



Will Fletcher
Project Manager
Competition and Markets Authority
Victoria House
Southampton Row
London
WC1B 4AD

energymarket@cma.gsi.gov.uk

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Dear Will,

Smart Energy GB's response to the CMA Energy market investigation's Notice of provisional findings and Notice of possible remedies

Smart Energy GB is the independent organisation tasked by government with consumer engagement during the national roll-out of smart meters in Great Britain. We also participate directly in the governance of DECC's Smart Metering Implementation Programme via several of its sub-groups.

We were delighted to read the Panel's thorough and challenging report – which makes clear that smart meters are an essential part of creating more competition and more engaged consumers in the energy market.

The national upgrade of all the traditional gas and electricity meters in our homes and micro-businesses to smart meters is an essential step in digitising Britain's last analogue consumer industry. In particular, smart meters finally modernise the service for pre-payment gas and electricity customers who have had to live with increasingly out of date technology to buy the energy that powers their homes for far too long.

Smart meters will bring an end to estimated bills, and finally empower consumers with knowledge of what gas and electricity costs, in pounds and pence and in near real time, which means we can all better manage household budgets and reduce waste. We welcome the Panel's recognition of their central role in helping to increase competition in the energy market, and would be delighted to assist the Panel's work in any way.

On the Panel's Notice of possible remedies:

Several of the possible remedies are relevant to smart meters. We offer below our evidence and opinions as to their potential effectiveness in removing the adverse effects on competition identified by the Panel.

Remedy 3: Remove from domestic retail energy suppliers' licenses the 'simpler choices' component of the RMR rules



Response: Our research to gather the views of consumers around the country has identified a huge demand for clearer information which will arm consumers with the tools they need to find the right tariff and supplier for them. We have also identified a strong need for a greater number of options in terms of tariff and billing: 48% of all consumers say they would be interested in using a smart pay-as-you-go tariff, and 30% say they would be interested in using a time-of-use tariff. Limiting the number of tariffs could inhibit innovation in both these areas. We have not identified a desire among consumers for fewer tariffs (after all, consumers feel empowered and engaged in the mobile phone market in which there are a large number of tariffs from each supplier) - but rather for a clearer sight of usage data in a language that consumers understand - pounds and pence, over time, rather than kilowatt hours. We consider that the national upgrade to smart meters, in particular the future role of interoperability facilitated by the DCC, will transform customers' awareness of different tariffs and propensity to shop around. We therefore agree with this remedy.

Remedy 4a: measures to address barriers to switching by domestic customers

59 (a) Will the roll-out of smart meters address the feature of uncertified electricity meters?

Uncertified electricity meters do not present a barrier to switching on the part of the consumer. However, when a customer with an uncertified meter switches, the new supplier picks up previously unidentified costs. Therefore, uncertified meters present an operational risk factor for the gaining supplier rather than being a barrier to switching in and of themselves.

59 (b) Will the roll-out of smart meters address the barriers to switching faced by customers with Dynamic Teleswitched (DTS) meters?

Smart meters will, in future, be an essential part of transforming the switching process for all energy consumers. Suppliers with DTS customers are engaged with smart meter manufacturers to ensure that meters which are capable of supporting the load management to these customers will be available.

Smart Energy GB will support suppliers, when they and all the other component delivery partners have in place the technical infrastructure, to ensure DTS customers are not left behind on the national smart meter journey. Should specific messaging be necessary, we will work with the industry to promote awareness and the benefits to their DTS customers of smart meters, and actively encourage them to upgrade.

60 (b) Do customers need more or better information or guidance on how their new smart meters will work?

Smart Energy GB agrees that information and guidance on how smart meters work is key to the achievement of the behaviour change policy aims of this national transformation. Smart Energy GB has a specific objective on behaviour change following a smart meter installation, and is producing video and printed assets to engage smart meter users with energy efficiency advice and ensure everyone, including those who have characteristics which could constitute barriers to getting the full benefits from smart meters, has the information and guidance they



need. Working in partnership with trusted third-party organisations to build capacity and reach out to everyone will be central to our campaign. We agree that information and guidance for consumers on how to use their smart meters is key to removing barriers to switching for domestic customers.

Remedy 5: Requirement to prioritise domestic pre-payment customers before others.

Response: Prepayment customers currently have the worst customer service experience, and have the potential to feel the most benefits from smart meters. We support any innovation or initiative which will bring the benefits of smart metering to them as quickly as possible. However, a decision to require suppliers to halt roll-out plans for those with traditional meters before all those with prepayment meters are upgraded could have an impact on the date for overall completion of the national programme, with consequent impact on consumers' bills. We recommend this possible remedy – and its potential timing - is considered carefully by DECC and the energy industry to ensure there are no adverse impacts on consumers' service experience or on their energy bills. We recommend close examination of the impact of this proposed remedy on the overall programme, to ensure it is in the interests of all consumers, including those with vulnerabilities.

Remedy 10: Measures to prompt customers on default tariffs to engage in the market

Response: Smart energy displays (also referred to within the industry as IHDs) do have the capability to send messages to consumers such as on end of tariff or cheaper tariff availability, and could therefore play a role in engaging customers on default tariffs if mandated via License Conditions. Even without specific "prompt" messaging via the IHD, smart meters will give all consumers greater visibility of their own tariff and empower them to find out if they are on the best tariff and supplier for them. We recommend that the possibility of using smart meter displays (IHDs) to prompt customers on default tariffs to engage in the market is fully explored.

Thank you for the opportunity to respond to this Notice of possible remedies. If you require any further information, please do not hesitate to contact me.

Yours sincerely,

Claire Maugham
Director of Policy and Communications
Smart Energy GB
East Side
King's Cross Station
London
N1C 4AX