

# Response

## Smart Metering Implementation Programme – Consultation on consumer engagement strategy

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## Summary

The National Housing Federation welcomes the opportunity to respond to the smart metering implementation programme consultation on the consumer engagement strategy and is happy for its response to be published.

We agree that smart metering has the potential to help engage consumers with their energy use and provide a mechanism for enabling more energy efficient behaviours. Properly planned and coordinated engagement with consumers before, during and post installation is needed if we are to make the most of this opportunity. We broadly support the framework for consumer engagement set out in the consultation; however feel it needs to be further developed so that it supports and coordinates the work of third parties such as housing associations who play an important role in engaging consumers at the local level. We would welcome the opportunity to feed into a more detailed plan before mass roll-out begins.

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### 1.0 Background

The National Housing Federation is the voice of affordable housing in England. We believe that everyone should have the home they need at a price they can afford. That's why we represent the work of housing associations and campaign for better housing. Our members provide two and a half million homes for more than five million people. Each year they invest in a diverse range of neighbourhood projects that help create strong, vibrant communities, including those aimed at tackling fuel poverty and improving the energy efficiency of housing. Much of this work has focused on micro-generation and improving the thermal performance of homes. However there is growing recognition that occupant behaviour is a major determinant on whether the energy savings made possible by these physical improvements are realised.

Housing associations play an important role in promoting better use of energy amongst consumers. Through the Count Us In project<sup>1</sup> we are exploring how best social housing tenants can be engaged with their energy use. As part of the project we are working with five housing associations to run trials testing different engagement approaches. Three of these pilots include smart metering as part of their package of interventions. Our response to this consultation draws on the experiences of these pilots as well as the work of housing associations to engage their tenants with their energy use.

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### 2.0 Key points

- We support the focus on ensuring engagement activity is tailored to ensure that vulnerable and low income consumers benefit from the roll-out, particularly around messages on maintaining temperatures in homes above levels that could be dangerous to people's health.
- Housing associations are well placed to act as trusted voices delivering engagement activity within communities. The smart meter roll-out is as an opportunity to continue the engagement activity that is

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<sup>1</sup> [www.housing.org.uk/CountUsIn](http://www.housing.org.uk/CountUsIn)



already taking place. Trusted intermediaries such as housing associations should be included within the engagement strategy and appropriate funding and data access arrangements put in place to support effective targeted engagement activity.

- It is important that costs associated with engagement and the establishment of a central delivery body are not passed onto consumers, placing additional burdens on their ability to afford the cost of energy.
- To make the most of the opportunities provided by the roll-out the engagement strategy needs to set out a framework for coordinating engagement activity by different parties. This includes joining up with the engagement activity required by other energy saving initiatives such as the Green Deal.
- The roll-out should be seen as an opportunity to engage with consumers on energy saving in the broadest sense, and not just on smart meters.
- We support the proposal to place an obligation on energy suppliers to provide domestic customers with an in-home display (IHD). This will provide a means to make engagement activity personally relevant to consumers.
- The engagement strategy needs to cover all aspects of the install process including contact with consumers pre and post installation visit. Ensuring positive experiences with the installation process will foster better acceptance and engagement with smart metering.

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### 3.0 Detailed response

#### **Q1: Are these the right aims and objectives against which to evaluate the Government's consumer engagement strategy for smart metering? Please explain your views.**

We broadly support the aims and objectives for the consumer engagement strategy.

In particular we welcome the inclusion of a specific high-level aim of ensuring vulnerable and low income consumers benefit from the roll-out. Many tenants within social housing are on low incomes, are elderly and/or are living with long-term health conditions making them vulnerable to rising fuel costs. Housing associations are already working with their tenants to tackle fuel poverty and improve the energy efficiency of their homes. In order to compliment this work, engagement activity and messages associated with the smart meter roll-out are tailored to the needs of vulnerable and low income households to help them find ways of efficiently heating their homes at a safe temperature. The costs associated with the implementation of the engagement strategy must not be passed onto consumers as this will make it harder for them to heat their homes to a safe temperature (see our response to question 3).

We also welcome the commitment to establish which parties are best placed to undertake different aspects of engagement. Housing associations are well-placed to act as trusted intermediaries helping to maximise the benefits of smart meters to their tenants. The consumer engagement strategy will need to be supported by adequate funding and data access arrangements in order to facilitate additional community outreach by third parties (see our response to question 3).

The engagement strategy should also aim to set a mechanism for coordination of engagement activities by different parties, not just for delivery of some centralised activity as it currently proposed. Coordination will be important to avoid duplication, deliver clear and consistent messages and link to other energy saving programmes such as the Green Deal (see our response to questions 6 and 22).



We support the high level aim of delivering cost-effective energy savings to consumers through smart metering. In order to maximise benefits the aim should go further and the opportunities of engaging with households through the roll-out should be used to deliver a range of interventions targeting energy use, such as tailored energy advice and guidance (see our response to questions 2 and 4).

**Q2: 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?**

We agree that making energy saving personally relevant to consumers is a primary challenge to encouraging behaviour change. Direct and indirect feedback has been shown to be an effective means of doing this and making energy use visible to consumers. For this reason we agree there should be an obligation on suppliers to provide an IHD to domestic consumers. It is important that the use of the IHD is properly explained and demonstrated so consumers are enabled to use them. Lessons should be drawn from the experiences of consumers receiving smart meters during the Foundation stage, including as part of the Count Us In project.

Research such as the EDRP project has shown that advice and guidance tends to be more effective when it is tailored to the household and delivered in combination with smart meters. It will be particularly important to tailor messages to households so that the consumption information revealed by smart meters does not result in undesirable actions, for example, existing low-consuming households raising their energy use in response, or vulnerable households heating their homes at unsafe levels. Careful consideration therefore needs to be given to how feedback, advice and guidance should be coordinated within the roll-out programme. This includes giving consideration to how the IHD itself should be designed so that appropriate information is provided to the consumer.<sup>2</sup>

The Count Us In project will provide learning on what behaviour change interventions do and don't work with social housing tenants. Experiences so far have shown how many tenants value one-to-one home visits. These provide an opportunity for tailored advice and guidance (for example through home energy audits and individual energy action plans) to be delivered and are a more effective means of delivery than more passive interventions such as websites and leaflets. The smart meter installation process provides an important opportunity for enabling one-to-one engagement with consumers (see also our response to question 4). Any behaviour change activity will require appropriate funding and data access arrangements in order to be carried out and sustained effectively (see our response to question 3).

The EDRP project has shown how the effectiveness of interventions is influenced by how information is given. It is important that consumers are not overwhelmed or confused by too much information. Whatever the behaviour change tools chosen, the consumer engagement strategy will need to provide a framework to coordinate multiple interventions delivered by different parties. This includes coordinating the messages flowing from the Government's various energy saving programmes, such as the Green Deal.

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<sup>2</sup> For example the minimum IHD specification for suppliers should encourage designs which are capable of indicating when indoor temperatures are at levels considered dangerous to occupants' health. They should also be able to provide consumers with acknowledgement of socially beneficial behaviour ("injunctive norming").



**Q3: What are your views on community outreach as a means of promoting smart meters and energy saving behaviour change?**

We believe community-level outreach is an essential component of delivering effective behaviour change interventions. Consumers may be sceptical of energy saving messages delivered by suppliers and lack motivation to engage with supplier-led interventions, particularly if they have had previous negative experiences with their supplier or are in arrears with their energy bills.

Whilst energy providers will have a crucial role to play at point of installation, they are not necessarily the primary interface with consumers as is assumed in the consultation document (page 33). Organisations such as housing associations have established links with consumers and can act as “trusted voices” to deliver engagement activity. Recent research by housing associations has shown how tenants often look to their landlord to provide information and advice on energy issues.<sup>3</sup> Housing associations can also add value to engagement activity by providing insight into the needs and concerns of different consumers, including vulnerable and low income households.

As part of the Count Us In project we will soon be publishing a literature review setting out information on the work that many housing associations are already doing to engage their tenants with their energy use<sup>4</sup>. We welcome opportunities to work with DECC to share this learning and help shape the detailed engagement strategy.

We agree with the assertion in the consultation document that sustained behaviour change will not be delivered by any one intervention and that the consumer engagement strategy will therefore need to touch consumers at multiple points. Outreach work by organisations such as housing associations will be important to make the most of the opportunities for engagement enabled by the smart meter roll out. Acting as trusted voices, housing associations can facilitate to the roll-out process by working with their tenants to address concerns around smart meters and the installation process and promote their benefits. They could also provide ongoing advice and guidance to consumers before and post installation of their smart meter.

In order to do this there needs to be a mechanism for coordinating and enabling engagement activity by different parties, including intermediaries such as housing associations (see our response to question 6). This will include making available sufficient funding. Effective community outreach activity will have cost and resource implications to those responsible for delivering it. Activity delivered by third parties would reduce the burden on suppliers. Without sufficient funding being made available there is the danger that third parties will be expected to assist with the smart meter roll-out without associated costs being paid. Organisations such as housing associations will not be able to carry out additional engagement activity without additional funding.

Given the demonstrated effectiveness of providing tailored and comparative feedback on consumption, appropriate provisions will be needed to enable intermediaries to access and use data from smart

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<sup>3</sup> See for example research by Metropolitan as part of their Homes of Our Times initiative: [www.metropolitan.org.uk/about-us/organisational-information/sustainability/](http://www.metropolitan.org.uk/about-us/organisational-information/sustainability/)

<sup>4</sup> See for example Relish ([www.relish.org](http://www.relish.org)), FutureFit ([www.affinitysutton.com/futurefit](http://www.affinitysutton.com/futurefit)) and research by St Vincent's Housing Association ([www.svha.co.uk/downloads/svha\\_downloads/behaviour%20change%20report.pdf](http://www.svha.co.uk/downloads/svha_downloads/behaviour%20change%20report.pdf))



meters in their outreach work. This will need to be subject to appropriate safeguards, including obtaining customer consent. Currently, even when consent has been gained, access to household's historic consumption data has been problematic, hampering the scope of engagement activity possible.

**Q4: Have the right evidence requirements been identified for Foundation learning? What other evidence or approaches to research and trialling might we consider?**

The Count Us In project is exploring low-cost high-impact means of engaging different consumers with their energy use and we would welcome opportunities to share this learning as it emerges.

In addition to exploring the effectiveness of different approaches to engagement we would welcome further investigation into the benefits of area-based approaches to roll-out. Such an approach could provide valuable opportunities for coordinating engagement activity across a range of parties, thereby maximising the chances of success.<sup>5</sup> The smart meter roll-out consumer engagement strategy should include provision for collaborative geographically-focused working.

We welcome the additional research taking place on how IHD can be designed to ensure they are easily usable by a wide range of consumers. Research carried out by housing associations has demonstrated how overly complex controls can be a barrier to energy efficient behaviour.<sup>6</sup>

The installation process provides a unique opportunity for engaging one-to-one with households. As the consultation document acknowledges, a positive experience with the process will help build acceptance of smart metering. As such, further exploration is needed on how best to coordinate consumer engagement with the installation process. This needs to go beyond how best to arrange installation visits and look at effective ways of managing positive consumer relationships in the lead up to, during and post the engineer visit. Negative experiences could lead to consumers distrusting and disengaging from smart metering and the benefits they could bring. Lessons need to be drawn from the experience of consumers receiving smart meters during the Foundation Stage, including households receiving a smart meter as part of the Count Us In project.

Further research is also needed on what additional energy efficiency advice should be given during the installation visit, beyond merely a demonstration of how to use the IHD. This should examine the value of providing advice on such things as control of heating systems and the importance of maintaining safe levels of heating. It is particularly important such additional support is provided for vulnerable households. Merely sign-posting consumers to sources of further information is unlikely to be effective.<sup>7</sup>

Lessons from this evidence gathering need to be embedded within the installation Code of Practice.

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<sup>5</sup> Examples of housing association research on the benefits of coordinating delivery of retrofit works alongside tenant engagement activity includes Relish ([www.relish.org](http://www.relish.org)) and Gentoo (<http://assets.gentoo.org.uk/assets/Downloads/Retrofit%20Reality%203%20final.pdf>)

<sup>6</sup> See for example research by Metropolitan as part of their Homes of Our Times initiative and research by Circle in partnership with University of East Anglia: *"Can social-psychological theories of behaviour explain why some people do not use new energy systems effectively?"*

<sup>7</sup> See for example the findings of the EDRP project, Green Alliance's "Bringing it Home" report ([www.green-alliance.org.uk/grea\\_p.aspx?id=5602](http://www.green-alliance.org.uk/grea_p.aspx?id=5602)).



**Q5: 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?**

We broadly support measures that will enable consumers to make informed decisions about the most appropriate package for their needs. It will be important that this is communicated in a simple and straight-forward manner via trusted independent voices. This information could usefully assist in delivering community outreach, in a similar way to how the Energy Best Deal programme has delivered information to communities on energy tariffs.

**Q6: 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?**

We can see benefits in aspects of the engagement programme being centralised. It will be important that the centralised function is trusted and independent, and seen to promote the interests of consumers. There is a risk that a supplier established programme may not be viewed as such and therefore may be less effective.

Regardless of how it is established and governed, the centralised function needs to go beyond developing consistent messages and promoting the roll-out. Whilst this is supported, there is also a need for a central body to have a role in supporting or directing coordination between the different parties undertaking engagement activity (see our response to questions 8 and 9).

**Q7: 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?**

Whether voluntary or regulated it will be important that appropriate checks and balances were in place to ensure credibility to consumers is maintained. The consultation document does not provide any detail on the funding arrangements that will be placed on suppliers to establish and maintain a Central Delivery Body. The costs to suppliers must not be passed onto consumers through their energy bills. This would place particular burdens on vulnerable and low income households already struggling to afford their energy needs. They are already faced with higher bills as a result of the passing on of costs associated with investment in new energy generation technology and initiatives such as the Green Deal.

**Q8: What are your views on the proposed objectives for the Central Delivery Body? Are there any additional objectives which should be included?**

We broadly support the proposed objectives but would add a key aim of the body should also be to coordinate opportunities for joined-up delivery of engagement activity between parties. This should include supporting coordinated local area based approaches to roll-out and engagement, and establishing links to other programmes such as the Green Deal.



**Q9: What are your views on the suggested activities for the Central Delivery Body?**

We broadly support the suggested activities. In particular we welcome acknowledgement of the need to provide additional support to vulnerable households and to ensure third parties who can act as trusted messengers are engaged and supported to fulfil this role. This oversight function will be important to ensure consistent messages are delivered and avoid duplicating engagement activity. It will also be important to avoid consumers being over-burdened with too much information, taking into consideration the engagement needs of other programmes such as the Green Deal.<sup>8</sup>

Lessons should be drawn from the work of housing associations which has shown the benefits of coordinating engagement activity to ensure that all staff and tradespeople with direct contact with tenants deliver consistent messages.<sup>9</sup> There would be benefits in the Central Delivery Body establishing guidance for the training of installers and other individuals who will be engaging directly with consumers. (See also our response to question 4 around the need to identify appropriate messages to be given through the installation process).

**Q10: Do you have any views on mechanisms for monitoring progress and holding suppliers to account in delivering objectives?**

No comment.

**Q11: How can we ensure sufficient effort and funding to achieve the objectives is balanced against the need to keep costs down?**

It will be important for the Central Delivery Body to look for and promote opportunities for joint working between organisations (see response to Question 9).

**Q12: 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?**

No comment.

**Q13: 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?**

See our responses to questions 8 and 9.

**Q14: How can we ensure that the Expert Panel attracts a sufficient level of expertise?**

No comment.

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<sup>8</sup> We draw your attention to the Green Alliance report "Neither sermons nor silence: the case for national communications on energy use" which sets out the importance of a national, coordinated strategy to support delivery of the different programmes: [www.green-alliance.org.uk/grea\\_p.aspx?id=6464](http://www.green-alliance.org.uk/grea_p.aspx?id=6464)

<sup>9</sup> See for example Relish ([www.relish.org](http://www.relish.org)) and FutureFit ([www.affinitysutton.com/futurefit](http://www.affinitysutton.com/futurefit)).



**Q15: 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?**

No comment.

**Q16: 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?**

No comment.

**Q17: 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?**

Smaller suppliers should be included within the delivery mechanism for central engagement. This will ensure that all consumers, regardless of which supplier they are with, benefit most from the smart meter roll-out.

**Q18: What role, if any, should network companies and communications service providers have in central engagement?**

No comment.

**Q19: Do you agree that the timings for the creation of a Central Delivery Body as set out above are achievable? Please explain your views.**

No comment.

**Q20: What are your views on the need for the Central Delivery Body to establish an outreach programme?**

We would support a centralised, coordinated approach outreach working with third parties, including housing associations. See comments above. The activities listed in paragraph 4.43 should be included in the suggested activities for the Central Delivery Body set out in paragraph 4.33.

**Q21: 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?**

This could be helpful if it facilitated joint collaborative engagement activities with third parties, including area-based approaches.

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**Q22: 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?**

We believe there could be value in a national brand that covers not only the smart meter roll-out but also draws together the Government's other energy programmes such as Green Deal. Lessons can be drawn from successful programmes such as the Digital Switchover programme. Creating a national brand and taking a coordinated approach to communications can help strengthen awareness and acceptance of the



programme and reduce engagement fatigue amongst consumers.<sup>10</sup> It could be helpful assisting third parties such as housing associations to develop and roll-out local engagement programmes.

**Q23 – Q35**

No comment.

**Q36: 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?**

We see potential benefits in aligning the roll-out of smart-meters with other initiatives such as the Green Deal to maximise benefits for consumers.

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<sup>10</sup> We draw your attention to the Green Alliance report “Neither sermons nor silence: the case for national communications on energy use” which sets out the importance of a national, coordinated strategy to support delivery of different energy efficiency initiatives: [www.green-alliance.org.uk/grea\\_p.aspx?id=6464](http://www.green-alliance.org.uk/grea_p.aspx?id=6464)