

National Energy Action (NEA) response to Department for Business, Energy and Industrial Strategy (BEIS) consultation - Maximising interoperability for first generation SMETS1 smart meters



Action for Warm Homes

About NEA

NEA¹ work across England, Wales and Northern Ireland to ensure that everyone in the UK² can afford to live in a warm, dry home. To achieve this we aim to improve access to energy and debt advice, provide training, support energy efficiency policies, local projects and co-ordinate other related services which can help change lives. Our subsidiary Warm Zones (WZs) is a not-for-profit Community Interest Company that also aims to work in partnership in various locations across the country to deliver integrated packages of energy efficiency measures, benefits and energy advice³. This practical insight is crucial to the authenticity and insight within NEA's advocacy. NEA also provide the secretariat for the All-Party Parliamentary Fuel Poverty & Energy Efficiency Group to raise awareness of the problem of fuel poverty and the policies needed to eradicate it⁴.

Summary of this response

NEA has a long-standing interest in smart meters and their roll-out in Great Britain and Northern Ireland, particularly with regard to their impact on vulnerable consumers.

In our recent response to Ofgem's workplan consultation, we highlighted our concern that the smart meter roll-out is now significantly back-loaded. This means that most households have less opportunity to enjoy the benefits of smart (and any resulting financial savings) in the years up to 2020. The delay to mass deployment could undermine the Government's current cost benefit analysis which assumes there would be steady deployment, with cumulative benefits accruing year on year up to 2020. The extent of back-loading is a particular concern for low income and vulnerable households who will need additional levels of support to benefit equally from the programme; with help to engage with marketing messages; understand how their new meter and In Home Display (IHD) work and fully understand the opportunities (and any risks) for allowing a supplier to access their half hourly usage data.

To help provide this assistance, NEA continues to work with Smart Energy GB, via the Smart Energy GB Communities Programme to enable, encourage and support community groups to spread the word about smart. The Smart Energy GB Communities Programme provides grant funding and training for charities and groups which can help Smart Energy GB share information about the benefits of smart meters, and how to get them. In 2016, 439 smart meter champions in 239 organisations were trained and continue to support people in communities around Britain. If there is a large delay between consumers being engaged by Smart Energy GB's mass marketing (or through our joint work via the SEGB communities programme) and when customers can expect to receive a smart meter, NEA are concerned that this lag could cause many people to become disengaged from the initiative or reduce access rates which could increase the cost of the programme.

In this context, NEA welcomes BEIS's proposal to introduce a new obligation on suppliers to take reasonable steps to enrol SMETS1 meters in the DCC or replace them with SMETS2 meters, within a specified timeframe. The new back-stop obligation would also require suppliers to replace any SMETS1 meters not enrolled with a SMETS2 by the end of 2020. Whilst NEA has not responded to all the consultation questions, we support these main proposals and request that BEIS does not infer we either support or are disinterested in the outcome of the other issues included within the consultation. We would also welcome further engagement to enhance our understanding of the detail of these proposals in due course.

Questions on SMETS1 interoperability proposals

Q1 Do you agree with the proposal that suppliers should be required to take all reasonable steps to enrol eligible SMETS1 meters in the DCC, or replace with SMETS2, within a specified timeframe?

YES, subject to consumer consent, see notes below.

Q5 Do you agree with the proposal that any unenrolled SMETS1 meters should be replaced with SMETS2 meters by the end of 2020?

YES, subject to consumer consent and providing it does not consequently create a bottle neck whereby consumers who do not yet have a smart meter cannot get one within the 2020 timeframe, particularly low income and vulnerable consumers who are paying towards the rollout already with many suppliers holding back on installs to this cohort until the infrastructure is sufficiently robust i.e. once SMETS2 is live. NEA also highlights it remains concerned that the duration of the current (and welcome) Pre Payment Meter price cap is still too closely linked to the smart meter roll-out. Whilst NEA hopes the benefits of SMETS 2 will mean suppliers should come forward with cheaper tariffs (due to the reduced cost to serve these customers), this outcome is by no means guaranteed. Nor is it known whether the quantum of the passed through cost reductions smart could prompt will be parable with the level of reductions customers currently enjoy as result of the PPM cap. These issues need to be resolved by BEIS and Ofgem because when SMETS 2 PPM meters are deployed before 2020, they won't benefit from the cap.

Q6 Do you agree with the proposal that once a SMETS1 meter has been enrolled in the DCC it should not be possible for a supplier to withdraw it and operate it outside of the DCC?

Yes, unless there was evidence released which showed that it had economic and social reasons as to why it was a preferred option.

¹ For more information visit: www.nea.org.uk.

² NEA also work alongside our sister charity Energy Action Scotland (EAS) to ensure we collectively have a UK wider reach.

³ For more information visit: <http://warmzones.co.uk/>.

⁴ For more information visit: www.nea.org.uk/fpeeg/about-fpeeg/