

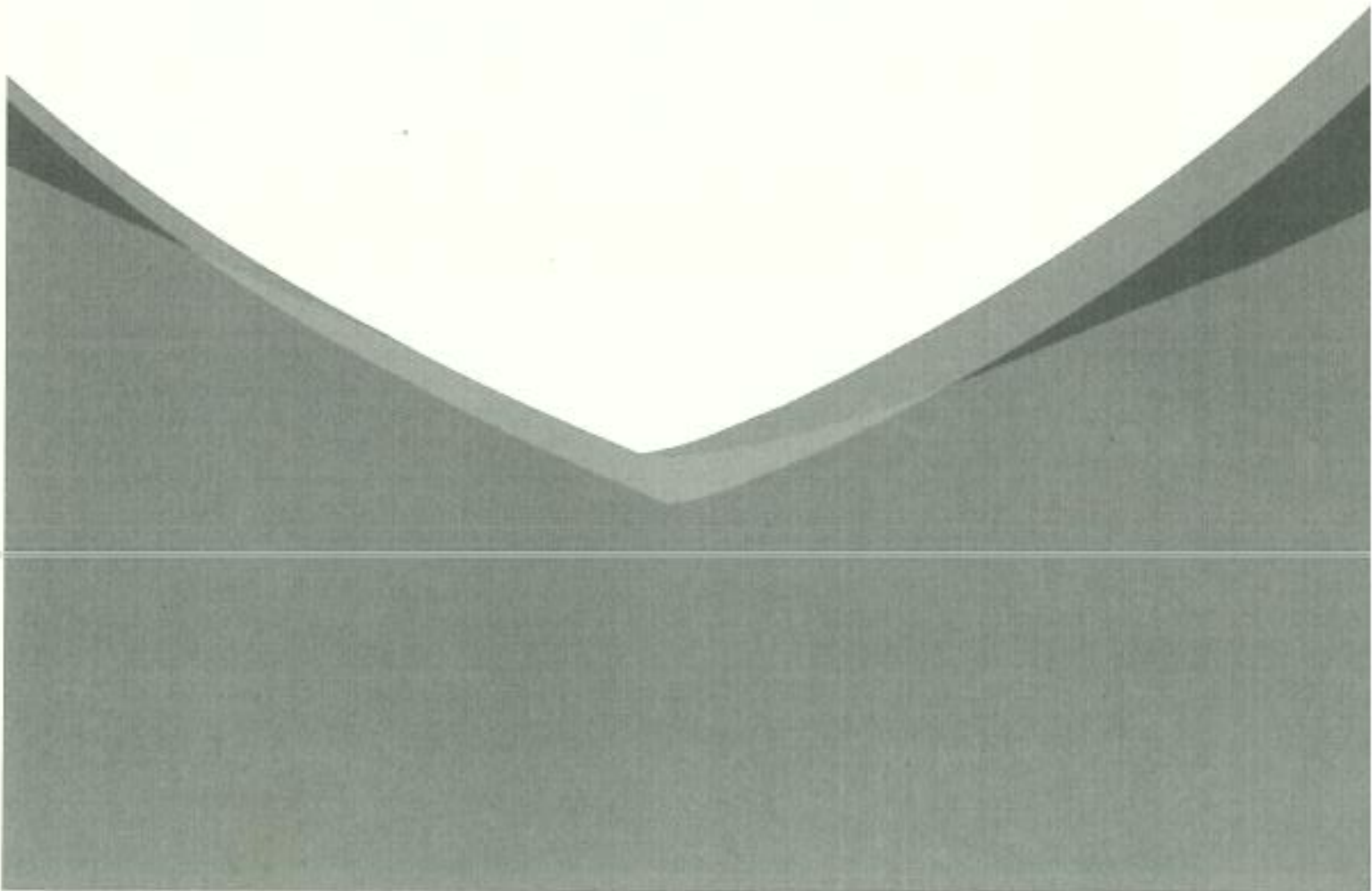


# **Consultation response from Cornwall Council**

## **Smart Metering Implementation Programme: Consumer Engagement Strategy**

Date 24/5/2012, v1.0

Corporate response



## Background

This consultation response was developed with support from Community Energy Plus (CEP), the local energy agency (a charity)

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.
<b>Response</b>	While the Strategy aims are broadly acceptable, the dominant role of the large energy suppliers is potentially problematic. There is an inherent conflict between the Utilities' self-interest (attracting more consumers, using more energy), against the goal of getting consumers to manage and reduce their consumption through better understanding of their usage patterns. Equally, it needs to be recognised that the benefits that the Utilities may gain from the mass introduction of smart meters through the more effective management of the grid supply, do not necessarily accord with the benefits individual consumers will gain from the additional information provided through their meters. It is understood that the major utilities should be engaged in the mass education programme that is required, but they should not be in the driving seat of the strategy – this role should be taken by the Government and its agents.
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.)
<b>Response</b>	While direct feedback of real-time data and aggregated indirect feedback can be useful as an aid to track changes in behaviour, the mechanisms proposed tend to focus on individualistic behaviour. The reality of most households is that several consumers place a complex combination of demands on the supply. Unless the approach achieves engagement across the whole household, opportunities to maximise the benefits will be missed. For example, the strategy goes on to assume that the critical instruction for using the meter and IHD will be given at the point of installation – in practice it is highly unlikely that all members of a household will be present when the smart meter is fitted, and the resident who attends the installation may not be either the most suited to lead understanding, or able to accurately relay to other members of the household the instructions given.
3.	What are your views on community outreach as a means of promoting smart meters and energy saving behaviour change?
<b>Response</b>	Community engagement is essential – this could be the mechanism that creates the biggest driver of behavioural change. It will not be achieved through billing 'nudges' but the engagement should be more about gaining a collective understanding – there is potential here for wider conversations about the supply chain for energy, energy security and the impacts of increased demand. Using a collective approach could also generate understanding of district heating requirements and options. There is a role for schools and colleges to engage with students as a channel onto households.
4.	Have the right evidence requirements been identified for Foundation learning? What other evidence or approaches to research and trialling might we consider?
<b>Response</b>	A model that is based on supplier-led learning suggests there will a bias towards issues of the mass installation programme and away from ensuring households know how to incorporate the data from the meter into their decision making. Mixing a mass roll-out



<p>of the installation of meters with engagement on utilising the opportunities they represent potentially make the process overly complex.</p> <p>Clause 3.21: allowing for geographically focussed engagement using approaches based on community scale programmes will allow a better understanding of the issues for rural communities.</p> <p>The programme needs to understand the basic consumer concerns around suspicion of the big Utilities, which should not be under-estimated. Some concerns are already emerging on security of data, the ability of 'the authorities' to 'snoop' – care needs to be taken that the smart meter installation programme does not get enmeshed within the wider debate on surveillance and monitoring of emails, mobile calls, etc.</p> <p>There is a need to better understand wider perceptions of the relationship between suppliers of meter and the suppliers of fuel – will consumers perceive this dynamic changes and feel unable/less willing to switch fuel supplier if a particularly utility has supplied their meter? The consultation makes the assumption that supplier switching will be easier after a smart meter has been installed, which from a practical data viewpoint is correct, but it overlooks the other barriers to switching.</p>	
<b>Chapter 4 Delivering consumer engagement</b>	
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?
<b>Response</b>	The installation packages need to have a core of services that are standardised across all meters and knowledge of that core and how they operate must be made available asap. The range of options should be presented by impartial parties to encourage trust and engagement.
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?
<b>Response</b>	The proposal of a centralised programme is the least-worst option; the worst option being completely supplier driven. The most significant issue is the dominance of the major suppliers and their potential to stifle innovative approaches to installation and engagement. Additionally, their dominance is likely to inhibit option for new start-ups and smaller suppliers, if access to branded meters is restricted by licencing procedures. The programme needs to create a distance between the suppliers and their installation programmes and advice on use and subsequent behaviours.
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?
<b>Response</b>	Given the answer to Q6, yes, the utilities should be obliged to deliver; voluntary approach will further skew the roll-out to advantage the big utilities and disadvantage smaller suppliers.
8.	What are your views on the proposed objectives for the Central Delivery Body? Are there any additional objectives which should be included?
<b>Response</b>	No response
9.	What are your views on the suggested activities for the Central Delivery Body?
<b>Response</b>	Setting the objectives need to think beyond the initial introduction of the meters. In this respect comparisons with the Digital Switchover programme are not useful. In order to effect longer term behavioural change, the objectives need to allow engagement over



	an extended period.
10.	Do you have any views on mechanisms for monitoring progress and holding suppliers to account in delivering objectives?
<b>Response</b>	Suppliers will only deliver the objectives that are in their commercial interest and therefore mechanisms for monitoring need to encourage transparency; there needs to be a clear and enforceable penalty regime to ensure objectives are met.
11.	How can we ensure sufficient effort and funding to achieve the objectives is balanced against the need to keep costs down?
<b>Response</b>	The Government needs to recognise that this programme is costly. It should not be about achieving the lowest cost option but effective engagement – this is a big opportunity to encourage widespread engagement but it will be expensive. Again there is a need to be careful about comparisons with the Digital Switchover campaign – there are some parallels as noted below, but for smart meters to deliver their promise, they need to introduce a new way of thinking about energy supply. The outcome of the Digital Switchover provided consumers with essentially the same medium - smart meters allow both a different relationship with the supplier and potentially alter the role of the supplier.
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?
<b>Response</b>	Independent bodies such as Energy Savings Trust and/or Consumer Focus may be appropriate to contract this work to. However, as with Digital Switchover, there are advantages that a single purpose vehicle can offer for the CBD. The critical question is what is the key message consumers need to hear – is it about making use of meters or changing behaviours to reduce consumption. There is a danger of messages getting confused.
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?
<b>Response</b>	Yes, but it depends on the profile and involvement of the major Utilities. Too high visibility or connection with the Utilities will damage the credibility and independence of the CDB and any subsequent marketing attempted.
14.	How can we ensure that the Expert Panel attracts a sufficient level of expertise?
<b>Response</b>	Allow the Board as wide a remit on selection as possible – make sure perspectives from the international environment are available to the 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?
<b>Response</b>	No response
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?
<b>Response</b>	4.35 should have a specific direction to include civil society organisations and charities with detailed knowledge of effective community activism.



17.	What role should smaller suppliers have, if any, in setting up a delivery mechanism for central engagement? What should the on-going relationship between small suppliers and the central delivery mechanism be?
<b>Response</b>	There must be opportunity created for them to have a voice with the CBD. The danger is that the major Utilities will dominate the agenda and structure the delivery to meet their own interests. It is more likely that the real innovation on engaging and using the additional features the meters offer will come from the small suppliers and therefore their position needs to be enhanced.
18.	What role, if any, should network companies and communications service providers have in central engagement?
<b>Response</b>	They have relevant input, which if not on represented on the CBD Board or the Expert panel, needs to be via an industry advisory channel.
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.
<b>Response</b>	It is a challenging timetable but given the backing of clear political will to make this work, it is deliverable. However, the track record on recent initiatives on Green Deal, Feed-in Tariffs, and Renewable Heat Incentive is not encouraging.
20.	What are your views on the need for the Central Delivery Body to establish an outreach programme?
<b>Response</b>	It is critical to the success and credibility of the roll-out programme. Without a full outreach programme, the public perception will be that the introduction of smart meters is solely for the benefit of the energy suppliers and the engagement opportunity will be lost.
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?
<b>Response</b>	Yes, anything that will help the coordination of the mass take up is essential. The CBD should also have the powers to require the suppliers to adjust their plans to meet the requirements of the CBD's outreach programme – again, it should be the CBD driving the programme, not the major suppliers.
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?
<b>Response</b>	Yes to branding – the Digital Switchover programme is a good example of how this could benefit engagement. Supplier branding should be minimised and subordinated to CBD branding.
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.
<b>Response</b>	No response
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?
<b>Response</b>	No response
25.	Do you agree with the way the objectives are drafted in the licence conditions? Should they be more or less detailed?
<b>Response</b>	No response
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?
<b>Response</b>	No response
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.
<b>Response</b>	No response
28.	Do you agree with the form and content of the Engagement Agreement as drafted in the Licence Conditions? Please explain your views.
<b>Response</b>	No response
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.
<b>Response</b>	No response
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?
<b>Response</b>	No response
31.	Do you think there are any consequential changes to existing licence
<b>Response</b>	No response
<b>Chapter 5 The non-domestic sector</b>	
32.	What are your views on the state of the energy services market for non-domestic consumers and its future development?
<b>Response</b>	There is great potential for engagement with the non-domestic market to discuss energy usage and ways to manage monitoring. Some sectors (e.g. IT, Transport) are perhaps more developed than others (small scale retail, micro and businesses that employ less than 10). The challenge to engagement is not to treat the non-domestic sector as homogenous, and Government needs to appreciate dealing with major businesses (over 250 employees) is insufficient in understanding the wider non-domestic sector.



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?
<b>Response</b>	Yes, especially to SMEs and owner-managers.
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?
<b>Response</b>	Yes, but treat them in the same way as for the domestic programme.
35.	What changes might be required to the licence conditions at Appendix 2 to address the needs of the non-domestic sector?
<b>Response</b>	
<b>Chapter 6 Enabling wider changes to the energy system and market</b>	
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?
<b>Response</b>	Any alteration to energy efficiency incentives should be based on real engagement. Until the combined impact of the Green Deal, Energy Company Obligation and Clean Energy Cash-back schemes are understood and evidence shows there is widespread engagement, understanding and take-up it would be unwise to introduce further incentives. The marketplace is currently confused, with lack of clarity around key messages and further incentives are likely to confuse an already sceptical public.

