

A Retailer's Perspective of Smart Metering Rollout

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Energy Retail Association

The **Energy Retail Association** (ERA), formed in 2003, represents the major electricity and gas suppliers in the domestic market in Great Britain.

www.energy-retail.org.uk

Preparation and execution of policy on a wide range of key issues for the sector



Starting from September 2006, the SRSM project at the ERA has been at the heart of smart metering developments within Great Britain.

Working alongside the ERA members and industry experts, the project has:

- Consulted on and delivered a series of core products.
- Developed policy to support the smart meter mandate
- Provided input to Government work

ERA work has given the industry a head-start for the work to come

www.energy-retail.org.uk/smartmeters.html

A Rare Opportunity

Smart metering is an opportunity to give benefits to a host of stakeholders

Although we naturally approach this from the view point of GB retailers,
the process might apply to any market

Smart metering rollout for most of Europe might be distributor led
Smart metering rollout in GB – supplier led

Other markets look different but have similar roles and drivers

Regardless of market, the benefits are distributed amongst

The Environment

Consumers

The Industry

The answer should be in every market that you consider all the
stakeholders and the stakeholders have to work together to get the
benefits

Why Is A Retailer's Perspective Important?

Smart Metering should be all about delivering benefits to and with the **CUSTOMER**

In a competitive market, Retailers love the customer... They have to!

Retailers want to use smart metering infrastructure to develop customer products

If you don't bake the requirements for Retailers in at the beginning of the process, you will not deliver customer benefits

In GB, the Retailers have been considering smart metering for some time and have been putting significant effort into looking at how we can make smart metering work in our market

Different Stakeholders, Different Requirements

Customers

Suppliers

Distribution Network Operators

- Efficient Network Management
- Efficient Asset Investment

Transmission Network Operators

- Efficient system balancing
- Facilitate generation/supply portfolio

Environment

- Facilitate low carbon energy sources
- Encourage energy efficiency

Implications for Energy Retailers

**Our market and our position makes some requirements obvious to us
Maybe they don't apply to other markets or maybe they're not so obvious**

**For example, the competitive market creates the need for interoperability
Commercial and technical arrangements that allow seamless change of
supplier -**

Don't underestimate the complexity of this

This will be a paradigm shift in how energy retailers:

- Engage with their customers
- Operate their systems and processes

We must improve the experience for energy customers

We must take this once in a lifetime opportunity

- For GB, this should include industry simplification

What do Retailers Want from Smart Metering?

Regular Meter Readings to Bill Customers Accurately

Flexibility to be able to Innovate and Engage Customers

- Customers need to understand smart metering to realise benefits

Improvements to market efficiency for all participants, e.g.:

- Change of Supplier process
- Harmonisation for gas & electricity

An infrastructure to support energy and environmental policy:

- CERT/CESP/HESS
- Microgeneration/Feed In Tariffs/ROCs
- Flexibility to react to future energy reduction programmes
- Smart grids

It is these basic principles that underpin the desired outcomes from smart metering

Benefits for Consumers

We must enhance customer choice through products and services available through smart metering

Providing customers with more information will give them the opportunity to reduce their energy consumption

We must **improve the customer experience** of energy companies:

- Accurate Bills
- Timely customer switching
- Gas and electricity switching at the same time

Efficient supplier and industry operations results in savings to the customer

We must deliver customer benefits from smart metering to make the case for GB

If we don't take this opportunity to radically change industry processes, it will be the experience of the consumer that will suffer

Competing and Innovating to Customers

The key is to provide customer choice by tailored products to deliver value to the customer and to the energy supply business

In the new world, products aren't just tariffs, it will mean **CUSTOMER CHOICE:**

- Energy saving tariffs supported by displays and mobile apps
- Pay As You Go tariffs including Time of Use, multiple means of payment, new interface with consumers
- Customer choice for home energy management products
- Remote diagnostics for home boiler services
- etc., etc.

- and corresponding consumer protection

We are not constrained by current thinking – there must be the flexibility to innovate

We don't know now what the customer will want in five years, let alone the 11 years to roll-out smart metering from now

This is one of the reasons why the ERA believes so strongly why there should be flexibility in information provision to customers

Tackle Consumer Issues Early

There will be consumer issues raised through the lifetime of smart metering and these need to be tackled.

For example security and privacy of customer data are risks that can be mitigated by embedding solutions into the market design from the very beginning. The principles built into the work to date at the ERA has embodied the principles of security and access control to data.

Work with consumer bodies to build on these for a clear understanding of data access rights

We have measures that protect customers now
Develop these appropriately for new circumstances

The Need for a Strategic Vision and Ambition

Need to consider wider policy & objectives and have a **long term strategic vision** for smart metering and smart grids

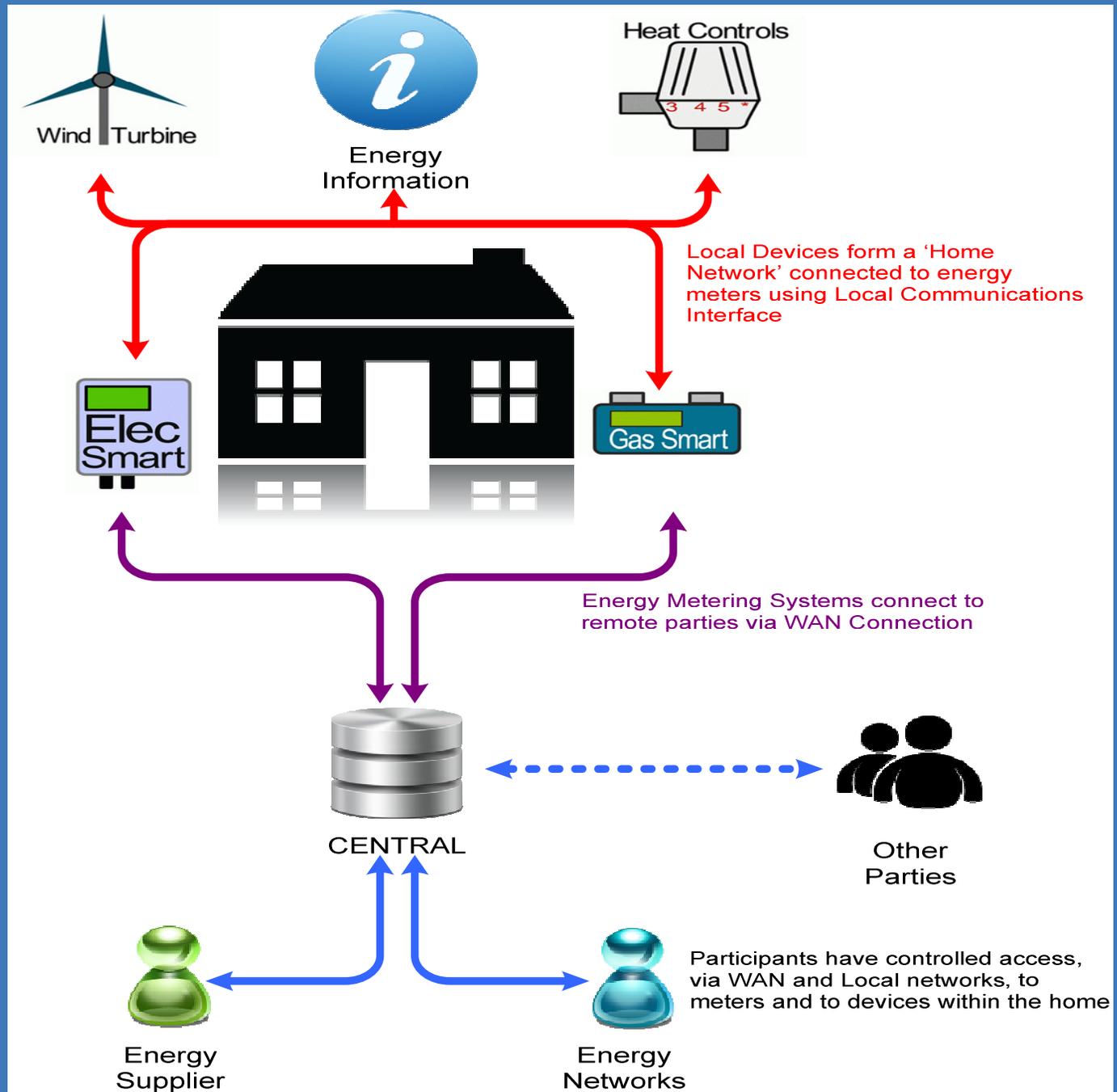
It's not just putting smart meters into the current market -
They need to work in the market you want in 10 years' time

Without a strategic vision – how do you know if you are going in the right direction at day 1?

The strategic vision and road-map will need real buy-in to deliver it

We suggest that a body is needed to own, maintain and deliver the vision and road-map

A Typical Home by 2020



Key messages to get the program underway

- **Smart metering should deliver benefits for the environment and consumers**
- **We need to involve representatives for these stakeholders**
- **We need to prepare to engage with consumers**

- **We need Vision and Ambition for the market**
- **It would be a massive missed opportunity if we don't have this**

Thank You for Listening

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