

**Citizens Advice  
response to BEIS'  
consultation on  
future  
coordinated  
consumer  
engagement**



# Response

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Q1.1: Do you agree that objective (a) should include a specific requirement for Smart Energy GB to deliver activities that generate demand and acceptance for smart metering? Please provide rationale.

Citizens Advice agrees with this proposal. The move from growing awareness to growing demand is a logical progression that Smart Energy GB should be able to transition into organically from their current work. The proposed change represents an acknowledgment of the progress of the rollout and the need to move to this next phase.

Q1.2: Do you agree that Smart Energy GB should no longer be required to actively build domestic consumer awareness and understanding of smart metering at a national scale? Please provide rationale.

Whilst we broadly agree with this proposal given the current high awareness rates among domestic consumers in Great Britain, it will be important that Smart Energy GB continues to monitor awareness, with the scope retained for further awareness building in the future if deemed necessary. This is particularly the case for consumers who might need extra support to be aware of and understand their options and choices regarding smart meters, for example people who are not internet users, or people who live in private rented homes. Further relevant information on this can be found in our recent 'Future for All' Report<sup>1</sup>

Q1.3: Do you agree that objective (b) should be amended to require Smart Energy GB to continue to build awareness and understanding of smart meters amongst microbusiness consumers, including the benefits of the data derived through them? Please provide rationale.

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<https://www.citizensadvice.org.uk/about-us/policy/policy-research-topics/energy-policy-research-and-consultation-responses/energy-policy-research/future-for-all-making-a-future-retail-energy-market-work-for-everyone/>

Citizens Advice agrees with the proposed amendment. Our recent research report 'Getting Through to Business'<sup>2</sup> found that businesses currently have little knowledge of the benefits of smart metering or accessing smart meter data. This segment is lagging domestic consumers and as such warrants specific attention.

#### Q1.4: Do you agree that objective (c) should be amended to widen Smart Energy GB's behaviour change activities beyond a central focus on energy consumption reduction? Please provide rationale.

Citizens Advice supports this amendment. It has always been the case that the act of having a smart meter installed does not automatically confer the majority of smart metering benefits to a consumer. In order for the desired benefits to be realised consumers need to engage with their smart metering equipment and the new products and services that smart metering can enable. The current limited focus on reducing energy will not fully not incentivise this. It is prudent to expand the scope of Smart Energy GB's behaviour change activities accordingly to allow them to produce consumer communications covering a wider range of benefits.

We expect this change to compliment the shift discussed in Q1.1 of this consultation. If Smart Energy GB is able to promote new products and services which are predicated upon smart metering equipment and data flows rather than simply focussing on consumption reduction we would expect that the appeal of, and therefore demand for, smart meters would be increased among demographics who are less driven by the prospect of reducing usage than by the potential for interesting and beneficial new products and services.

The findings from our recent reports: 'Future Proof'<sup>3</sup> and 'Future for All'<sup>4</sup> have some relevance here. The former identified opportunities for energy suppliers to help consumers engage with choices about their energy, providing a more personal service, and providing more services that can reduce costs and reduce carbon. The latter found that distrust and a lack of motivation were two key

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<https://www.citizensadvice.org.uk/about-us/policy/policy-research-topics/energy-policy-research-and-consultation-responses/energy-policy-research/getting-through-to-business>

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<https://www.citizensadvice.org.uk/about-us/policy/policy-research-topics/energy-policy-research-and-consultation-responses/energy-policy-research/future-proof-challenges-and-opportunities-in-providing-great-service-in-energy/>

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<https://www.citizensadvice.org.uk/about-us/policy/policy-research-topics/energy-policy-research-and-consultation-responses/energy-policy-research/future-for-all-making-a-future-retail-energy-market-work-for-everyone/>

barriers to consumers engaging with new services like time of use tariffs. With an expanded focus Smart Energy GB could potentially help to overcome some of these challenges.

More broadly Citizens Advice have consistently called for energy usage to be framed as needing to be appropriate for the needs of a household rather than always being reduced. Some households, especially those that are underheated, do not benefit from messaging to reduce their energy usage but rather with assistance to use enough energy to heat their homes in efficient and effective.

**Q1.5: Do you agree that objective (d) should include a requirement for Smart Energy GB to continue building awareness amongst consumers who may experience barriers to obtaining and realising the benefits of smart metering? Please provide rationale.**

Yes, as noted in our response to Q1.2 consumers who may experience barriers to realising benefits are likely to be lagging behind other consumers in awareness of smart meters, both due to a lack of access to information and in some cases less ability to retain that knowledge.

As in our response to Q1.2 we would draw particular attention to the findings of our 'Future for All' research which identified some of the groups facing the most barriers to engaging with future services, notably those in the private-rented sector and the digitally disengaged/excluded.

**Q1.6: Do you agree that Smart Energy GB has a role to play in supporting coordinated activities and that a new objective should be introduced in energy supply licences to establish appropriate arrangements to facilitate this activity? Please provide rationale.**

Yes. As the consultation document acknowledges there are already obligations on suppliers to cooperate with Smart Energy GB and it is appropriate to bolster these with an additional supply licence objective.

Despite the interruption due to Covid-19 the Derby trial has served as a good test case for suppliers coordinating more which appeared to be generating initially positive results. Smart Energy GB should become more involved in facilitating such coordinated activities in its role as a Central Delivery Body for smart metering.

Q2.1: Do you agree with our proposal to reduce the size of Smart Energy GB's Board and establish a requirement that it is composed of an independent Chair, together with six Directors representing the interests of energy suppliers, four Directors representing the interests of domestic and non-domestic energy consumers and the CEO of Smart Energy GB? Please provide rationale

Citizens Advice welcomes the proposal to streamline the Smart Energy GB Board and increase the number of members who will represent the interests of consumers.

Under the current requirements, Citizens Advice nominates two Directors who represent the interests of consumers. A senior member of our team takes on one of these roles, and it has meant that we can directly engage with the other Board members of Smart Energy GB about the smart meter consumer experience, the Smart Meter Implementation Programme and broader advocacy/policy work in this space. We can directly share intelligence and experiences of volumes and types of smart meter issues that people have sought help or advice about. In this role we also bring an awareness of energy consumer issues in the broadest possible sense, including the future energy market changes that are often intrinsically linked to smart metering. Crucially, it also enables Citizens Advice to take an active role in shaping the work of Smart Energy GB as part of our role as the statutory consumer watchdog for energy. Without this requirement we would not necessarily have the same opportunity to engage.

However, we understand the government's rationale for this proposal, and we would seek to continue to attend the Board as 'participating observers' if this proposal is implemented. The costs of the smart meter rollout are ultimately paid for by consumers, and Citizens Advice is keen to ensure that consumer representation and engagement are built in at this important strategic level.

Q2.2: Do you agree that a record of Board meetings, including attendance, should be made available to any party on request? Please provide rationale.

Yes: this is a reasonable move to increase both transparency and accountability.

Q2.3: Do you agree that Board members should be recruited on the basis of skills and experience, with energy suppliers retaining the

ability to nominate candidates, but with the final decision on appointments made by an Appointments Committee composed of the Chair, CEO and parties with relevant interests? Please provide rationale

Citizens Advice suggests the government consider whether to allow suppliers to nominate non-employees: this may help smaller suppliers who would otherwise find it difficult to participate as the voice of smaller suppliers will be increasingly important as their roles become more prominent in the later stages of the rollout. It will be vital that the appointments Committee be balanced, both consumer groups and suppliers should have confidence in the Appointments Committee processes.

Q2.4: Do you agree that the Board should have responsibility for developing the Performance Management Framework (with separate domestic and microbusiness standards), supported by two Advisory Groups?

Yes, this would be an improvement on the current model which is more complex than necessary.

Q2.5: Do you agree that energy supply licences should be amended to require the Board to consult with energy suppliers and take their views into account when developing the Annual Budget? Please provide rationale

Yes, this seems a sensible decision to address the potential gap in the existing arrangements whereby the licence requires energy suppliers to establish a mechanism for funding but there are no references to the process by which a budget is agreed aside from the articles of association requiring an approval vote.

Q3.1: Do you agree that energy supply licences should be amended so that the threshold for 'Relevant Suppliers' to fund Smart Energy GB's domestic campaign activities is lowered to energy suppliers with 150,000 gas or electric (or both) domestic consumers? Please provide rationale

Yes, this would help bring funding obligations closer in line with other programmes like the Warm Home Discount scheme. The future retail review<sup>5</sup> made clear that a level playing field is desirable and we support that principle. In this spirit we would also not object to the threshold being lowered further in future.

Q4.1: Do you agree with the proposed approach to transitioning to the new arrangements proposed in this consultation? Please provide rationale

Yes, though we would also want Smart Energy GB to be able to start making changes sooner, potentially a requirement that all changes have been implemented within six months.

Q4.2: Do you agree that the proposed legal drafting in Annexes One and Two implements the proposals outlined in this consultation? Please provide rationale.

No response.

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<sup>5</sup>

<https://www.gov.uk/government/consultations/flexible-and-responsive-energy-retail-markets>

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