

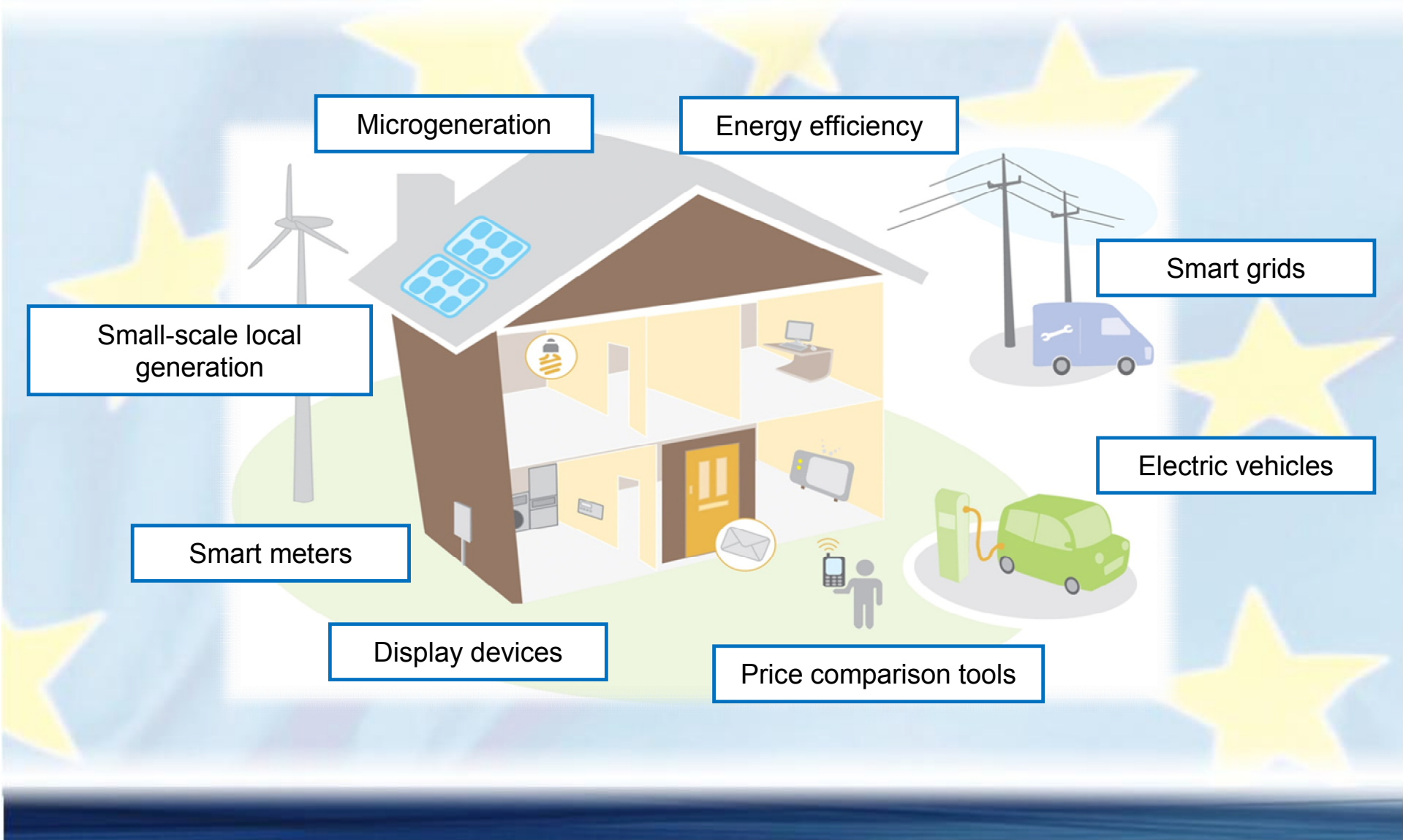
Technological change to make the energy market smarter: Impact, opportunities and risks for consumers

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New technology and how energy is supplied, bought and used



A range of potential impacts for consumer

Different products, offers and providers

- Tariffs
- Equipment
- Conditions of use

} Wider range of experiences...

More data and tools to navigate

- Consumption data
- Smart meters and displays
- Advice and price comparisons

} ..and abilities to engage/use?

But in context of:

- Upward pressure on energy costs and prices
- Difficult macro-economic conditions
- Current levels of engagement, trust and satisfaction

Example 1 – smart meters

Consumer impacts

- Installation visit
- Costs and benefits – net, over time

Opportunities

- Customer service – billing accuracy; query/problem resolution
- Quicker, more reliable switching
- Information and advice on energy use
- Tariff choices – prepay, time-of-use
- Smoothing demand to reduce network costs

Challenges

- Complexity
- Building engagement
- Increased number of parties involved

Example 2 – Consumers as micro-producers

Consumer Impacts

- Installation
- Administration – e.g. application for Feed-in-tariff
- Costs and benefits – individual, social, over time

Opportunities

- To make a difference
- To participate in the market
- To share in available financial support from governments

Challenges

- Complexity
- Engagement with networks
- Not practical for all consumers

Directly relevant to “consumer principles”

Affordability

- Information helps us manage our energy consumption better ..but new technology costs money

Reliability

- Micro-production puts the consumer in control..but also creates challenges for local network management

Simplicity

- A more responsive, accessible market ..but also risk of information overload

Protection

- Technology to support improved customer service..but new products and services might require different types of protection

Empowerment

- Providing new choices to suit different needs and circumstances...but also risk of some consumer being left behind

Summary

- Technological change will have impacts on energy consumers – but is an enabler, not an end in itself
- Stakeholders need to work together to help capture opportunities and manage challenged – and retain focus on the objective of improving how energy markets deliver for consumers