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DECC Smart Metering Implementation Programme

Update for EED Plenary, Riga
March 2015

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- Headline findings from smart metering research
- DECCôs consumer engagement policy conclusions
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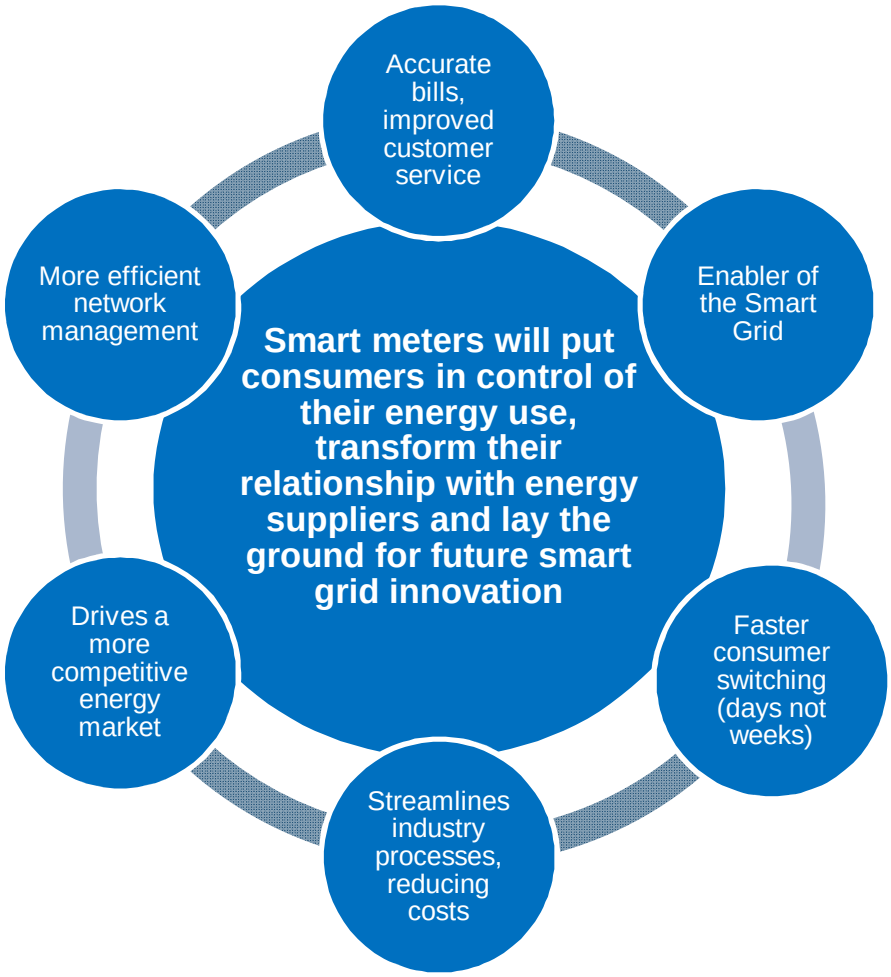
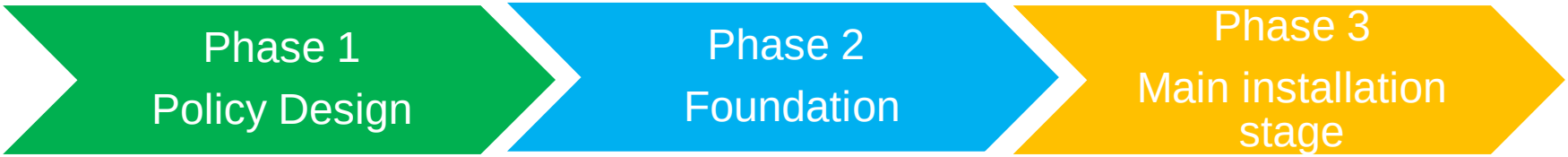
Key features of the GB Smart Metering Implementation Programme



- 53 million smart meters to be replaced in Great Britain by end 2020
- Installation visits to 28 million homes and 2 million small businesses
- Both electricity and gas metering
- Proactive consumer engagement activities to ensure energy consumers understand what smart meters can do for them
- Wireless home area network to link meters to in-home displays and devices added by consumers
- Secure national network links smart meters to energy suppliers and network operators
- Net benefits of £6.2 bn

We are taking a phased approach to deliveryé



2011	2016	2020
Establishment of high level policy design	Industry build and test systems, and learn what works best for consumers. Government establish the commercial, regulatory and technical framework	Most householders will have smart meters installed by their energy company between 2016 and 2020

é Industry are leading and the Government is working to ensure consumer benefits are realised...

- Consumer Engagement Strategy, published in 2012, and Energy Supplier Licence Conditions
- A centralised, independent body ï ó Smart Energy GBôï responsible for the national consumer engagement campaign
- DECC monitoring and evaluation

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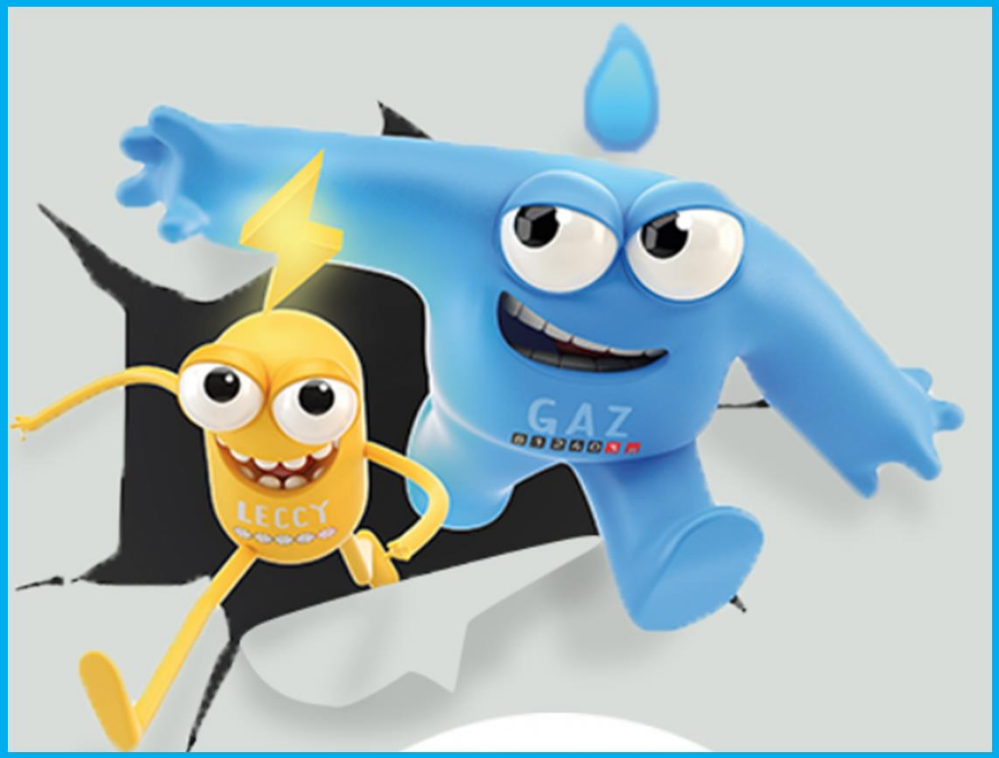
Smart Energy GBôs campaign

Å Find out more about Gaz and Leccy here



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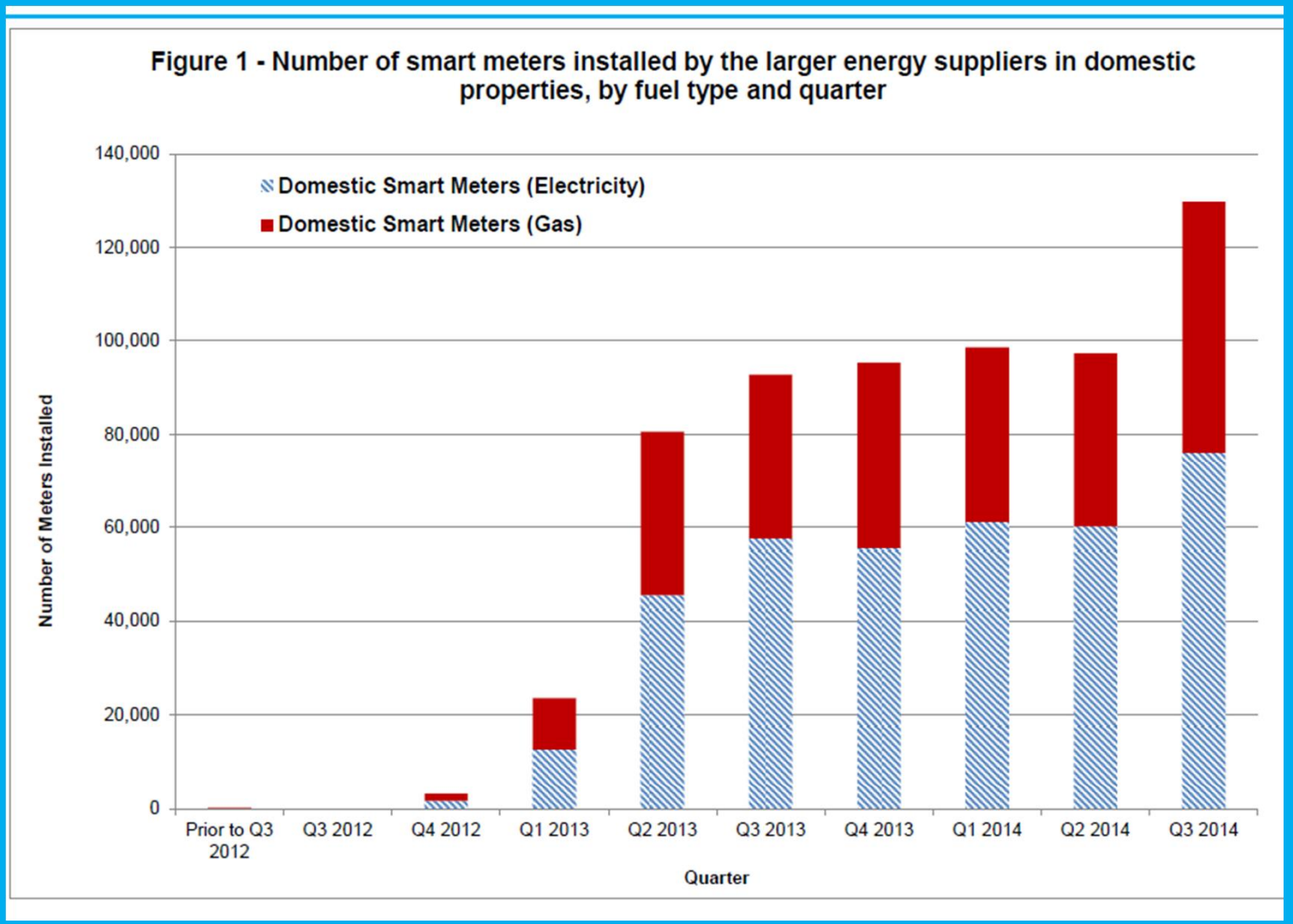
Progress to date ï over a million meters operating under the Programme



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Smart Meters ï Early Learning project

DECCôs Smart Metering Early Learning Project (ELP):

- Å explored the experiences of domestic consumers involved in the early roll-out stage; and
- Å investigated the outcomes consumers have experienced.

Findings published 2nd March and available from www.gov.co.uk

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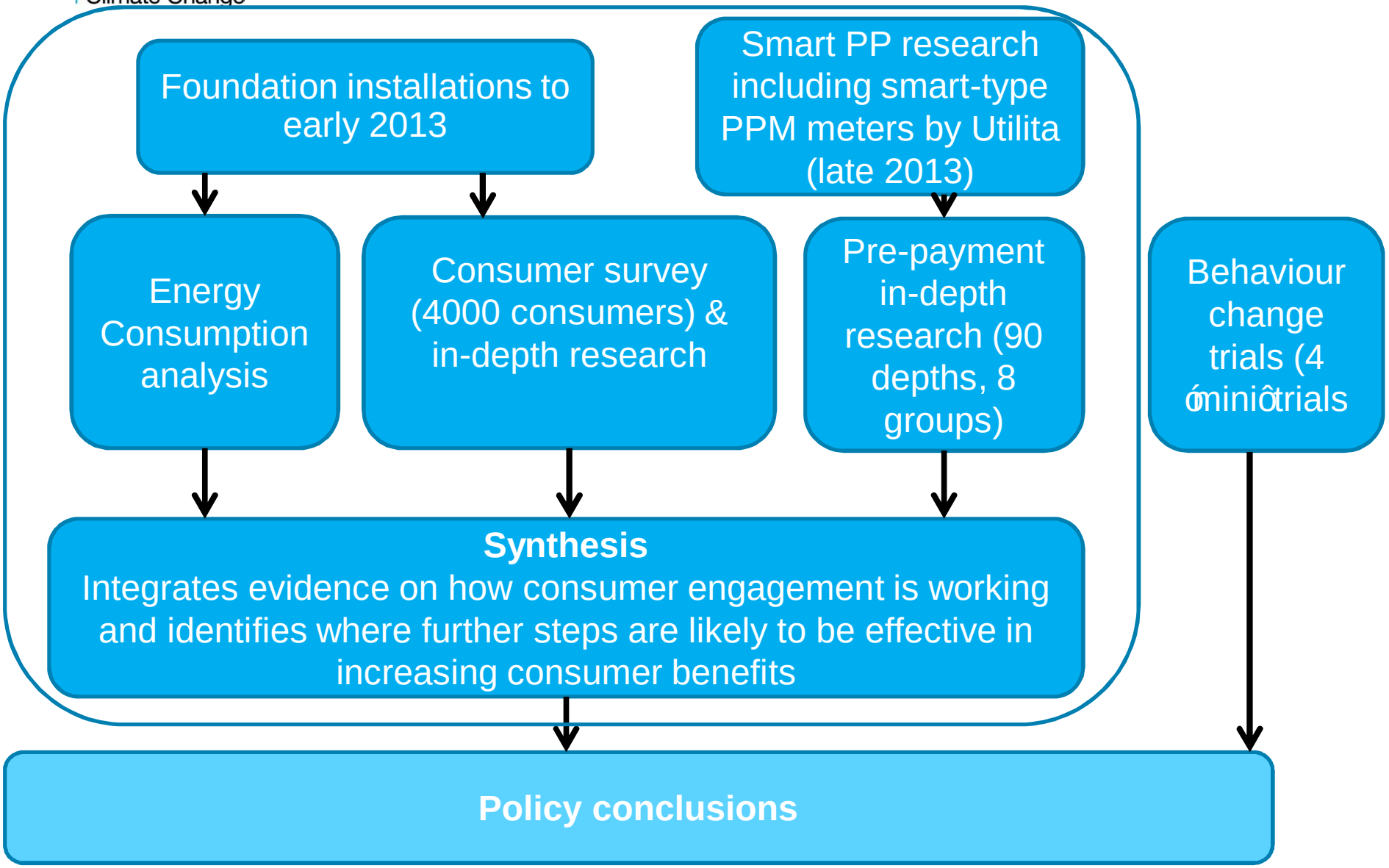
Early Learning Project



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A positive credit consumer response to smart metersé

High levels of satisfaction:
89% were satisfied with installation.
72% were satisfied with their smart meter and IHD overall.
Only 4% dissatisfied.

Word of mouth potential:
Nearly half (47%) of smart meter customers would speak highly about their smart meter.
Only a small minority would be critical (5%).

Low levels of concern:

Most customers did not have any concerns about their smart meter (82%)

ñThe smart meter is more convenient for us and the energy company. We don't need to let people in to read the meter; we were arranging days off to be in for meter readings [before]. It's also better security for us; it could be anybody at the door.ò
Household interview, Middle income, 18-34, Children in HH, IHD plugged in

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Strong consumer engagement with IHDs

96% had plugged their IHD in at some point, of which 71% agreed they found IHD easy to use.

61% still had their IHD plugged in

ñ glance at it every day. Sometimes I look just before I go to bed; to see how much has been spent in a day.ò (Middle income, 65 and over, IHD plugged in)

ñIf thatôs not simple [the IHD], I donôt know what is é that machine doesnôt frighten me.ò(Middle income, 65 and over, IHD plugged in)

7 in 10 had immediately used their IHD to see how much electricity different appliances used and how much gas they used (if had gas smart meter)

Smart PP customers were very positive about the IHD for enabling better monitoring of account balance, and feeling they were less likely to get ócaught outô

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Knowing how to use the IHD

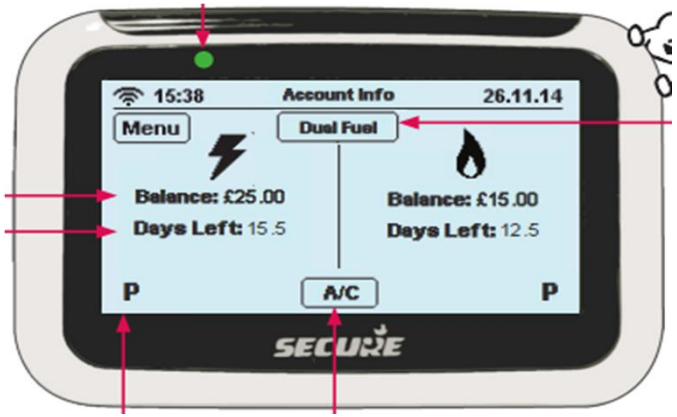
Credit customers reported two main ways of using their IHD:

ónformation drivenôapproach
A primary interest in knowing how much energy a specific appliance uses, which appliances ómake it go redôor ócause a spikeô

óMonitoringôapproach
A primary interest in monitoring the state of things in the house, or keeping a general overall eye on energy use day-to-day (e.g. checking everything is off when they leave the house, comparing usage over time).

Linked to more enduring usage and greater benefits

PPM customers using IHD in a different way - primarily to monitor account balance rather than energy consumption info (on a different screen)



Challenge: to move consumers from an ónformation drivenô (or account balance) approach to one of monitoring to ensure sustained usage and impact of IHD

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Consumers may need further assistance to achieve the full potential benefits

Positive impacts identified *(based on self-reported actions)*

- Try to reduce energy use at home
- Frequently purchase more efficient appliances
- Installed loft/top-up insulation

- Less likely to have queried a bill

- Feel in control of gas use
- Know what uses most electricity in home

- Recently changed energy tariff
- Satisfied with energy supplier

- **Evidence suggests more scope for improving impacts in other areas including wider energy efficiency behaviours**
- **In order to improve these impacts consumers will need further support in a) using the IHD to its full potential and b) acting on the information it is giving them**

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Conclusions

- ✓ **Prepayment consumers** have additional information and support requirements.
- ✓ **Installers** have an important role in engaging and advising consumers during the installation visit, and **maintaining the quality** of this activity will be important.
- ✓ Providing specific customer groups with **suitably tailored information** at installation and in supporting materials could help to meet their additional needs and to overcome barriers to accessing smart meter benefits.
- ✓ **The IHD is an important tool** for engaging consumers with smart metering information both at the point of installation and in the longer term.
- ✓ Encouraging a ó**monitoring approach**ô to information displayed on the IHD, and an appropriate calibration to the household consumption level could be more effective in enabling consumers to use smart metering data to change behaviour and reduce energy consumption.
- ✓ Certain groups of energy customers could benefit from **post-installation support**

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Developing a strong response to ELP findings

Issue
To change behaviour, consumers need to know what to do to save energy and realise the full benefits of smart meters.

Policy conclusion
DECC will lead a project to develop good practice energy efficiency advice and guidance materials to be used at the point of installation, support installers in delivering tailored advice appropriate to the customerûs needs, and potentially in follow-up support.

Issue
Key groups of consumers may need additional support to realise the full benefits of smart meters.

Policy conclusion
DECC will assess the planned provision of follow-up support for vulnerable consumers and whether further steps are required to ensure benefits are realised for key groups of consumers.

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Thank you for listening.
If you would like to share any evidence from your own organisation or have any questions about DECCôs research, please contact:
lucy.johnston@decc.gsi.gov.uk

DECCôs research publications can be found at:
https://www.gov.uk/government/publications/smart-metering-early-learning-project-and-small-scale-behaviour-trials

More information on Smart Energy GBôs national campaign can be found at: www.smartenergygb.org