

Cynulliad Cenedlaethol Cymru | National Assembly for Wales
Y Pwyllgor Newid Hinsawdd, Amgylchedd a Materion Gwledig
Climate Change, Environment and Rural Affairs Committee
Ymchwiliad i Dlodi Tanwydd | Inquiry into Fuel Poverty
FP 06
Ymateb gan : Ynni Clyfar GB
Evidence from : Smart Energy GB

1. We welcome this opportunity to input into the CCERA Committee's inquiry into fuel poverty.
2. We believe the Welsh Government's successor to the 2010 fuel poverty strategy should include support for the smart meter rollout in Wales (and Great Britain) and the aims of Smart Energy GB. Specifically, we would like to see the CCERA Committee and Welsh Government actively support the same by helping us to highlight to households in Wales the crucial importance of having smart meters installed (as and when they are able to do so) in order to help Wales to meet its fuel poverty and carbon targets.
3. We are keen to ensure that relevant stakeholders do not see the rollout of smart meters in isolation and recognise the wider opportunities that stem from digitisation, greater customer engagement and richer data.
4. Smart Energy GB is the national, not-for-profit consumer engagement body for the smart meter rollout. It is our task to engage with everyone across Great Britain about understanding smart meters and the benefits that they bring. Within our role, as set out in energy suppliers' licence conditions, we are tasked with making sure that no-one is left behind in the transition to a smarter energy system and able to continue to maintain an adequate level of warmth.
5. We aim to achieve this, in part, via our *Smart Energy GB in Communities* partnership programme, through which we work alongside frontline organisations across Wales (including NEA Cymru, Citizens Advice, Care & Repair Cymru, Severn Wye Energy Agency, Groundwork North Wales, Melin Homes and Cardiff Council) to provide grant funding, training and tailored engagement materials to enable them to support households who may

encounter additional barriers. In 2018 and 2019, this programme has focussed on over 65 year-olds, whom according to the latest fuel poverty estimates calculated for Wales, make up 39% of households living in fuel poverty.¹

Energy efficiency

6. Eradicating fuel poverty and achieving net zero emissions are complementary ambitions, not opposing ones. Improving the energy efficiency of our housing is crucial to tackling fuel poverty. And a vital component of decarbonising heat, for example, also lies in the energy efficiency of homes (new and existing).
7. Smart meters are already helping households across Wales and Great Britain to use energy more efficiently, to reduce energy where we are wasting it and keep the heating on when we need it; with evaluation of trials showing energy savings of 5–20%².
8. However, beyond this, smart meter data can also promote and aid the installation of energy efficiency measures within our homes by enabling new and improved ways of measuring energy performance and better verification of savings.
9. Unlike traditional meters, smart meters measure how much energy we use and when in the day we use it. As a result, using smart meters it will be possible to compare and analyse energy consumption data from before and after retrofit activities, to measure the outcomes of installations of domestic energy efficiency measures, instead of benchmark-based assumptions as is current practice. In turn, this could inform the targeting and effective delivery of future fuel poverty schemes like the Warm Homes Programme, as recommended under Action 5.1 of the Decarbonisation of Homes Advisory Group's *Better Homes, Better Wales, Better World* report.

Prepayment and self-disconnection

10. Alongside promoting and aiding the installation of energy efficiency measures within our homes, smart meters and smart meter data have the

potential to bring about additional positive outcomes for fuel poor households, as well as for those services and organisations that offer them support.

11. We know that 19% of households in Wales are currently supplied on pre-payment meters (271,833 for electricity and 217,994 for gas). Prepayment has traditionally been the most expensive and inconvenient way to buy energy. However, the rollout of smart meters is transforming the prepayment experience for the better.
12. Smart meters bring many household benefits to everyone, with an end to estimated bills and being able to see what you are using in pounds and pence. The upgrade to prepayment brings additional benefits, including new convenient and accessible ways to top-up and more ways to monitor and manage credit.
13. Further, in the near future, it will also become seamless to switch between credit and prepayment mode with no need to get the meter replaced. This will reduce the costs to serve, meaning cheaper and more competitive bills for prepay users.
14. A key priority in Ofgem's *Draft Consumer Vulnerability Strategy 2025* is dealing with the issue of self-disconnection, which has plagued vast numbers of households in Wales, many of whom are fuel poor. And, as Ofgem highlights in its strategy, smart meter data also has particular potential for improving the identification of vulnerability and enable suppliers to more proactively support their customers in times of difficulty.
15. Robust systems and approaches to target support rely on proper identification and good quality data. The smart meter rollout will provide suppliers with the opportunity to address the issues of self-rationing and self-disconnection, making it easier for them to identify when usage changes and intervene in close to real time. This includes proactively contacting those who have self-disconnected to offer them support, prioritising Priority Service Register (PSR) customers known to be vulnerable; providing tailored discretionary credit linked to customer's actual energy usage, which can then be immediately remotely applied to their meter; and

using insights from smart meter data to provide tailored energy efficiency advice.³

16. Similarly, in times of cold weather, which fuel poor households are acutely vulnerable to, smart pre-payment provides the opportunity for households to be able to top-up and/or request emergency credit online or via text from their own home, without the need to go outside. Additionally, during the 'Beast from the East' in 2018, suppliers were able to automatically top-up smart prepayment meters remotely during the severe weather to ensure that customers had sufficient credit to keep warm.

Transition to an energy system fit for future generations

17. Smart meters are an essential building block of a smarter, cleaner, greener energy system, which will supply more reliable, low-carbon energy to households across Wales. This will help us to manage our valuable resources more efficiently and help tackle the climate emergency that we are facing.⁴
18. Smart meters provide the energy industry with the necessary usage data to operate a low carbon system, enabling it to better forecast demand and, in turn, balance the system and facilitate the integration of more renewable energy into the grid.
19. Furthermore, with smart meters installed, we can:
- a. enable consumers to be rewarded for using energy during lower price periods, passing the savings directly onto their bill via time-of-use tariffs;
 - b. promote the development and integration of green technologies, such as smart household appliances and electric vehicles; *and*
 - c. enable the development of new automated business models, like heat-as-a-service or auto-switching which, with the right support and protection, could help ensure that some disengaged consumers can still benefit and be effortlessly engaged.
20. We do not want vulnerable consumers to be negatively affected by technological innovation. Rather, we want to see such innovation actively

make life better for people wherever possible. Smart meters provide the data for many of these changes to happen and it is crucial that stakeholders work together to ensure that this transition meets the needs of all households, including those in, or at risk of, vulnerable situations and fuel poverty.

21. There will be a clear need for advice and assistance in the more flexible, but more complex, energy market of the future. Fuel poor households, among others, will need tailored support to help them navigate this in a variety of ways, including: accessing the best deals, tariffs and supply models for their circumstances; helping them to resolve difficulties and/or debt that may arise; understanding how to efficiently use new heating controls; and/or what to do when things breakdown. Smart metering has the potential to assist with this, enabling consumers to share their data, with consent, with third-party organisations and public services offering support. The data can facilitate these organisations to provide tailored assistance in close to real time, helping to ensure no-one is left behind.
22. And, as evidenced by innovative work being carried out by Mersey Care NHS Foundation Trust in collaboration with Liverpool John Moores University, smart meters also have a number of wider and potentially very significant health and care applications.⁵ By integrating smart meter data into discrete, non-intrusive monitoring services, health and social care providers have opportunities to issue alerts to carers when unusual activity patterns are recognised, and/or monitor the progress of conditions like Dementia and Parkinson's Disease (to inform treatment needs) or of living conditions (such as the use, or under-use, of heating). This could also open the door for health professionals to 'prescribe energy' to those most at risk of cold-related illnesses, enabling them to keep warm and maintain their independence at home for longer.

Closing remarks

23. We welcome this inquiry into fuel poverty in Wales and would like to thank you for this opportunity to share our views.
24. We want the smart meter rollout to be a catalyst for a new wave of support and focus on vulnerable households that have not always been

served well by the analogue energy system, but could see positive leaps in their experience thanks to the digital one. Smart meters are not going to solve fuel poverty or climate change on their own, but they are a small step we can all take towards achieving these ambitions.

25. With the CCERA Committee and Welsh Government’s support, we can help ensure that households in Wales realise the benefits as soon as possible, and that those in, or at risk of, vulnerable situations and fuel poverty can be among the first to benefit from this necessary transition.

¹ According to Table 3.1.1. Household type by fuel poverty status in 2018, ‘Single Pensioner (no children)’, ‘Married couple pensioner (no children)’ and Two adult household (up to one pensioner) without children’ made up 18%, 11% and 10% of households living in fuel poverty in Wales in 2018 respectively. See Welsh Housing Conditions Survey 2017-18 and Fuel poverty estimates for Wales: 2018, released on 29 August 2019.

² *Smart meter benefits: Role of smart meters in responding to climate change: A Delta -ee viewpoint*, May 2019

³ More information can be found in a report by Smart Energy GB (2019) *Smart meters: revolutionising the prepay experience*

⁴ More information can be found in a report commissioned by Smart Energy GB. Delta-ee (2019) *Smart meter benefits: Role of smart meters in responding to climate change: A Delta -ee viewpoint*

⁵ More information can be found in a report commissioned by Smart Energy GB. University College London (2017) *Energising Health: A review of the health and care applications of smart meter data*