

Using smart metering data to deliver customer benefits

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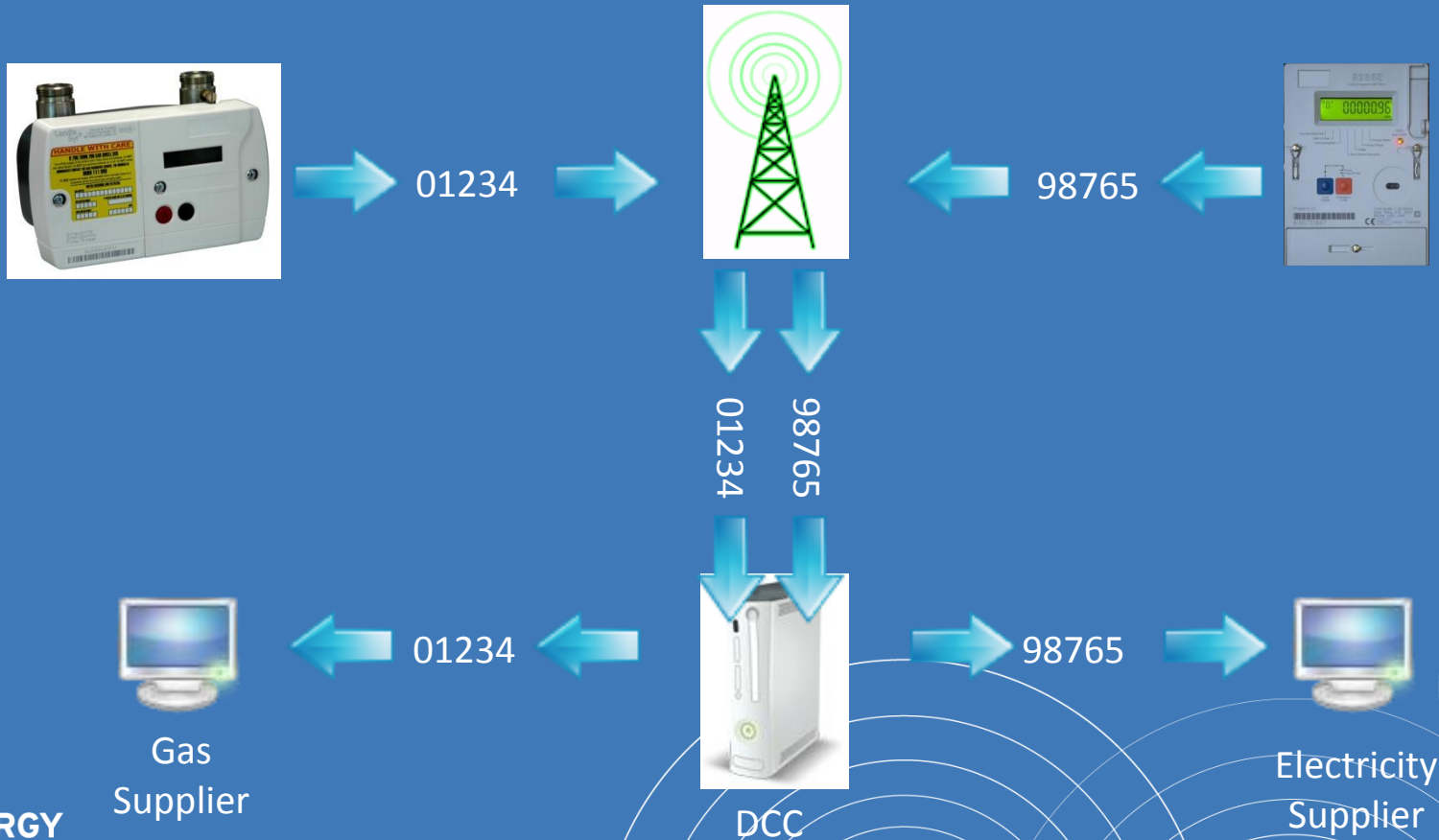
ERA SRSM Programme Manager

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What we will cover today

- Where does consumption data go and why?
- How does data deliver customer benefits?
- Regulated Duties v Legitimate uses
- What choice for customers?
- What mechanisms are?
- How GB is moving the debate on

Where does consumption data go?



And the why.....



Gas
Supplier

01234



Electricity
Supplier

98765



BILLING

- According to tariff
- Weekly
- Monthly
- Quarterly
- Annually



Advice is free!

- ### TAILORED ADVICE
- Energy efficiency
 - Tariff
 - Demand reduction
 - Debt management



ENGAGEMENT

- Tariff/product innovation
- Energy efficiency
- Reduce energy costs
- Vulnerable customers



- ### DEMAND RESPONSE
- Develop ToU
 - Peak load shift
 - Encourage behavioural change

DEMAND FORECASTING

- Accurate forward picture
- Reduce imbalanced positions
- Efficient forecasting based on real data



SETTLEMENT

- Pay for energy used
- Industry transaction charges
- Efficient settlement based on real data



BACK OFFICE

- Theft detection
- Operational efficiencies
- Lower the cost to serve

Delivering accurate bills



BILLING

- Obviously, meter readings are an essential element of billing
- A major benefit for smart meters is improving billing accuracy from more frequent readings
- Meter readings should be aligned to tariffs – the take up of Time of Use tariffs is expected to be significant

Providing meaningful, tailored advice



TAILORED ADVICE

- Suppliers need to understand consumer's consumption to provide meaningful advice
- Suppliers expect to be able to use all relevant information available to provide the most appropriate, meaningful and tailored advice
- In order to deliver the benefits to consumers, advice is key, particularly on energy efficiency measures
- Turning advice into positive customer actions is essential in delivering environmental benefits

Engaging with customers delivers benefits



ENGAGEMENT

- Suppliers need data to help identify what products are best for individual customers, saving them money
- Data will facilitate the targeting of appropriate advice and products to vulnerable customers
- Smart meters + IHD will not change behaviour alone – suppliers need to engage with customers to deliver benefits and savings

Responding to the demand for energy



DEMAND RESPONSE

- Developing appropriate customer segment specific Time of Use Tariffs
- Encourage demand response for critical peaks shifting usage from peak times to lessen the load on national generation plants and ensuring security of supply
- Electrification of heating and transport leading towards low carbon economy
- The ability to pass customer savings onto individual households to encourage right behaviours

Forecasting demand



DEMAND FORECASTING

- Current processes are based on very good guess work – years of practice
 - Accurate data will improve the ability to forecast more efficiently
- More efficient forecasting will reduce imbalance – reduce the need to purchase energy within day - more often than not at expensive rates
- Utilising smart meter data to deliver reduced costs to customers must be a good thing

Paying the industry bills



SETTLEMENT

- Settlement is currently based on large groups of sites based on type, size and location
- Electricity Settlement uses estimated annual consumption, which is subsequently reconciled with actual data later – reform is expected
- Gas settlement does not allow for variation within the year – AQ stays the same even if your usage pattern changes – reform is expected
- More frequent meter readings improves settlement accuracy and should improve risk margins, reducing costs for customers.

Back office operations



BACK OFFICE PROCESSES

- Costs of theft are currently spread across all consumers as 'system losses'
 - Debt prevention and debt management
 - Meter management – is the meter operating correctly?
- Improving efficiency in all back office processes will reduce the cost to serve
 - Lower cost to serve = lower cost of energy = lower prices for customers

Not forgetting where else data goes



Elxon

- Wholesale charging
- Balancing/Settlement



Agents

- MAP
- MOP
- DC/DA
- etc



Agents

- MAP
- MAM
- DC
- etc

SPAA

SPAA

- Supply point registration?



Xoserve

- Balancing/settlement
- Charging



Gas Transporter

- Network planning

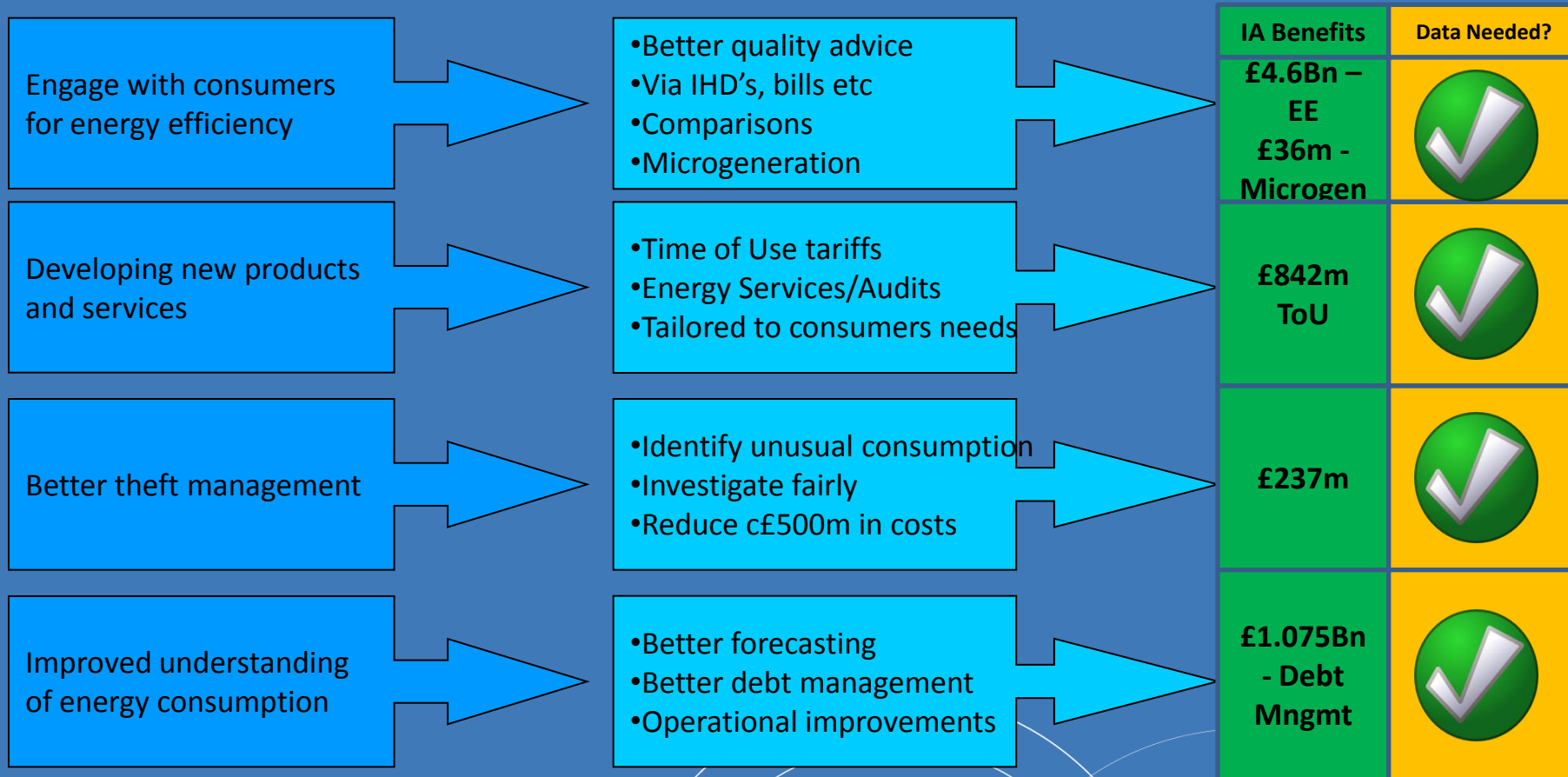


Network Operator

- Network planning
- Network charging
- MPAS?

**ENERGY
RETAIL
Association**

Using data to deliver benefits



Suppliers will use smart meter consumption information to deliver key benefits, provide customer choice and encourage customer engagement

But that's just the GB IA benefits



Shouldn't we be aiming higher?

Customer choice for uses of data

- It's hugely important – customers should have some choice in what their data is used for
- Without choice, you risk raising suspicion
- But, there's some data that you just can't do without to deliver Regulated Duties
- There is other data that have legitimate use to deliver customer benefits and this is expected to be subject to customer choice

Regulated duties and Legitimate uses

- The ERA focus is on “Legitimate Uses”
- Same principles as definitions within the Data Protection Act 1998
- Data clearly protected for customers
- Limited to uses where real benefits can be delivered to consumers:–
 - Managing the end-to-end supply chain
 - Managing the volatile risks between retail and wholesale markets
 - Delivering efficiencies that drive down costs

All of this has to be good for consumers, doesn't it?

- Regulated duties defined by DECC include the need to:
 - Identify and protect vulnerable customers
 - Identify and prevent theft of energy
 - Provide energy efficiency advice – but not as far down as tailored individual advice

Choice mechanisms

- How do we ensure that the Impact Assessment is delivered whilst giving customer choice
- ERA members - unanimous support for Opt-out option for consumers
- Opportunity to collect HH interval data to deliver customer benefits, but customer Opt-out
- Anonymise, sample, aggregate data where possible
- No choice if data required to fulfil Regulated Duties
- Be transparent – tell customers right up front
- We do not believe Opt-in would deliver the take up required to deliver the GB Cost Benefit Case

How ERA is moving the data use debate forward

- ERA Smart Metering Privacy Charter in development
 - A set of commitments from suppliers – what their customers can expect
 - Helps to deliver transparency
 - So that that consumers are fully aware of their rights and choices they have – before their smart meters are installed
 - But not the detail of when/how/why – suppliers have to do this individually anyway (UK DPA)
 - Publish the Privacy Charter mid-October
 - Will be inviting all suppliers to adopt the principles of the Charter

How GB is moving the data use debate forward

- Deliver the ERA Smart Metering Privacy Charter in mid-October
- DECC Call for Evidence – Data Access and Use
 - Responses being prepared for 13th October
- Ongoing 1-2-1 discussions between Industry, Consumer Groups and Government
 - Providing the detail and evidence
 - Explaining how industry operates to deliver customer benefits

Any questions?



Thank You

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