter rollout.

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

We would expect costs to suppliers to replicate how other bodies are funded through the industry; where the costs are based on supplier size and customer base.

It is also suggested that some of the funding of a centralised engagement campaign is met by the Government; bearing in mind that the suppliers are being obliged to carry out the rollout on the back of an obligation from the Government.

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 would agree that setting up a new CDB is preferable to contracting an existing organisation; if only to ensure that there is no conflict of independence.

We are not in agreement that a CDB should be totally independent of the supplier community; we believe that there is merit in having suppliers on board. The CDB needs to accept the view of the suppliers and those that want to be involved in the CDB – we feel it is better to see these parties working together as one rather than separately.

We would also be concerned as to the impact and cost of setting up a new CDB; are these necessary costs? and could they be avoided?

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?**

We agree that the activities suggested for the CDB will help deliver the aims of the strategy; however we want to state again that the the activity must always present joined up and agreed message across all suppliers.

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

We believe that there is sufficient expertise and interest in the smart metering programme and we would therefore expect that there will be a large number of parties wanting to get involved with the expert panel.

We are still of the opinion that the expert panel has an energy industry presence as this will provide balance. While consumer protection is always important, it is also important to ensure that the CDB is not too consumer focused and open to the views of the parties managing the rollout.

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 do not foresee any conflicts.

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?**

We have no further comments to add to this.

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 would like to ensure that small suppliers can and should be involved in the delivery mechanism for central engagement. It would appear sensible to us for smaller suppliers to have that involvement; however it is for individual suppliers to make that determination themselves.

Smaller suppliers will, quite rightly, have concerns on being involved with a programme that is presenting them with increased burdens and risk for regulatory reporting and compliance and we would hope that the Government takes this in to account.

Whilst we support engagement of smaller suppliers; and agree to contribute on a market share proportionality basis. We are concerned that small suppliers will be paying for elements that are of little value. Small suppliers are likely to agree with an overall national message, but rollout plans are likely to be dispersed across an entire customer base making regional messaging difficult to justify. Our view is that some activities should be covered as all parties contribute, and some where those who benefit fund, rather than all parties.

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

Network companies and communications service providers are not funding the installation of smart meters; however as Smart grid develops they are likely to be the bigger financial beneficiaries in the long term. We therefore feel they should contribute to the CDB.

We are also of the opinion that network companies and communications service providers should be invited to consult and advise (where necessary) on the engagement strategy.

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 maintain a concern that there is not a lot of time for a new CDB to be set up and functioning in time for when the UK rollout begins. Evidence suggests that consumers are unaware of smart meters and we need to encourage positive engagement before rollout commences.

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

We believe that an outreach programme would be useful and greatly assist the UK smart meter deployment programme.

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?**

We do not believe that there should be a requirement for suppliers to share rollout plans. We maintain our view that the engagement programme needs to concern itself with why smart meters are being deployed, the benefits they can help deliver and not with the rollout plans of each supplier.

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 agree that a brand is essential to deliver an element of trust to consumers within the UK. However we do not agree that the Government should become too preoccupied on finding and developing the brand. The exercise should not be allowed to become expensive and we would be wary of the involvement of 'brand experts' in order to design a brand.

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.**

We do not believe that licence conditions are necessary or appropriate; suppliers are seemingly obliged to set up and fund the CDB and yet it is proposed that suppliers are detached from ongoing future involvement.

While we disagree with any license condition on this; if there is to be one then suppliers must have a greater involvement moving forward.

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?**

As per our answer to questions 23; we do not believe that licence conditions are necessary or appropriate and would therefore object to these proposals.

Why should suppliers be obliged to fund the CDB and then be removed from involvement?

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

As per our answer to questions 23; we do not believe that licence conditions are necessary or appropriate and would therefore object to these proposals.

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?**

As per our answer to questions 23; we do not believe that licence conditions are necessary or appropriate and would therefore object to these proposals.

We believe this is creating a further layer of unnecessary governance.

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.**

As per our answer to questions 23; we do not believe that licence conditions are necessary or appropriate and would therefore object to these proposals.

The CDB needs to focus on why smart meters are being deployed and the benefits they can help deliver.

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

As per our answer to questions 23; we do not believe that licence conditions are necessary or appropriate and would therefore object to these proposals.

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.**

As per our answer to questions 23; we do not believe that licence conditions are necessary or appropriate and would therefore object to these proposals.

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?**

As per our answer to questions 23; we do not believe that licence conditions are necessary or appropriate and would therefore object to these proposals.

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 nothing to add to this question.

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

We have a minimal involvement within the non-domestic at this stage. What we are aware is that service providers tend to approach businesses directly and as a supplier we would generally consider facilitating the arrangements the customer has made with the energy service/metering provider.

We find that this makes it difficult for a supplier to offer energy service propositions to its customers.

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 believe that this information would be useful; especially to micro-businesses. Both in the short and long term

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 agree that central delivery arrangements should extend to micro-businesses.

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

As per our answer to questions 23, we do not believe that licence conditions are necessary or appropriate and would therefore object to these proposals.

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?**

At this stage we do not see the benefit in the Government energy efficiency incentives. We are very mindful in the way that these incentives have been managed up to now; low energy light bulbs, radiator heat reflector strips and 'water efficient shower heads' are examples of products that have been thrown at consumers by some energy suppliers in order to meet an energy efficiency obligation without any measure of the success of saving energy.

It is our view that this approach does not work and we would be wary of the Government implementing new incentives that could be met by some energy suppliers in the same way.

I hope you find this response useful. If you have any questions, please do not hesitate to contact me.

Kind regards,