



Department for
Business, Energy
& Industrial Strategy

SMART METERS BILL

Overview and Questions & Answers

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Overview

The government is committed to all households and small businesses in Great Britain being offered a smart meter by the end of 2020, helping give people control over their energy bills. Smart meters are the next generation of gas and electricity meters which bring an end to estimated bills and help people to save energy and money.

The smart metering rollout is expected to deliver £5.7 billion in net benefits, with £300 million a year taken off consumer energy bills by 2020 alone, rising to £1.2 billion a year by 2030.

The government is facilitating and overseeing the smart metering implementation programme through a regulatory framework establishing the key rights and obligations for all aspects of smart metering design, development, installation, operation, monitoring and reporting. Energy suppliers are responsible for the installation and operation of smart meters in homes and small businesses. Energy networks are also supporting the rollout.

The government has overseen the establishment of a national Data and Communications Company (DCC). The DCC operates under licence and acts to ensure that the smart metering system as a whole works effectively and efficiently.

Questions & Answers

What is a smart meter?

- Smart meters are the next generation of gas and electricity meters. They will offer a range of intelligent functions and provide consumers with more detailed information on their energy use, bringing an end to estimated billing.
- Through an In Home Display, which will be offered to households as part of the installation smart meters give consumers near real time information on their actual energy consumption
- Smart meters have the potential to facilitate a range of wider policy objectives including improved network management and improved tailoring of energy efficiency advice and services. They also support the move towards a smarter energy system by providing the technical functionality needed for future innovations, such as time of use tariffs, which encourage consumers to use energy when it is cheaper and help reduce the overall cost of the energy system.

What is the Smart Meters Bill and why is it needed?

- The Bill supports the delivery of the smart metering programme to bring Great Britain's energy infrastructure into the twenty-first century.
- It will allow government to oversee the rollout of smart meters by the end of 2020, so it can continue to remove delivery barriers, protect consumers, and help households and small businesses continue to get the most from their smart meters once installed.
- The government considers that the risk of the DCC's insolvency is very low. However, the impact of this for consumers could be high. This Bill introduces a special administration regime (SAR) for the smart meter communication licensee, which is currently the DCC. The objective of the SAR is to ensure the continuity of the smart meter communication service should the current or any future licensee become insolvent.
- The rollout of smart meters, which can record the amount of energy consumed within every half-hour period, presents an opportunity to reform the way the cost of the electricity consumers' use is allocated to suppliers. The Bill provides a more efficient way for Ofgem to deliver these reforms, which can then lead to future innovation, such as time of use tariffs that will enable consumers to access cheaper energy at certain times of the day.

Is the government still working towards the 2020 deadline?

- Yes, the government is committed to ensuring all homes and small businesses are offered smart meters by the end of 2020. The Programme is well underway, with over 8.6 million smart and advanced meters already successfully operating (as at end-September 2017).

What measures will this Bill introduce?

- The first measure would extend by five years to 1 November 2023 powers the Secretary of State has to develop, amend and oversee regulations relating to smart metering. This will ensure government can oversee completion of the rollout and help consumers get the most from their smart meters once installed. It also means that findings from a post-rollout review that could benefit consumers and businesses can be implemented.
- The second measure would introduce a special administration regime for the DCC to ensure the service continues to be provided in the unlikely event of its insolvency. This is in line with existing arrangements for comparable organisations in the energy sector such as energy networks, and other sectors including rail.
- The third measure would provide Ofgem with a more streamlined process for delivering changes to market arrangements that incentivise new innovations, such as time of use tariffs. This measure will help ensure that the benefits to consumers of new tariffs, products and services enabled by smart metering will be available sooner.

Why do we need the Data & Communications Company?

- The DCC is an essential part of this important modernisation of energy infrastructure, which will deliver multiple benefits.
- Through the DCC, energy companies (alongside networks and other third parties), can collect energy consumption data remotely and securely (subject to compliance with strict data privacy rules). This enables them to deliver the benefits of smart metering, including accurate billing.
- The services provided by the DCC will also facilitate faster switching and enable consumers to choose to share their data with third parties who can offer tailored advice and services.
- The DCC's continued operation is fundamental to providing uninterrupted smart services, protecting consumers and securing benefits for both consumers and industry.