

Smart metering - what it means for Britain's homes

Factsheet 101

31.03.11

www.ofgem.gov.uk

Government's vision is for every home in Britain to receive a smart meter. Its implementation programme will involve more than 50 million new meters being installed in 28 million homes over a seven year period, and will lead to significant changes in how we use energy and how the energy industry operates.

Ofgem has led the first design phase of the programme on behalf of the Department of Energy and Climate Change (DECC). DECC has now assumed direct responsibility for managing the implementation phases of this programme, while Ofgem's role going forward will be one of protecting consumers through regulation.

► Why is Government doing this?

Smart metering will play an important role in Britain's transition to a low-carbon economy, and will help meet the long-term challenge to achieve an affordable, secure and sustainable energy supply. Government estimates the benefits to Britain will exceed £7.5 billion over and above the

cost of the £11.3 billion programme. There will be direct benefits to consumers through an improved ability to save energy and indirect benefits to consumers from improvements in how the energy industry operates.

► What is a smart meter and how will it work?

A smart meter is a gas or electricity meter that is capable of two-way communication. It measures energy consumption in the same way as a traditional meter, but has a communication capability that allows data to be read remotely and displayed on a device within the home, or transmitted securely externally. The meter can also receive information remotely, eg to update tariff information or switch from credit to prepayment mode.

The smart meters rolled out as part of the Government programme will be provided with an in-home display (IHD). This device will give you up-to-date information about how much gas and/or electricity you've used in pounds and pence, as well as units of energy. When your smart meter and display are installed you will receive information showing how best to use the IHD.

► How will I benefit?

Consumers will benefit from better, more accessible information. This will help us all use energy more efficiently and therefore save money. There will also be benefits in how the energy industry operates. Smart meters will remove the need for manual meter reading and ensure accurate bills. Better, easier-to-access data will also improve customer switching between energy suppliers.

people will find they can save considerably more. Plus there is the non-monetary value of improvements in standards of customer service.

In addition, smart metering will create a platform to support smart grids, which will help manage the generation and distribution of energy more cost-effectively and allow increased use of low-carbon generation, like wind power.

Government estimates put the average saving at £23 a year by 2020 on combined gas and electricity bills - but some

▶ Will smart meters link to other smart products?

The IHDs will connect to the meter through a local network in the home, which will also have the potential to securely connect to other devices. This potentially includes domestic appliances designed to switch on when prices are low. This can work with new tariffs that vary by time of day – to more

accurately reflect the costs of supplying energy between peak and off-peak. The local network will also enable you to view and track your energy consumption through other media, such as via a personal computer.

▶ When will I get my smart meter and what will it cost me?

Your smart meter and IHD will be provided by your energy supplier. There will be no up-front or one-off charge for installation – costs will be recouped over time through your bills.

Each energy supplier will have their own plans for rolling out smart meters to their customers - although all suppliers will be obliged to complete the rollout by a target date. Government plans to finalise the target date in 2012. Under current plans, most people will receive their new meters

between 2014 and 2019. But you may be offered one before that if suppliers begin to use smart meters when a routine meter replacement is due.

It is expected energy suppliers will respond to customer demand for smart meters – including through how they compete with one another. If you are keen on having a smart meter early in the rollout, then you might need to change supplier if your current supplier is not ready to install one for you.

▶ How are consumers being protected?

Smart meters are an exciting development with potential benefits for consumers – but the rollout represents a major change, and it is important that consumers are appropriately protected through change, particularly vulnerable customers.

This is why Ofgem is proposing to strengthen existing consumer protections, and why Government has plans to make further changes ahead of the rollout. Measures include introducing a new code of practice for meter installation that all energy suppliers must comply with. Among other things,

this will be designed to protect consumers from unwelcome sales and marketing during the installation visit.

Consumer protection is central to the design of the meters and the processes for handling the data. The meter you receive during the rollout will work for any supplier and will not limit your ability to switch. Your meter will also be designed to be secure. There will also be new regulation to make sure the privacy of your data is appropriately protected.

▶ Vulnerable customers and accessibility

The needs of all groups of consumers are also being taken into account in the design of smart meters. For example, suppliers are being requested to incorporate features to enhance accessibility, such as bigger, easy-press buttons and

larger display text, in developing IHDs. Welsh language displays will also be made available to those who want them. There will also be consideration to whether information is provided in different languages and formats, including braille.

▶ How can I find more information on smart metering?

More information about the benefits of reducing your energy consumption and carbon emissions is available through the Department of Energy and Climate Change website:

www.decc.gov.uk Your energy supplier will also have information.