

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.

Yes, in principle.

We believe that the fundamental aim of the strategy should be to legitimise the rollout of smart meters with the public, so as to set it into the context of wider Government policy on building a low carbon economy. It must not be a call to action on the part of consumers.

High Level Aims (2.12) – we are generally supportive of the aims set out in this section and believe that building consumer confidence will be key to achieving a successful rollout. However, we are less convinced that the roll of the central engagement strategy should be to deliver cost-effective energy savings. It is entirely proper that the central engagement strategy should provide key messages in energy efficiency and how to get the best use out of the information provided by smart meters, but this should be at a high level only. This will enable suppliers to build on those messages in their own consumer engagement activity and thereby help customers use the technology to their benefit in a more targeted and appropriate way.

Specific Objectives (2.13) – we support some of the objectives set out in this section, but not all of them. We are supportive of the objectives to:

- Establish which parties are best placed to undertake different aspects of engagement
- To set a delivery mechanism for centralised engagement mechanisms
- To determine how non-domestic consumers can be most effectively engaged with smart metering (although we are of the view that the general messaging will be just as apt for non-domestic consumers as for domestic)

However, we have concerns regarding the remaining objectives:

- **Understanding consumer attitudes** - We are less supportive of the objective to understand consumer attitudes and drivers affecting energy consumption behaviour, other than at a very high level, as this would appear to broaden the scope of the strategy into benefits monitoring and delivery.
- **Promotion of wider changes to the energy system and markets** – Whilst we can see the merit of a coordinated approach to consumer engagement, for we are concerned that this objective implies an enduring role for the central delivery body, rather than as a vehicle with a finite life that facilitates the rollout of smart metering. The lack of a proposed end-date for the central delivery body reinforces this concern. Separate arrangements have already been put in place with the Energy Savings Trust in respect of Green Deal consumer support.

Question 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.)

Whilst we agree that all of the mechanisms proposed are valid means of encouraging and measuring consumer behaviour change, we do believe that this should be within the scope of the central delivery body. As we have stated, the main purpose of the central consumer engagement strategy must be to legitimise the rollout, set it in context and provide some generic energy efficiency messages and high level education on how to get the most benefit from the technology.

Suppliers are best placed to select the correct approach to engage with their customers to encourage consumption behaviour change. This can be incorporated into other energy efficiency initiatives, such as Green Deal, in a manner that will not overwhelm customers or trigger 'communication exhaustion'.

We would caution heavily against any 'over promising' of benefits, as consumers must make changes to their consumption behaviour before seeing any benefits. Positioning the rollout as a means for modernising the infrastructure and providing a future for a more secure, long term energy industry has proved a more successful means of ensuring a smooth smart rollout in other countries.

Question 3

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

In principle we support customer outreach as a valuable mechanism for promoting smart meters and encouraging access for installations. Given that the rollout will be supplier led, it is unlikely that all suppliers will be active in the same community at the same time. Therefore, careful thought should be given to ensuring that such initiatives are around awareness and education, rather than as a direct call to action.

The risk of the adverse impact of overpromising should not be underestimated. Suppliers can then use such initiatives as a platform from which to launch their own community based initiatives, directly linked to their installation activity in a particular location.

Question 4

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

Yes, in principle

We are supportive of much of policy set out in section 3, but would like to make the following points:

Role of Central Delivery Body - We would reiterate our view that the main role of the Central Delivery Body should be to legitimise the rollout and to mitigate the concerns of consumers in respect of the smart metering rollout.

Mitigating Consumer Concerns about Smart Metering – We fully support the views set out in Box 1, particularly in respect of privacy, data security, and health concerns. Clear and consistent messaging will be critical in terms of dispelling misunderstandings. There is a collective responsibility to ensure that consumers have the correct reassurance from a trusted source and that these messages should also be reflected in Supplier's own consumer engagement work. We look forward to working with Government to promote positive case studies, counter misinformation, and coordinate consistent messaging. We welcome the statement that such activity should not raise demand for smart metering and that this activity is best left to Suppliers as part of their rollout plans.

Consumer Research – Whilst we would be supportive of research into the most effective ways approaches to consumer engagement, there are some proposals that give us cause for concern. This is particularly the case with the examples quoted in section 3.22.

- **Arranging installation visits** – This must be left to Suppliers to determine the best way to engage with their own customers. There may be some opportunity to share learning, to the benefit of all, but the method of engagement must be the decision of the Supplier and their own customer journey design.
- **Energy Behaviour Feedback** – This is not a role for the Central Delivery Body. Suppliers will develop their own ways of supporting their customers and encouraging behaviour change. It is the products and services that are competitively developed that will start to make a change and the market should be allowed to develop. Our own trials showed that consumers need to time to understand the technology and that behaviour change will come over time
- **Alternative IHD Designs** – This is an area where Suppliers will be able to differentiate and introduce their own IHD based products and services aimed at specific customer segments. Customer segmentation is very much a commercial matter for each supplier. Suppliers already have well established processes and mechanisms in place, such as Focus Groups, to support that product development activity. Equally, calibration of energy usage will be very specific to each customer therefore, even within the same customer segment there may be varying consumption patterns that would drive varying thresholds in terms of 'high' usage. Understanding those patterns of usage



will help Suppliers develop IHD products that can be tailored to individual customer consumption patterns.

Trials and Pilots – Pilots carried out during the Foundation period will be very much based on operational learning and not consumer consumption behaviour. Other than at a very high level, Suppliers will have their own approach to customer segmentation and the approach to selecting customers for early smart metering installation will be driven by the operational learning we need to gain in order to ensure we are ready for mass rollout volumes. We would be supportive of sharing learning, to the benefit of all, but would not be supportive of coordinated 'community trials'.

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?

This is to some extent a commercial matter for suppliers and, as previously stated, an area for differentiation. Whilst smart meters will measure energy consumption it will be very difficult to isolate the true cause of any energy consumption behaviour changes. The competitive market already provides information to consumers on products and tariffs.

It is not just the provision of the In Home Display (IHD), but the complete customer journey approach and subsequent interventions that will encourage behaviour changes in customers

It is vital that foundation is focused upon 'getting it right' and not focused upon benefits so that the long term objectives have a chance of been reached, i.e. 2019 completion.

There is a risk that the customer will be overloaded with information and will in-turn cause a barrier.

The assets are comparable but their impacts are not as it is purely behaviour and choice, therefore league tables just wouldn't work

"Soft skills" – Vulnerable customers will need to be identified and thence assisted in a manner best suited to staff who are qualified with expertise in this area. These skills are not closely married to the technical, data communication and safety skills required by installation engineers. This matter will need careful consideration from the perspective of CDB as ineffective communications could delay the completion of rollout.

Question 6

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?

No.

Whilst we fully support the concept of a centralised engagement programme to ensure that up-to-date customer engagement is maintained in a co-ordinated fashion through-out the smart implementation, we are also minded that customer engagement could prove to be a sensitive issue for some and as such, should be (and been seen to be) a function that is truly independent of those responsible for implementing the programme. It therefore follows that this must also include the funding of any such arrangements. We consider that Suppliers have an important role to play in this process as the co-ordination of roll-out activities, lessons learnt and further developments of important 'consumer messages' derived from practical roll-out experience can only come from Suppliers and their associated Agents.

When considering the issues outlined above and the likely models currently available for the funding, development, launch and running of a customer engagement programme we believe that the only credible approach, with customers in mind, is to consider a combination of Ofgem and chosen Customer Focus group(s) to progress this work and that this element of the smart programme itself should be funded by Government thus re-enforcing the true independence of any customer engagement activities and their commitment to the Smart Programme.

We disagree with the proposed approach of Suppliers funding and establishing a centralised customer engagement programme as we believe it will not and could never be seen as being independent which is a fundamental requirement for an engagement programme of this type, if it is to be credible and work as envisaged.

Question 7

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?

There would be no justification to applying such licence conditions discriminatorily

Whilst we, as a supplier, take our responsibilities seriously and understand that we have an important role to play in delivering customer engagement activities we do not agree that it is appropriate to place licence conditions on the larger suppliers to establish and fund a central delivery body as this approach could easily be seen as collusive and as such would undermine the benefits of such customer engagement. In addition, we do not believe that it is appropriate for the larger suppliers to continue to carry the, as yet, unidentified burden of continued customer engagement after the completion of the Smart Roll-out that could arise under the current considerations being expressed. We would however welcome a continuous review of all roles and responsibilities in customer engagement as the programme progresses through foundation, mass roll-out and 'business as usual' stages.

Similarly we do not believe that a voluntary approach to delivering this central body would work as it is only likely to attract those who believe that they can benefit and as such undermines its very independence. We would suggest, as in our response to question 6, that it should be considered as an activity for more customer facing bodies such as Ofgem and Customer Focus Groups.

Question 8

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

We are in general agreement with the proposed primary objectives as outlined within the consultation document but would suggest that care is taken when drafting these objectives to ensure that customer's expectations can be met. In particular references to saving energy and achieving benefits may not always be possible for every customer depending upon their current energy usage and property energy efficiency measures installed. We would suggest that the wording of these objectives is changed to include the more practical concepts of 'better understanding and management of their energy usage' etc. In approaching the objectives in this way we believe that they will better align with the proposed activities as outlined in section 4.33.

Further and for completeness we do not envisage that the Central Delivery Body nor Suppliers are accountable for consumer behaviour change. Whilst the Supplier is responsible for the engagement with consumers, the CDB's role is limited to generic messaging and promotion of energy saving techniques.

Question 9

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

We generally agree with and support the activities as drafted and believe that they cover the main points for consideration in customer engagement. We think that energy efficiency advice and guidance should be provided through the Supplier and not through the CBD. We understand and agree with its importance in terms of managing a customer energy use but it is not part of the Smart Implementation Programme itself and so to include this may dilute or confuse the overall message to customers. In addition, we would emphasise that these activities need to be continually reviewed and updated as practical experience and knowledge is gained during roll-out. In this way, the programme will ensure that it continues to keep customers truly engaged and educated with regard to prevailing thinking and considerations whilst also maintaining its own credibility. We believe that this is where Suppliers' engagement with this aspect of the programme will prove to be most beneficial.

Question 10

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

Yes.

We do not currently have any views on mechanisms for monitoring progress as any measures that we currently envisage as part of the success (or otherwise) of roll-out activities cannot be readily and categorically linked back to the objectives associated with customer engagement activities.

We do however have concerns over holding Suppliers to account for delivering these objectives as it pre-supposes that Suppliers will fund and have absolute control over all of the activities that have been suggested to deliver these objectives. We have not yet established that Suppliers should fund these activities and indeed it is the subject of much debate that both the body set up and the activities that they instigate and manage should be independent, particularly of Suppliers, which means that in a practical sense suppliers do not and should not have any control and hence should not be held to account.

Question 11

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

The current drafting will enable the Central Delivery Body to effectively set its own scope, subject to policy objectives; determine its own budget; and monitor its own performance. It is not clear how the Central Delivery Body activities will be tracked, other than through the Engagement Agreement which appears to be a light touch approach.

It is always good practice to initiate and enforce best management practice with regard to tight budget and scope control in order to optimise cost – benefit. There must be a robust approval mechanism for funding and the performance of the Central Delivery Body should be independently monitored.

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?

We believe that setting up a new delivery body would be the more costly approach, require greater time-scales to set-up and contract with and would not have any recognised branding or customer trust that an existing organisation would have. We would therefore support investigating options for contracting with existing organisations with a proven track record of customer engagement and who have obtained demonstrable customer trust. By way of illustration, it took 4 years to establish the SPAACO in support of the gas metering market.

Question 13

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?

We agree that a Central Delivery Body would be one model that could be used to ensure timely and suitable delivery of the customer engagement objectives via the currently envisaged activities. The key to its success (or any other proposed model) is that it is both central and independent and that it is also seen to be by customers. We do not consider that there is any other model that could be developed presently that would meet appropriate cost and time constraints. The real issue is to establish the correct set of roles and responsibilities for all industry parties who are currently involved in the energy industry.

Question 14

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

We have a concern that the proposed constitution of the Expert Panel does not include any energy industry expertise and that it is essential that such expertise be included.

We believe that the only pragmatic way to ensure that the Expert Panel is appropriately staffed is to suggest some form of secondment for those applying for positions with the Industry experience that is required for these roles. Successful candidates would then be required to sign some form of confidentiality to ensure independence. In this way the programme is more likely to attract a larger number of interested experts that would in turn provide a greater choice from which to select the best candidates. In addition, it would be useful to understand exactly what the role of Panel members would entail and make sure that these are communicated appropriately prior to any selection process.

Finally, in the case of EMF and Health, the centre of expertise within the UK lies with the Health Protection Agency; the advice of which should be followed by both the CDB and the Industry.

Question 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?

Possibly

Whilst we do not envisage any legal conflicts resulting from the proposed approach we do, however, believe that a Regulatory Framework is a key requirement to mitigate the perception of anti-competitive behaviour. We believe that the real issue is one of independence as opposed to any anti-competitive practice. Issues arising under competition law can only currently be addressed by careful consideration as to the tender and appointment process(es) that will result in the successful organisation taking responsibility for the development and day-to-day running of the Central Delivery Body. The issue of independence itself is not necessarily covered by any legal instrument but will rather fail due to perception ultimately leading to a lack of customer commitment and engagement.

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 level, content and scope of governance framework required will to some extent depend upon the level of regulation that is deemed necessary, which in turn, will depend upon the level of independence of the Central Delivery Body (CBD) and the systems and processes that are developed to undertake the various activities. We believe that the best approach to understanding and so developing an appropriate governance framework, in this instance, is to allow the ideas and concepts involved to be developed in parallel with the development of the CBD and ensuring that such a framework is ready for implementation prior to CBD 'go-live'.

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?

If the Central Delivery Body is to be funded by Suppliers, then it should be funded by all Suppliers. If contribution is proportionate to market share, then this should not be too onerous. We envisage that there will be a requirement for small suppliers to be engaged with the programme keeping them informed and allowing them to deal with those customer gains with a smart meter. Consequently we would expect that if small suppliers gain pertinent experience that would assist the roll-out programme and customers' experiences then they would have an appropriate vehicle to do this and we believe that the customer expectation programme and the CDB should be considered. It would be useful to understand the anticipated level of engagement from small suppliers but would suggest that a pro-active role in the process is a minimum, if not true representation.

Question 18

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

We would suggest that our response to question 17 covering the role of small suppliers would be an appropriate model for considering some of the 'smaller' parties such as communications service providers etc. However whilst we acknowledge that network companies are not customer facing they should be considered in terms of the benefits that they gain from the role - out of smart meters and the engagement from customers to make use of the information they provide to better manage their energy usage, which will in turn assist network operators to better manage their networks and the funding required. We believe that they have an important role to play in realising the benefits to the industry of the implementation of smart meters and as such should be asked to engage with the programme. For example, feeding back information on the impacts of smart metering and also the possibility of representation on the Expert Panel to ensure wider industry coverage of experts.

Question 19

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, unless an existing body is selected

We believe that if an existing body is contracted to develop the customer engagement programme then it is possible to have the CDB in place by mid 2013. However, we would argue that we need this body to be in place prior to mass roll-out.

This would potentially allow more time to set up the customer engagement programme that would then be better equipped to manage our customer's expectations, that would result in a more effective and efficient roll-out programme. If the CBD is implemented by mid 2013 as suggested in the consultation then consideration should be given to ongoing further change control activities that may be required to update and improve the process.

Question 20

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

We welcome the recognition that third party relationships will be developed by Suppliers and that these will be closely aligned to individual supplier rollout plans.

However, we believe that there is also merit in the Central Delivery body providing support in this area. Emphasis should be on contextualisation of the rollout as part of the Government's broader low carbon economy objectives and on providing assurance and legitimisation of the rollout.

Central Delivery Body Messaging - Focus on high level, generic information sharing would be particularly helpful. Initiatives that provide education and awareness; explain smart meters; offer generic energy efficiency messages; provide reassurance in respect of privacy, security, and health concerns will all serve to encourage customers to allow Suppliers access to install smart meters.

Information about the Installation Visit - Generic information on what the consumer can expect from the installation visit will also be useful – for example based on obligations such as SMiCOP. Consumer Focus has just published a very well balanced and informative set of FAQs, which provide the right tone for such information.

Installation Delivery - We are not supportive of the proposal in 4.43 for the Central Delivery Body to coordinate installation delivery. All engagement with consumers must be consistent with the Supplier led rollout approach and it is unlikely that all Suppliers will be active in the same block of flats at the same time.

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?

No.

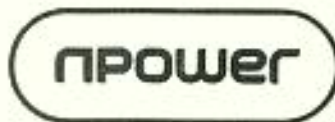
Suppliers will have obligations to provide information on rollout plans to DECC and to Ofgem. Given that the focus of the messaging from the Central Delivery body should be generic and high level, there is no necessity for it to be privy to individual Supplier rollout plans.

Question 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?**

Yes.

We are supportive of the development of a centralised logo, which would create a clear identity for the smart metering rollout. This will also provide Suppliers with a clear link to the central messaging that can be reflected in their own consumer engagement strategies and messaging. This should serve to connect the two sets of messaging for customers and again, also ensure that access for installation is maximised. CDB branding choices should be sensitive to, and distinct from the marketing used by existing Suppliers.



Question 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.

No.

We are not supportive of the proposal that the large Suppliers should establish and fund the Central Delivery Body.

Central Delivery Body Independence - All discussions to date have emphasised the requirement for the central consumer engagement body to be established and funded by Government, so that it would represent a fully independent communications mechanism for consumers. A requirement for the large suppliers to fund this body would serve to compromise the perceived independence and at least one consumer group has stated that it would not support such an arrangement.

Part A. Duty to Establish the Central Delivery Body - The licence condition, as drafted, also raises some additional, specific concerns:

- (a) Unless an established body is selected, the proposal for a body to be established by mid 2013 is challenging. This is exacerbated by the constraints that the Competition Act would place on the large Suppliers working together to establish such a body. As an illustration, when SPAACO was established to support the revised gas metering arrangements in the market, it took 4 years to complete.

In the event that a licence condition to establish the Central Delivery Body is created, it is our view that it should apply to ALL suppliers and not only the large Suppliers. If contributions are based on market share, then the burden should not be too onerous for smaller suppliers.

End Date for Central Delivery Body – we are concerned that the end date for the Central Delivery Body has yet to be determined. It is our view that it should have a clearly set out, finite life, that is appropriate to the rollout of smart meters, which is its primary purpose.

Question 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?

No.

As we explained in our answer to Q23, we believe that the Central Delivery Body should be funded by Government and that this is the only way to ensure the independence required. If Suppliers are required to fund the body, then we must also have control over how it defines its scope, sets priorities, and funding. It is unreasonable to ask Suppliers, by licence condition, to provide funding for an entity over which we have no control.

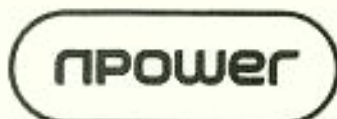
Do you have any specific comments on the Constitution, Members and Directors, and Independence sections of the licence conditions?

Yes. The current structure of the Engagement Agreement does not provide Suppliers with any mechanism whereby to challenge the budget or scope set by the Central Delivery Body. This is unacceptable.

Constitution - We agree that the Central Delivery Body should be a not-for-profit body. If the body is to be funded by Suppliers then there must be Supplier representation at Director level so that there is adequate control over the scope of the activity and associated funding. Suppliers must nominate the first Members and Directors, but then have no further influence over whether Members and Directors should subsequently be removed.

Members and Directors – Although Members and Directors may only be appointed for a term of 2 years, the fact that there is no restriction on the number of occasions that an individual may be re-appointed, renders this somewhat moot.

Independence – Given the number of individuals who have shares in Utility companies, clause C seems somewhat restrictive.



Question 25

**Do you agree with the way the objectives are drafted in the licence conditions?
Should they be more or less detailed?**

Yes, in part..

We are supportive of some of the objectives set out in Part C, but not all.

Promote Awareness and Understanding – We are supportive of this objective, but at a high level. Generic messaging that provides education and awareness on ways in which energy consumption can be reduced are appropriate, but it cannot be an objective of the CDB to deliver those consumption changes.

Low Income and Vulnerable Customers – It is unclear what type of support it is envisaged the CDB could give to low income and vulnerable consumers. If this is aimed at coordinated messaging, education, and awareness via outreach programmes, then this is appropriate. However, if the intention is for something more proactive than that is not clear and we would be concerned about any direct intervention by the CDB at an individual consumer level.

Interpretation – The wording suggests the CDB can effectively monitor its own performance. There should be firmer measures to determine performance and assess whether objectives have been met.

Question 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?

Partially.

Whilst we are supportive of the principle and purpose of an expert panel, we have some concerns with the current drafting. In particular there is no requirement for an energy industry expert to sit on the panel. The current market arrangements are complex and it is essential for industry expertise and understanding to be included in the panel.

Secretary of State Powers – We have concerns in respect of how these powers would work in practice, particularly given that the Panel can then set its own rules and procedures in an unfettered manner. If the funding is to be provided by Suppliers, then Suppliers must also have an influence over how the Expert Panel is established and monitored.

Interpretation – In line with our response to Q25, we are concerned that clause (c) may be too restrictive.

Question 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.

Yes, generally

The licence conditions largely underpin the policy intention, although we do not support the intention that the CDB should be established and funded by large Suppliers. However, we have some concern in respect to the apparent lack of accountability of the CDB, which is not in the interest of consumers.

CDB Accountability - Current drafting is such that the CDB is entirely self contained – it sets its own scope, albeit broadly based on the policy objectives, determines its own budget, and monitors its own performance. Given that Members and Directives are able to re-appoint themselves without limit and can only be removed from post by an internal voting mechanism then it is unclear where the accountability of the CDB rests.

Annual Reports – We are supportive of the requirement for the CDB to produce annual reports, however these must be open and transparent.

Question 28

Do you agree with the form and content of the Engagement Agreement as drafted in the Licence Conditions? Please explain your views.

No.

As previously stated, we do not support the proposal that large Suppliers should establish and fund the CDB. If Suppliers are to fund the CDB then it should be applicable to all Suppliers and there must be Supplier representation as Members and Directors.

The current content of the Engagement Agreement offers very little comfort to Suppliers in terms of financial exposure or redress for poor performance of the CDB. It is unclear how any differing views between Suppliers and the CDB would be resolved, particularly in respect of Q47 (a), where the CDB can request provision for additional facilities or support.

Winding Up of the CDB – we are concerned that the presence of the CDB has not been linked to the end of the rollout activity, beyond which it does not have a role.

Question 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.

No.

Whilst we are supportive of the principles, aims, and objectives of the CDB, we remain concerned that the current drafting does not sufficiently recognise the constraints that are placed on Suppliers as a consequence.

Costs of the Central Delivery Body – We do not support the obligation for large Suppliers to fund the CDB. There are practical constraints, such as the Competition Act, that will impact the ability of Suppliers to establish the CDB. As previously explained, the establishment of SPAACO took 4 years.

Engagement Agreement – We believe there should be further clarity in the Engagement Agreement

Question 30

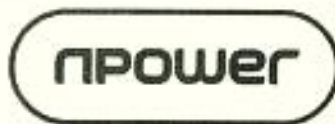
Do you have any other comments on the licence conditions which have not been covered by the previous questions? Are there any unintended consequences we can anticipate?

We have no further comments to offer.

Question 31

Do you think there are any consequential changes to existing licence conditions or codes which are needed in order to make the proposed obligations work as intended? Please explain your views.

We have no further comments to offer.



Question 32

What are your views on the state of the energy services market for non-domestic consumers and its future development?

The energy services market for non-domestic customers is well established, with a good level of understanding of energy efficiency within the sector. Competition is working well and Energy Services Companies are incentivised to promote their products and engage with customers.

In the context of a central consumer engagement strategy, we do not believe that there is a role for the Central Delivery Body in the further development of the market. Other than generic messaging, we believe that engagement with this market is best left to Suppliers and other providers of Energy Management services.

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?

We understand that consideration should be given to non-domestic customers but would argue that due to the highly competitive nature of this market segment and the inherent market intelligence that is regularly demonstrated by this group of customers that it is not appropriate, at least at this stage, to provide information of this nature to these customers. We would prefer that this is left to the discretion of individual supply companies to manage, at their discretion. In introducing this scope-creep at this early stage would, we believe, prove to be an added burden to the engagement programme and would potentially distract from the original responsibilities that are currently envisaged.

Question 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?

We agree with and support the suggestion that a common package of explanatory information needs to be developed for non-domestic customers and that to a certain extent this will need to be tailored to meet the group's specific requirements. We would however hold back on the suggestion to further develop these information packs specifically geared towards particular sectors. The reasons for this view are that we currently do not have a clear view of the different benefits that may, or may not, be realised for this group and so such messages would seem premature. In addition, the costs and co-ordination of developing and distributing differing information to a range of groups would be a higher risk strategy for the customer engagement programme and as such should be resisted.

Question 35

What changes might be required to the licence conditions at Appendix 2 to address the needs of the non-domestic sector?

The drafting of appendix 2 makes reference to energy customers which we believe is an appropriately generic term to be inclusive of customers in the non-domestic sector, without the need for any redrafting. Notwithstanding the licence condition as outlined in Appendix 2 consideration may need to be given to the composition of the Expert Panel to include appropriate representation from the non-domestic group to ensure that any issues specific to this group are brought to the attention of the engagement programme for ongoing management and dissemination to the wider impacted/ affected industry parties, where possible or appropriate.

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?

Whilst we understand that it is prudent to consider some longer-term aspects of the Consumer Engagement Programme we believe that it is too early to establish whether or not appropriate changes could be made to further incentivise customers. We would suggest that the information to be able to make such decisions may only be available once the roll-out of smart meters has been progressed and that the effects of these changes have been allowed to settle down. Whilst we understand that it will be tempting to analyse data from sub-sets of smart customers to establish trends and such practices should be undertaken in order to maintain a 'health check' on smart implementation and its effect(s), caution should be applied to extrapolating these results prior to the end of roll-out in order to re-establish incentives.

