

## Written evidence submitted by Citizens Advice (SMB08)

### 1. About Citizens Advice

1.1 The Citizens Advice service provides free, independent, confidential and impartial advice to help people overcome their problems. It values diversity, promotes equality and challenges discrimination. Citizens Advice is the statutory representative for energy consumers across Great Britain.

1.2 The service aims:

- To provide the advice people need for the problems they face.
- To improve the policies and practices that affect people's lives.

1.3 In 2016/17, Citizens Advice service advised 2.7 million people, with 43 million visits to our website.

1.4 The Citizens Advice service is a network of nearly 300 independent advice centres that provide free, impartial advice from more than 2,700 locations in England and Wales. Citizens Advice is powered by 23,000 volunteers.

1.5 Citizens Advice also delivers the Consumer Service. This telephone helpline covers Great Britain and provides free, confidential and impartial advice on all consumer issues.

### 2. Reason for submitting evidence

2.1 As the statutory consumer body for energy consumers, Citizens Advice, and its predecessor body Consumer Focus, have been extensively involved in the consumer experience of the smart meter rollout since its inception.

2.2 Over the years we have commissioned extensive, independent research on smart meters<sup>1</sup>, and since 2011 have been collecting and tracking regular monthly contacts about smart meters to the Citizens Advice Consumer Service (the statutory energy consumer helpline).

2.3 This gives us a unique insight into the smart meter implementation programme. We are well placed to provide evidence to the Bill Committee on the consumer policy

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<sup>1</sup> See annex 1

aspects of smart meters.

### 3. Executive summary

3.1 Citizens Advice is supportive of the smart meter roll-out and the many potential benefits it can bring consumers. Ultimately consumers are paying for the smart meter rollout and they deserve to expect and receive the very best value they can from it. We commission independent research on a broad range of issues related to smart meters (detailed in Appendix 1), as well as collating and analysing data collected from consumer contacts to both the Citizens Advice Consumer Service and to local Citizens Advice across the country. We are an active voice in the programme, sitting on working groups and boards to provide consumer representation at all levels.

3.2 Our research has consistently shown that the majority of consumers with smart meters like them, and we believe there are a range of potential benefits for consumers (like visibility of energy use, new ways to top up etc - and in the long term as we move toward smart systems the potential for new tariffs and links to smart products and services in the home). However, some consumers are not always being informed of key limitations to smart meters in their current form. Most smart meters installed now are first generation SMETS1 meters: these meters are not enrolled with the Data Communications Company (DCC) and may not retain their functionality if a consumer chooses to switch supplier. Suppliers are obligated, through the supply licence conditions to inform consumers of this prior to the installation. Our research showed only 13% of consumers surveyed were aware of this limitation and only 3% were informed by their energy supplier<sup>2</sup>.

3.3 Our regular analysis of consumer contacts to the Citizens Advice Service also identifies some challenges to the rollout. Some consumers are still receiving estimated billing or 'back-bills'<sup>3</sup> despite the promises of an end to estimated billing that continue to be made during the roll-out. More recently we have seen an increase in the number of consumers contacting us asking whether smart meters are compulsory or telling us that they do not want to have a smart meter installed. Many of these consumers are unhappy or uncomfortable about the way that suppliers have been engaging with them, either giving them 'deemed appointments'<sup>4</sup>, or using other language which consumers have described as making them feel 'pressured' or '

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<sup>2</sup> Early consumer experiences of smart meters 2017 <https://www.citizensadvice.org.uk/about-us/policy/policy-research-topics/energy-policy-research-and-consultation-responses/energy-policy-research/early-consumer-experiences-of-smart-meters/>

<sup>3</sup> A back bill is a 'catch up' bill given to a consumer when the supplier has not accurately billed them for their energy usage in the past.

<sup>4</sup> An appointment given to the consumer without prior consent

blackmailed' into having a meter (i.e. suggesting there will be large tariff increases if a smart meter isn't installed).

3.4 When consumers contact us about an issue that has arisen as a direct result of a smart meter installation (e.g. a condemned appliance, damaged meter box/board or inability to complete the installation) a common factor is that consumers are left feeling helpless and unsupported. It is important that suppliers provide consistent, clear and helpful instructions, advice and guidance when a problem arises, as well as adequate support where necessary (e.g. if a consumer is vulnerable). In addition, industry should work better together for consumer benefit, sharing information to reduce the number of aborted installs.

3.5 Some consumers are quick to understand smart metering data can reveal personal information such as your habits, when you are at home and what appliances you use. We have worked with government on the smart data privacy framework, which ensures that consumers remain in control of their data and are able to choose how much and how regularly they share it. This is an important protection and is needed to ensure transparency and control.

3.6 We will continue to work closely with BEIS, Ofgem and the energy industry to ensure that the needs of consumers are considered and addressed throughout the smart meter implementation programme and beyond.

## **4. Submission**

4.1 Our energy system is changing, and it is vital that a shift to a more flexible, dynamic and smart energy system has consumers at the heart of its development. The rollout of smart meters to every home and business across Great Britain is key to delivering this.

4.2 As the first mass rollout of an 'internet of things' device installed in every home across the country, smart meters (with their in home display (IHD)) have the potential to dramatically change the way consumers interact with their energy usage. It's vital that this opportunity is not wasted - not least because 32% of the total monetised benefits of the smart meter rollout are consumer benefits - and 99% of those benefits are dependent on consumer behaviour change<sup>5</sup>. Alongside wider programme activities, the service suppliers provide during an installation visit, including demonstrating the IHD and providing useful and relevant energy efficiency guidance is instrumental in attaining the monetised consumer benefits. That's why the delivery of energy efficiency advice

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<sup>5</sup> BEIS, 2016, [Smart meter roll-out cost benefit analysis](#)

should be thoughtfully considered by suppliers.

4.3 The roll-out is also an opportunity to go into the homes of nearly every customer and provide them with a great consumer experience. This is a unique opportunity for energy suppliers to challenge the negative assumptions and lack of trust<sup>6</sup> that has been prevalent for far too long.

4.4 Citizens Advice has been an active voice during the smart meter roll-out, sitting on a number of working groups and boards, including:

- Smart Meter Delivery Group (SMDG),
- Cost Control and Benefits Realisation Group and its relevant subgroups ,
- Smart Meter Operational Group (SMOG),
- Consumer Reference Group (CRG) and its relevant sub-groups,
- Alt-HAN and 868 working groups
- Smart Meter Installation Code of Practice Governing Board (SGB)
- Smart Energy GB board

4.5 Our policy positions on smart meters and smart services have always centred on the consumer experience. We are cognisant of the range of potential benefits smart meters can bring but also of concerns consumers have about transparency, control, privacy and choice and the potential for service providers to abuse the access these services allow them, particularly to personal data. Striving to achieve a balance between these has informed our work on the smart meter rollout and on data-driven services. A comprehensive list of our research in this area is set out in Appendix 1.

4.6 The remainder of this submission is set out in three parts:

- Key findings from research into the early experiences of smart meters
- Citizens Advice consumer service contacts data
- Data privacy

#### **4.7 Key findings from research into the early experiences of smart meters**

4.7.1 In early 2017 Citizens Advice published research into the early experiences of smart meter consumers. It found that current smart meter users have high levels of general satisfaction with smart meters, with half of users giving the maximum satisfaction score. The research also found that not only are smart meters popular with

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<sup>6</sup> CMA, 2016, [Energy Market Investigation: Final report](#), p134

existing users, they are also highly appealing to around two thirds of the consumers we spoke to who didn't have smart meters installed.

4.7.2 The most popular benefits of smart meters were related to visibility of energy usage (42% of consumers with smart meters listed this as the top benefit) and new ways of topping up (31%). The popularity of these benefits is in part due to the high number of pre-payment meter (PPM) consumers in the research sample, and demonstrates the importance of these features for this group.

4.7.3 While the technical capabilities of SMETS1 and SMETS2 meters are broadly similar, the differences in the way they communicate mean that SMETS1 meters are not currently able to communicate with all other supplier's systems. This means that if consumers with these meters switch supplier, the meter's smart functionality will often be lost. Only 13% of smart meter users thought that their meter functionality would be lost if they switched supplier, and just 3% of consumers said that their supplier highlighted any limitations of the smart meter before installation, despite an obligation for suppliers to inform them of this. Awareness about this issue among consumers was low; only 7% of non-smart meter users are currently aware that smart meter functionality may be affected if they switched supplier. However, 43% of non-smart meter users thought that they would either definitely, or probably, not go ahead with a smart meter installation if they were told that they may lose smart services after switching.

4.7.4 The research found that consumers were generally engaged with their smart meter data. 80% of consumers were viewing their smart meter data (either through an IHD, app or website) and, of these, 75% were viewing their smart meter data weekly or more often, with 40% checking the data every day.

4.7.5 19% of consumers said that their supplier told them they were having a smart meter fitted and did not ask them if they wanted it. Even more concerning, 6% of consumers were not aware they were having a smart meter installed until the installer arrived at their house. It's vital that this is improved upon before the rollout increases in earnest - whilst it is not mandatory to have a smart meter installed consumers must be aware of their right to refuse should they wish to.

## **4.8 Citizens Advice consumer service contacts**

4.8.1 We have been collecting consumer data on smart meters since 2011, which is used by BEIS and Ofgem and at the Smart Metering Delivery Group (SMDG) . This data gives

an early indication of issues consumers with smart meters are experiencing, and has been used to help the Programme to address risks and improve the consumer experience. We work bilaterally with suppliers and with Energy UK on cross-industry issues to address these systemic issues.

4.8.2 Generally our contacts have risen more or less in line with the number of smart meters installed. As the roll-out progresses, this data is invaluable in helping to understand:

- a. the range of technical difficulties emerging from the roll-out
- b. supplier interactions with consumers and
- c. the impact of the roll-out on consumers as a whole

4.8.3 Consumer contacts to Citizens Advice are broken down into 7 categories.

- Billing and tariff issues
- Information
- Sales
- Faulty smart metering equipment/unable to top up
- Unable to switch/switching related issues
- Installation issues
- Other

4.8.4 A major selling point, and indeed attraction, of the smart meter rollout is an end to estimated billing: however consumers have consistently contacted us about billing issues with smart meters - this reflects badly on the industry, the programme and the technology. Consumer contacts can be varied, but include:

- the consumer continuing to receive estimated bills
- the consumer receiving a back-bill many months after the installation
- the consumer receiving a 'shock-bill' following a smart meter installation, especially if they have previously been on estimated bills

4.8.5 As expected, installation issues vary in type and nature. However one common thread for many cases received is the communication difficulties consumers experience. If handled badly, an installation issue could leave consumers passed between a distributed network operator (DNO), supplier, third party installer or council. It is clear parties need to work better together to provide clear instructions to consumers regarding their next steps. There are some common installation problems we believe industry could improve on right now. At the moment industry varies wildly on their

response to a condemned appliance<sup>7</sup>. A roll-out of this scale is likely to affect many more consumers and their appliances, some of whom may have difficulties responding to this situation. Those consumers who may be vulnerable should not be left without a means to cook, heat or light their homes that may occur if an appliance is condemned. This is why all suppliers should respond to the same standards as networks, who already provide alternative means.

4.8.6 In the last quarter (Q3 2017), 60% of consumers contacting the consumer service asking for further information either did not want a smart meter or were asking whether smart meters were compulsory. We are seeing an increasing number of consumers calling us with these questions in mind in response to negative media stories and methods suppliers are using. Particularly concerning for consumers are messages implying a smart meter installation is compulsory, deemed appointments and what could be seen as manipulative tactics (i.e. tariffs increasing dramatically if the consumer does not have a smart meter installed).

4.8.7 Citizens Advice will continue to collect and analyse contacts from smart meter consumers to consumer service and locally to our network of offices across the country. We will continue to work with the share this information with stakeholders involved in the Programme.

## **4.9 The smart data privacy framework and our involvement**

4.9.1 We receive many contacts from consumers regarding concerns about how their smart meter data will be used. Consumers are quick to realise that a meter providing regular remote reads also provides insight into how they live their lives, when they are in and out of their homes and potentially what appliances they own. Consumers are also increasingly aware that such data has a value and wary of services founded upon it. Smart meters can provide meter reads with a frequency up to half-hourly. Near-real time data can be acquired where suppliers install a Consumer Access Device (CAD), to offer IHD functionality via a mobile app rather than the standard IHD<sup>8</sup>. Data concerns about smart meters have also gained a notable amount of media coverage both in Great Britain and internationally.

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<sup>7</sup> Suppliers are obligated to complete a gas safety check of appliances during a smart meter installation. A condemned appliance is an appliance which has been isolated because it is at risk of being dangerous or immediately dangerous.

<sup>8</sup> Physical IHDs do not allow suppliers access to consumers' near real-time data as it stays within the Home Area Network (HAN) however to offer an app or online version suppliers will collect all of this data in order to relay it back to the consumer.

4.9.2 Given the importance of this issue to consumers we worked closely with BEIS (then DECC) to help develop the smart metering privacy framework. This framework ensures that consumers are able to choose how much of their smart meter data they share. The framework, which is reflected in supply licence conditions, ensures that consumers have the option to opt-out of meter reads down to a single meter read per month (they cannot opt-out entirely as a meter read is needed to provide an accurate monthly bill) and that energy suppliers need explicit opt-in consent from a customer before they can collect anything more detailed than one meter read a day. Consumers can also change their mind about these choices at any time. This model has numerous benefits for consumers, the smart meter rollout and the future development of new services, these include:

- Addressing consumer concerns about data privacy, access and abuse related to smart meters by providing them with control of the detail of data they provide and, therefore, the extent to which their lifestyle habits have the potential to be profiled
- Creating an incentive for suppliers to offer something in exchange for more detailed consumer data - if suppliers want access to consumers' more detailed usage data the need to acquire specific consent means they must usually offer something in exchange for this access, such as a new service or product which makes use of this data

4.9.3 In effect the framework both reassures consumers that they have control over their data and provides them with leverage to ensure they receive some benefits in exchange for sharing it. These protections, combined with the DCC-model which prevents suppliers from becoming gatekeepers to consumer data are likely to help consumers in Great Britain have the confidence to engage with more new services as well as providing the framework to incentivise their creation.

The principles underpinning the framework reflect the two key principles that consistently emerge from consumer research on data services, that is consumers want transparency and control<sup>9</sup>:

- Transparency meaning the ability to understand where their data goes, who has access to it and what it is used for;
- Control meaning the ability to exert choice over this and, crucially, to change their mind about it in the future.

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<sup>9</sup>[http://webarchive.nationalarchives.gov.uk/20140522163010tf\\_/http://www.consumerfutures.org.uk/reports/smart-and-clear-customer-attitudes-to-communicating-rights-and-choices-on-energy-data-privacy-and-access](http://webarchive.nationalarchives.gov.uk/20140522163010tf_/http://www.consumerfutures.org.uk/reports/smart-and-clear-customer-attitudes-to-communicating-rights-and-choices-on-energy-data-privacy-and-access)

4.9.4 While the DCC model provides a solid framework to ensure consumers can engage with new services without having to go via their supplier (a consumer could, for example, choose to share detailed usage data with a trusted smart home services provider while only providing a minimum monthly read to their energy supplier) it lacks any immediate consent-checking mechanisms. That is when a DCC user (i.e. a company that has joined the DCC) requests data from a consumer's meter there is no check that the company has consent for this access - the DCC simply provides the data<sup>10</sup>. As the DCC has no consumer-facing role there is no current way to for a consumer to establish who has accessed their smart meter data beyond asking companies they suspect may have done so directly. Clearly this is far from ideal - particularly if a consumer suspects an unknown company is accessing their data.

4.9.5 We regard this as a significant issue with the current DCC model, in an attempt to mitigate this issue Citizens Advice has produced a proof-of-concept stencil of a smart meter 'Data Dashboard'. This dashboard would allow a consumer to see who is accessing their smart meter via the DCC, over what time periods and in what detail. We consider it somewhat analogous to a consumer being able to check their bank accounts direct debits online and potentially notice any suspicious, or simply no longer needed, transactions. There is potential for such a service to also provide the option to flag suspicious or unrecognised data access to the DCC, or indeed to request it be stopped - providing a 'control' element alongside the 'transparency' provided by the dashboard itself - though work is still to be done to establish the precise technical mechanisms through which this could be achieved.

4.9.6 We will be releasing a report summarising the functionality we feel such a data dashboard should offer and providing visualisations of the proof-of-concept we have created early in 2018.

## **5. Recommendations**

5.1 Companies across the industry should work together on a wider range of non-commercially sensitive issues, collaborating to ensure a smooth consumer experience and make efficiency savings (e.g. where there is an intake room with multiple meters, or premises with no Wider Area Network or homes with shared fuses etc). This would result in fewer aborted installs and a more positive consumer experience.

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<sup>10</sup> It should be noted that auditing processes exist to ensure DCC users are accessing data appropriately but these would only identify breaches after the fact.

5.2 Government, Smart Energy GB and suppliers could consider how they might work together to enhance the information and messaging available to consumers about the potential of smart meters. Current messaging has, rightly so, been focused on the end to estimated billing and other immediate benefits. Whilst this is of course a key factor for many consumers, the wider benefits are unprecedented. Smart meters have the potential to unlock the door to a low carbon future, and put consumers firmly in control of the way that they use and interact with energy in their homes. Whilst we are of course weary of any ‘over promising’ it is important that consumers are aware of the potential too.

5.3 Suppliers should be encouraged and directed to work consistently to a minimum standard on installation resolutions - from approaches taken when there is a condemned appliance to the communications with a consumer in advance of smart meter installation (for example prepayment meter customers should run down their credit, credit customers should provide a meter reading to avoid a shock bill etc). A ‘guaranteed minimum standard’ for issues that consumers experience difficulties with (which suppliers would of course be welcome to go above and beyond) would give consumers clarity around what to expect. It would also make it easier for advisers to support consumers when they have questions or concerns.

5.4 Ensure that consumers retain transparency and control over their smart meter data - allowing them both the confidence to engage with new services and the leverage to ensure that they are delivered.

*November 2017*

## 6. Appendix 1 - Further information: Citizens Advice research

| Title  | Date       |
|--|------------|
| <a href="#"><u>The value of time of use tariffs in Great Britain</u></a>   | 10/07/2017 |
| <a href="#"><u>Smart choices: investigating microbusinesses’ interest in, and understanding of, smart meters</u></a> | 02/05/2017 |
| <a href="#"><u>Smart support: support for vulnerable consumers in the smart meter roll-out</u></a>                   | 09/03/2017 |
| <a href="#"><u>Early consumer experiences of smart meters</u></a>  | 17/06/2016 |
| <a href="#"><u>Summary report on energy suppliers’ communication with</u></a>  | 12/01/2016 |

|  |            |
|--|------------|
| <a href="#">consumers regarding smart meter data</a>   |            |
| <a href="#">Vulnerable consumers and the smart meter roll-out</a>  | 29/07/2015 |
| <a href="#">Smart meters for SMES</a>  | 01/10/2014 |
| <a href="#">Developing an Extra Help Scheme for vulnerable smart meter customers</a>                                   | 26/09/2014 |
| <a href="#">Take a walk on the demand side</a>   | 28/08/2014 |
| <a href="#">Smart and clear</a>  | 13/01/2014 |
| <a href="#">A smart business? - Small and micro-businesses' experiences of smart meters</a>                            | 13/08/2013 |
| <a href="#">Smart grids: Future-proofed for consumers?</a>   | 02/07/2013 |
| <a href="#">Smart Metering Prepayment in Great Britain - Making prepaid energy work in a smart world</a>               | 08/05/2013 |
| <a href="#">Smart for all - understanding consumer vulnerability during the experience of smart meter installation</a> | 21/11/2012 |
| <a href="#">Consumers and domestic heating controls</a>  | 19/07/2012 |
| <a href="#">Getting to grips with smart displays - research review</a>   | 07/11/2011 |
| <a href="#">Getting to grips with smart displays - an expert appraisal of the usability of in-home energy displays</a> | 01/08/2011 |
| <a href="#">Cutting back, cutting down, cutting off – Self-disconnection among prepayment meter users</a>              | 16/07/2010 |
| <a href="#">Smart tariffs and household demand response for Great Britain</a>  | 01/03/2010 |
| <a href="#">Smart prepayment in Great Britain</a>  | 01/03/2010 |