A consultation on Consumer Engagement Strategy

Delivering consumer engagement

Question 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?

The success of the smart metering programme depends on positive consumer engagement. The consumer will potentially be faced with an array of information across a number of sources and we would support the development of a comprehensive one stop shop which provides consistent, accurate and reliable information. Such communication will allow consumers to understand the offerings in the context of the potential benefits to them as an individual and the nation as a whole along with the wider obligations on all Suppliers and the existence of the Installation Code of Practice (CoP). Whilst the Programme may make a decision that such a repository exists, we do not necessarily see its delivery and operation as a Programme function; it could be remitted to either the central delivery body to provide a mechanism to achieve this or alternatively to a consumer representative body.

Question 8: What are your views on the proposed objectives for the Central Delivery Body? Are there any additional objectives which should be included?

Objectives should be clear and key performance indicators included so that everyone understands what is expected of it. At present the objectives are high level (a little further detail is provided in Appendix 2) but without clearly defined expectations around the roles and deliverables there is the risk of disappointment and/or criticism should those expectations or objectives not be met.

If a centrally funded delivery body is to be established then we would suggest that smaller parties be able to participate in the body if they choose to do so; we recognise from our own experience with the BSC that smaller parties value the support and information that is provided by central bodies. In terms of engagement and the overall aspirations of the Programme a bad experience with any participant or delivery organisation will cloud the customer's view of the wider Programme and is likely to contribute to negative press.

Specific reference is made to vulnerable customers and those of pensionable age but one of the challenges (which the Digital broadcasting rollout has had some success with) will be communicating

with those for whom English is not a first language – would this merit a separate objective or is it implicit in the objective to promote understanding by energy consumers of their rights in relation to Smart Metering Systems?

Whilst the CDB is established to promote the rollout, to maintain trust with consumers it must also be able to describe the options available to consumers who do not wish to have a meter should they not be convinced by the benefits and reassurances. We would hope that this number would be limited if the CDB and suppliers were successful in their approach to engagement.

Question 9: What are your views on the suggested activities for the Central Delivery Body?

These activities seem sensible.

Whilst we recognise the Government's desire to avoid being prescriptive, if these activities are so fundamental to successful delivery of the Programme then it seems appropriate to hard wire them into formal governance, whether explicitly (as in the BSC which describes what BSCCo must do) or in a code of practice (like the Code Administration Code of Practice introduced by Ofgem in 2010). The Smart Energy Code (SEC) could be used to place some formal governance around these arrangements (without having to involve the SEC Panel as the oversight body), the CDB in turn could be supported by the SEC Secretariat function.

Question 10: Do you have any views on mechanisms for monitoring progress and holding suppliers to account in delivering objectives?

The present proposal is to mandate the provision of a central delivery body to carry out the consumer engagement role through a licence condition. Our experience in the 1998 arrangements and in administering the BSC Performance Assurance regime suggest there is a risk that without some form of specific agreed deliverables (including timescales) and performance monitoring (either by the Expert Panel or by regulatory authorities) a less engaged supplier (or his agents) might undermine the overall aims of the Programme and the ability of the central body and other suppliers to achieve them.

In parallel with performance monitoring there needs to be some credible process, absent the licence enforcement route, to require participants to meet the requirements of the Programme. Again, we note that the SEC could be used as the vehicle to place formal governance around this process.

Question 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?

Given the delivery timescale, the proposed initial limited lifespan of the delivery body and the imperative to minimise cost and maintain the Programme's stated cost benefit then contracting an existing organisation or organisations seems the most practical solution.

It would also be desirable to avoid a further proliferation of central code administrators and to build on existing arrangements for supporting and charging industry bodies. We have extensive experience of procuring services and providing governance and operational services to suppliers and others including a mechanism for charging and billing and would be happy to support the Programme in developing the central arrangements and providing services to a consumer protection and engagement body.

Another option is to fold this into the SEC Governance arrangements. Charging could be undertaken through the DCC alongside the charges for all the other central activities to support smart. The SEC Administrator could provide the day to day support for this function (in conjunction with a 'service provider' with proven expertise in consumer engagement). The expert Panel could act as a committee to the SEC Panel (if necessary with strong powers to take certain actions in their own right without a need to defer to the Panel directly).

Question 14: How can we ensure that the Expert Panel attracts a sufficient level of expertise?

We have no particular view on the type of consumer engagement expertise which Panel Members might bring but we would suggest that representatives of the regulatory and 'political' environment as well as consumer protection bodies such as Consumer Focus (or its successor body) should at least have the right to attend and speak at the Panel meetings if not be full members. We take this view because the central delivery body's work will be time constrained and time limited and it's likely that some, if not all, members, whilst experts in their field, might not be up to speed on the work the Programme has already done or be aware of some of the constraints that might exist; far better to have the discussion up front than come up with proposals which may be subject to some form of consent process later on.

In our experience it's also essential to understand the impact on those who will need to deliver and pay for initiatives, which suggests that suppliers should at least be consulted or have the right to speak at Expert Panel meetings.

Question 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?

The consultation document describes one possible framework but for any governance framework to work it has to have the confidence of those directly affected by it and responsible for delivering it. In our experience those who are paying for the central body and are subject to a licence condition to

deliver it will want some form of input; we describe one possible way of achieving this in response to questions 9, 10, 12 and 14.

It is important that information on consumer experience, emerging concerns and issues flows swiftly to this group, such that they may address this quickly. This may mean there's a need to build in reporting , for example from monitoring of performance via obligations under the Installation CoP.

Question 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?

We have no view on whether small suppliers should be obliged to comply with a central engagement programme but they will play an important role in helping to deliver the aspirations of the Government's smart metering programme. We would draw attention to existing models for engaging with and supporting smaller participants and future players which should be a consideration for the CDB. Key code administrators are subject to the Code Administrator Code of Practice. The CoP requires administrators to act as critical friend, providing support and advice.

The CoP also imposes a requirement to report against key performance indicators; we believe there may be merit in requiring the CDB to adopt a similar process. In administering the BSC arrangements we follow the CoP and have a number of other initiatives aimed at ensuring smaller parties are adequately informed and engaged about issues which affect them; we'd be happy to share these with you.

Question 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?

Yes. The sharing of rollout plans would be tremendously valuable in understanding how best to target central engagement. Plans do not need to be shared individually, a GB wide view could be developed by Ofgem from the individual plans submitted to it.

Question 18: What role, if any, should network companies and communications service providers have in central engagement?

The programme's concerns are about the whole customer experience and that could be affected by the performance of network companies and communications service providers (by which we believe you mean the 'DCC' who is responsible for the communications service providers). It's possible that these parties could benefit from or be affected by any central initiatives; there should be a formal process for engaging with them and to give them an opportunity to express views on initiatives and to have those

views heard.

Question 24: Do the licence conditions as drafted give the Central Delivery Body sufficient separation from suppliers to achieve 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?

The proposed arrangements bear some similarity to those introduced to deliver digital switchover and, in particular, DigitalUK, the not for profit body at the centre of that project. However the proposed rules seem more onerous than those imposed on the broadcasting industry. One feature which the digital roll out arrangements did have was the appointment of a 'critical friend' to provide constructive and independent challenge; whilst the proposals for the expert panel and board include a high degree of independence from suppliers the inclusion of an independent technical expert may be worth consideration.

Question 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?

The proposed constitution of the CDB limits its business to achieving the Consumer Engagement Objectives; this is similar to the constraints imposed on the Balancing and Settlement Code Company within the Balancing and Settlement Code. It's possible that such restrictions might, in some circumstances, inhibit efficient service delivery or preclude a sensible, economic and efficient pooling of resource with other bodies.

Whilst we recognise the thinking behind this and the need to ring fence obligations and liabilities it may be sensible to consider whether some flexing in certain circumstances, with the prior approval of the governing bodies and the regulator might be allowed; the alternative would be a potentially long and complex change process including a licence modification which, given the time limited nature of the proposed engagement programme, might nullify any potential benefits of change.

The Non Domestic Sector

Question 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?

Yes, non-domestic customers have an important role to play in meeting Britain's transition to a low-carbon economy; at the smaller end of the market they may be as disparate and uninformed as domestic customers and the information available to domestic customers is likely to also assist non

domestic customers in saving energy, therefore meeting the long-term challenge of delivering an affordable, secure and sustainable energy supply.

For more information on our response, please contact: