

## Response to consultation on the consumer engagement strategy supporting the smart meter rollout

### PERSONAL DETAILS

Respondent Name:

Email Address:

Contact Address:

Contact Telephone:

Are you responding as an individual or on behalf of an organisation? **Organisation**

Organisation Name: **BEAMA**

How were members' views assembled: **Meetings and e-mail correspondence**

Would you like this response to remain confidential? No

If yes, please state your reasons:

## Chapter 2 Introduction

### Consultation Question

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.

BEAMA agrees with the objectives as set out in Chapter 2. In addition, BEAMA believes that the introduction of smart metering will enable a wide range of new energy services. In order to support the development of an open market in these services, the objectives should also include a requirement to advise consumers on the new services available to them. This is analogous to the role of Digital UK in making the public aware of the new media services that were being offered to them. This also demonstrates that this can be done in a way that is neutral and simply informational.

## Chapter 3 Effective consumer engagement

### Consultation Questions

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.)

	<p>BEAMA members have developed expertise and provide feedback via all of the methods outlined. Whilst agreeing with the list, BEAMA contends that the energy savings element of the consumer engagement programme is a live experiment and that, while we can learn many lessons from abroad, the UK is a unique market. It follows that it will be important to try a variety of approaches and to allow service providers freedom to experiment. According to classic marketing theory it will be necessary to “touch” everyone several times before the messages actually sink in.</p> <p>It also follows that, if new approaches are being developed then it is important to attempt to “close the loop” and measure which messages are most effective in driving behaviour change (this is not simple because of interacting effects, overlapping messages and because it is hard to control who sees which messages, but given the scale of the deployment it should be possible). Members of BEAMA are engaged in new initiatives, involving both indirect and direct feedback, and will be keen to work with DECC on how to extract generic learning for common use (such as consumer attitudes) whilst allowing individual stakeholders ownership of their innovation and IPR (how best to interpret energy data and provide advice to consumers).</p> <p>In passing, BEAMA notes that the list of purchasing behaviours does not include the purchase and installation of better heating controls. BEAMA will be keen to work with DECC and other stakeholders to manage this list.</p>
3.	<p>What are your views on community outreach as a means of promoting smart meters and energy saving behaviour change?</p> <p>“The community” is a very effective tool in engaging at least a portion of society, because as social animals we like collaborating in teams to compete with other teams. A community can literally be a local community such as a street or neighbourhood, or a virtual community such as the supporters of a football club or school.</p> <p>One interesting experiment already engaging this behaviour is the <a href="#">EnergyShare</a> project.</p> <p>It is important that a positive view of Smart Meters and IHDs is projected to consumers if their participation is to be positive. With an apparent distrust of suppliers (and maybe government), the involvement of peer groups may provide a better approach.</p> <p>There is concern that the roll out model does not lend itself to outreach, as there will be no street by street deployments. However, it will be very important to avoid discouraging consumers who express an interest in smart meters and, depending on the DCC technology, it should be possible to respond to requests for meters within a reasonable time. Certainly, customers asking for meters should be aware that they are on a waiting list and when they might expect one to be installed.</p>
4.	<p>Have the right evidence requirements been identified for Foundation learning? What other evidence or approaches to research and trialling might we consider?</p> <p>BEAMA notes that this learning does not have to wait for Foundation, it has already been happening, at the scale of millions, with dumb meters, using retrofit current clamp IHDs. BEAMA members are keen to share their learning with DECC. In addition to this, BEAMA members will, of course, be willing to work with DECC to gather and interpret the impact of</p>



	<p>the various feedback options. BEAMA has concern that there is no obvious forum set out by DECC to host this dialogue. It might be the proposed Expert Group but, as proposed, this would preclude all BEAMA members. Either an industry liaison group should be set up or the membership requirements of the industry expert panel changes so as to allow BEAMA members to join it.</p> <p>Anticipating the output of such a group, it must also be stated that BEAMA members strongly believe that DECC should not over-specify the requirements for IHDs and other feedback options as it is vital that providers are free to innovate as they address the entirety of the UK market.</p> <p>BEAMA is very keen to work with DECC and other stakeholders in finding the right balance between spreading best practice and allowing the market to innovate. This would be an important role for the expert group.</p> <p>In general BEAMA members believe that there should be no choice between alternative forms of feedback, they are all valid and necessary. The advantage of indirect feedback is that it can be free, although typically the benefits it drives are smaller and harder to prove. Direct feedback requires an IHD or CAD (therefore more expensive) but can drive higher engagement. Both approaches can therefore provide value for money and can be effectively combined.</p> <p>With regard to gas analytics, some members of CEDIG have experience of this although it is noted that this is an area where not enough innovation has happened in the past, because a retrofit IHD cannot be attached to a gas meter. Smart Meters will change this. In general, the more you join systems up, the greater the benefits in terms of savings and convenience (due to automation). It will be important for DECC to work with BEAMA on this issue as BEAMA has both energy feedback and heating controls manufacturers in membership and this combined knowledge would be well equipped to push ahead understanding of this application.</p> <p>DECC should also be aware that services based on enhanced functionality IHDs and the use of data passed through the CAD will be valid and important method of feedback. The fact that they are outside of the DECC scope will be difficult for consumers to understand and largely irrelevant to them. Hence DECC and the CDB should include awareness of these products and services within its scope.</p> <p>One would hope that there will be interaction between a manufacturer and installers of the manufacturer's equipment through the respective Supplier. Whether this needs central 'encouragement' to ensure that it happens will have to be judged from early trials (Foundation Stage?).</p>
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## Chapter 4 Delivering consumer engagement

### Consultation Questions

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?
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	<p>It is important that information on best practice is shared amongst Suppliers and other stakeholders and government has a key role in this. There will be a potential for a conflict with commercial interests but, to a large extent this will be both a driver of innovation and subject to time-delays between offering the product and getting feedback on it. Thus, if Supplier A launches a new initiative, it will likely take at least a year for the results of that initiative to be known and disseminated. That then allows other Suppliers to copy the best parts, but meanwhile Supplier A will have moved onto a new offering. This is how other industries like Telecoms work and it is vital that the Energy world moves into this mode for these services. To protect this delay, competitive information should not be made public before launch, because it would violate the competitive principle, but should then be disseminated and scrutinized closely as soon as possible after launch.</p> <p>It will also be important for DECC to include BEAMA members in any gathering and interpreting information and, as pointed out in Q4, a forum for this to take place needs to be established.</p> <p>One important point for DECC to take account of will be that, given that the offerings are being developed and improved, any trial results are likely to be a snapshot of their performance rather than an enduring result. The involvement of key stakeholders to assist DECC in interpreting the information will be crucial to this.</p>
6.	<p>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?</p> <p>While it's important that Suppliers have a seat at the table of any centralised engagement programme, since they are the people delivering it, it is also important that it is not run by them, or it risks moving to the lowest-common-denominator and responding very slowly. So someone else, probably DECC, needs to hold them responsible. This will require clear and measurable performance criteria so that progress can be checked and corrective action taken. DECC should resist the temptation to become directly involved in delivering the CDB objectives as this will reduce their ability to hold other stakeholder to account.</p> <p>BEAMA has already pointed out the importance of involving all relevant stakeholders. At present there is no role for the manufacturers and experts in IHDs and related services. A means must be found to involve these experts See Q4).</p>
7.	<p>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?</p> <p>BEAMA has no particular view on this.</p>
8.	<p>What are your views on the proposed objectives for the Central Delivery Body? Are there any additional objectives which should be included?</p> <p>BEAMA is not aware of any existing bodies that might lead this? Learning from Digital UK is relevant and should be captured.</p>
9.	<p>What are your views on the suggested activities for the Central Delivery Body?</p>



	<p>Feedback from Digital UK was that they chose very clear objectives. Specifically they were responsible for making consumers aware of the impending change and the need for it, what is involved for consumers and the timetable. They also raised awareness in a neutral way of the services that consumers could access after the switchover. This provides a very good model for the smart meter programme.</p> <p>The CDB should be responsible for making the public aware that smart meters are being rolled out, what this will involve for consumers and the likely timetable. In addition they should be responsible for making consumers aware of the benefits of the change and the new services that will be available. Although the CDB could provide guidance on how to maximize energy savings, in practice, once these messages have been 'neutralised' and the details of specific Supplier offerings taken out, then this will just reduce to making consumers aware of the benefits and new services.</p>
10.	<p>Do you have any views on mechanisms for monitoring progress and holding suppliers to account in delivering objectives?</p> <p>BEAMA members anticipate a high level of monitoring both by DECC, the CDB and Suppliers. DECC should be aware of the need to protect commercial confidentiality</p>
11.	<p>How can we ensure sufficient effort and funding to achieve the objectives is balanced against the need to keep costs down?</p> <p>This will depend on clarity of roles and responsibilities. The role of the CDB must be clearly set out such that it can develop a detailed activity plan. The likely cost of delivering this plan can then be agreed by the Suppliers with input from outside marketing experts.</p> <p>Ongoing monitoring of the effectiveness of the programme will then be needed to assess if the programme is having its intended effect. The budget can be adjusted on the basis of this feedback. However, the experience of Digital UK seemed to be that the CDB will need some certainty over its budget so that there should be limits within which the budget can be revised.</p>
12.	<p>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?</p> <p>BEAMA does not know of any existing bodies that could take on this task so there seems no option other than setting up a new body. However, Digital UK does provide a good model to follow. Government should set the overall objectives of the CDB and let it and its sponsors decide how to deliver them, it is important to keep these two roles distinct.</p>
13.	<p>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?</p> <p>BEAMA agrees with the objectives as set out in Chapter 4. In addition, BEAMA believes that the introduction of smart metering will enable a wide range of new energy services. In order to support the development of an open market in these services, the objectives should also</p>



	include a requirement to advise consumers on the new services available to them. This is analogous to the role of Digital UK in making the public aware of the new media services that were being offered to them. This also demonstrates that this can be done in a way that is neutral and simply informational.
14.	How can we ensure that the Expert Panel attracts a sufficient level of expertise?
	BEAMA members believe that they possess considerable experience and expertise related to energy feedback. They will also be closely engaged in most of the Supplier energy savings initiatives. Access to this expertise is very important to the programme and BEAMA would like to see an appropriate forum set up to allow this engagement. This should either be an additional body or the Independent Expert Panel (if its membership conditions were broadened to include BEAMA members).
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?
	It is important that information on best practice is shared amongst Suppliers and other stakeholders and government has a key role in this. There will be a potential for a conflict with commercial interests but, to a large extent this will be both a driver of innovation and subject to time-delays between offering the product and getting feedback on it. Thus, if Supplier A launches a new initiative, it will likely take at least a year for the results of that initiative to be known and disseminated. That then allows other Suppliers to copy the best parts, but meanwhile Supplier A will have moved onto a new offering. This is how other industries like Telecoms work and it is vital that the Energy world moves into this mode for these services. To protect this delay, competitive information should not be made public before launch, because it would violate the competitive principle, but should then be disseminated and scrutinized closely as soon as possible after launch.
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?
	Nothing beyond our answer to Q15.
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?
	BEAMA members believe that there will also be new entrants providing energy services based around smart metering. These new service providers (small by definition when they start up) should be the subject of similar concern and protection. The delivery mechanism should be designed so that new entrants can get going without being over-burdened with costs and responsibilities. Representation on the CDB will be a resource intensive task and this should be allowed via a trade body so that costs can be shared. Also any obligation to sign onto the SEC should be reviewed to ensure that it does not become a barrier to new entrants. It should also be noted that the Draft Licence Conditions (Q.49a) state that CDB costs are shared amongst suppliers on the basis of their market share. Even on a pro rata basis, such

	<p>costs could be a major burden on new entrants and consideration should be given to having a minimum market share below which there are no costs towards the CDB.</p> <p>In general, it can be expected that a 'supplier-independent' CDB will be better placed to consider the views of all suppliers and is the preferred option for BEAMA members.</p>
18.	<p>What role, if any, should network companies and communications service providers have in central engagement?</p> <p>BEAMA believes that a wider range of bodies should be involved in this process, including BEAMA. In general, providers should be involved on the basis of their involvement in the roll out, relevant expertise or contribution to engagement. It should be left to the CDB to decide on its membership, DECC should not attempt to develop such a list as this will create a governance process and delays in responding to changed circumstances. DECC could require the CDB to be open to all relevant parties or else act as an arbiter in case of any dispute (or possibly OFGEM).</p>
19.	<p>Do you agree that the timings for the creation of a Central Delivery Body as set out above are achievable? Please explain your views.</p> <p>In respect of roll-out obligations, one would expect that a programme would need to be in place well ahead of the proposed 2014 start. The CDB therefore needs to be in place ASAP. It is noted that Digital UK set up a shadow group in advance of its official launch and this group carried out a lot of set up and preparatory tasks. This model could be followed.</p>



20.	What are your views on the need for the Central Delivery Body to establish an outreach programme?
	BEAMA believes that an outreach programme will be useful but should be coordinated with the Suppliers roll out plans and left to the CDB to define. If this is a cost effective way of delivering the CDBs obligations then their performance targets should make this a necessary element of the 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?
	No comment.
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?
	<p>BEAMA believes that a "brand" has value and is an interesting way of enforcing quality. You create it as a trademark and then say you can only use it on certain conditions x,y,z. Anyone who violates that will then face public censure and perhaps even prosecution, which would act as a strong incentive not to bring the mark into disrepute.</p> <p>The brand will be very useful for monitoring the effectiveness of the consumer engagement programme as consumers can simply be asked if they recognise it. In addition, it will provide a means to link the Supplier roll out activities with the CDB messages. However, its use should be carefully restricted so that it does not seem to be being used for commercial advantage.</p>
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.
	BEAMA has no comment on Q23
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?
	BEAMA believes that it is vital for those who understand energy feedback to have an effective involvement in the CDB. This could be via the Expert Panel but, with the membership requirements as defined in the Licence, this would probably not be possible.
25.	Do you agree with the way the objectives are drafted in the licence conditions? Should they be more or less detailed?
	BEAMA has no comment on Q25
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?
	It is also not clear where the lessons learnt from the monitoring and reporting will be dealt with; if this is the Expert Panel, then they need a wider range of skills than set out in the Licence. If not, then the forum for this should be identified. Specifically there does not seem to be any expertise on energy savings on the list.
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.
	BEAMA has no comment on Q27.
28.	Do you agree with the form and content of the Engagement Agreement as drafted in the Licence Conditions? Please explain your views.
	BEAMA notes that the rules for reaching budget agreement appear to be missing from the Licence Conditions.
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.
	BEAMA has no comment on Q29.
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?
	BEAMA has no comment on Q30.
31.	Do you think there are any consequential changes to existing licence
	BEAMA has no comment on Q31.

	conditions or codes which are needed in order to make the proposed obligations work as intended? Please explain your views.
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## Chapter 5 The non-domestic sector

Consultation Questions	
32.	What are your views on the state of the energy services market for non-domestic consumers and its future development?
	BEAMA believes that the energy services market for non-domestic consumers, which already includes a 3 <sup>rd</sup> party market for energy data, provides an appropriate model for how the domestic market should evolve. This will only happen over time but the CDB and DECC should be designing its policies with a view to encouraging this evolution. Specifically, DECC should require the CDB to treat the provision of energy data services as a new market and make consumers aware of it and the potential benefits to them from these services. It should be noted that DECC has seen less of a role for itself in this market sector; a sign of a healthier market.
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?
	There is no reason to believe that non-domestic customers will not benefit from smart metering and energy feedback, although this is clearly a different market with different requirements. For the market above this sector it is important to make companies aware of the various services that they will be able to access. Especially as these will not be mandated services.
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?
	BEAMA agrees with Energy UK that micro-companies should be included in the CDB mandate.
35.	What changes might be required to the licence conditions at Appendix 2 to address the needs of the non-domestic sector?
	BEAMA has no comment on Q35.

## Chapter 6 Enabling wider changes to the energy system and market

### Consultation Question



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?
	<p>BEAMA is strongly of the opinion that the advent of smart metering will transform a wide range of existing energy efficiency incentives. The Green Deal for instance will benefit from the availability of meter data in assessing the appropriate energy efficiency measures, their likely savings, assist the consumer in maximising their savings and provide a source of audit data.</p> <p>One very interesting possibility is the Energy Efficient Feed-in Tariff EEFIT. Proposed by the Green Alliance, this would enable third parties to use whatever marketing and commercial techniques they wished to drive energy savings, and get paid by results. Smart Metering is key to enabling this, because it provides the quick, accurate and independent information on which any such scheme would depend.</p> <p>Given previous comments by BEAMA that there should be a body set up to provide a forum for experts on energy feedback to review the performance of the IHDs and other feedback mechanisms, this body could have a link to the DECC Energy Efficiency Development Office and other DECC groups with a remit to identify opportunities for integrating with other programmes and timetables for this.</p>

