

Submission to

The Commission for Energy
Regulation

on

The Smart Metering Cost Benefit
Analysis

SVP Social Justice and Policy Team
July 2010

Introduction

The Society of St Vincent de Paul (SVP) welcomes this opportunity to input our views on the roll out of Smart Metering. The SVP is the largest charity of social concern and action in Ireland, with a variety of services being provided by our 9,500 volunteer members and 500 staff across the country. A large proportion of the requests for assistance received in our regional offices around the country each month are to do with the cost of energy – electricity, gas, coal, oil and heating. In 2008 the SVP spent €3.8 million on fuel and energy, and we expect this to increase for 2009 and 2010 due to the harsh winter. The SVP has negotiated agreements with the ESB and Bord Gais to help the people we assist to manage energy arrears and to prevent disconnections. SVP staff and members can spend a good deal of time trying to prevent disconnections, in particular at weekends or during cold weather spells.

The Social Justice and Policy Committee of the SVP has a mechanism for gathering the experience of our membership as it relates to issues of social policy concern. This is known as the 'From The Ground Up' process, overseen by a project team, and it takes samples of the experiences of our conferences throughout the country which then inform our policy positions. The cost of fuel and the problems associated with large bills and arrears consistently arise as problems for the people we assist.

This submission will focus on four aspects of the Consultation Paper as follows:

1. Objectives of the National Smart Metering Programme
2. The proposed "Thin prepayment" solution
3. Data provision and accessibility requirements for vulnerable customers
4. Customer awareness and education programme of work

1. Objectives of the National Smart Metering Programme

The SVP would welcome the inclusion of an objective of helping vulnerable customers, in particular those on low incomes, to better manage and budget for their energy costs. The introduction of smart metering (through providing a prepayment option and eliminating estimated billing) will help low income customers to avoid building up arrears which puts their energy supply at risk and which are difficult for them to clear.

2. "Thin Prepayment" Solution and the In Home Display

The view of the SVP is that an In Home Display (IHD) is an essential part of a thin prepayment solution if it is to benefit consumers who are vulnerable. While we recognise that this will involve additional costs, many of the people being assisted by the SVP do not have Internet access, they may not be IT literate and would find it difficult to access the information on their credit balance and energy usage on the Internet. Having an In Home Display should also raise awareness of different Time of Use tariffs for electricity. The design and interface of the IHD should reflect the fact that some users will have literacy problems, some will have visual impairments and some will

not speak English as a first language. To ensure that these accessibility requirements are met, the SVP suggests that the IHD be provided by the Network Company rather than by the supplier or customer and that it has clear and easy to use functionality.

In order to be effective, the availability of meter reading data must be such that the system can accept payments and update the prepayment system in near real-time. We also recommend that customers can have an emergency credit balance in reserve in order to ensure that they can maintain supply when it is not possible to purchase additional credit. Information on the Standing Order charge and VAT charges should also be provided on the In Home Display.

3. Data provision and accessibility requirements for vulnerable customers

Literacy problems and English language difficulties should be taken into consideration when developing detailed billing, Web and In Home Displays. All literature should be provided in Plain English and proofed by NALA. This will help vulnerable customers to take advantage of Time of Use tariffs and to benefit from having access to more detailed information about their energy use.

The experience of the SVP is that the fear of running up large utility bills can deter older people from using energy. If older people were able to access clear information on their costs on an ongoing basis this could eliminate some of this fear, however it would be still be necessary for utility companies and Non Governmental Organisations such as the SVP, Age Action Ireland etc. to remind older people to keep their homes adequately warm during the winter months in particular.

Estimated bills are often a source of distress for the people assisted by the SVP, including older people. Communicating the message that estimated bills will be eliminated when smart meters are introduced may address some of the worries associated with the cost of energy. More frequent billing would also assist vulnerable low income households to manage their energy bills better. Paper-based bills sent on a monthly basis would be preferable for the people being assisted by the SVP. This is because while social welfare payments are paid on a weekly basis, and child benefit on a monthly basis, utility bills are currently issued on a bi-monthly basis and if arrears have built up can often be a multiple of a weekly social welfare payment.

Practical information and tips for customers on how they might reduce their energy bill (based on their pattern of usage) could be included on bills, so that the additional information can be used to help vulnerable customers to benefit from innovative pricing arrangements.

4. Customer awareness and education programme of work

Raising customer awareness of prepayment options should form part of any customer education programme. Additionally, customers should be made aware of the benefits of Time of Use tariffs – but also the costs which are associated with these. Customers should be reminded to carefully consider their own pattern of energy usage and what is practical for them to alter before choosing a particular tariff programme.

Targeting children in primary school and Transition Year students with information on how they can monitor the In Home Display device and help their family to keep down the cost of energy could be of benefit in reducing energy bills.

A campaign providing information in languages other than English would also be of benefit to in assisting foreign nationals to understand how to make the most of the opportunities provided by smart metering.

Conclusion

The SVP is very aware of the potential benefits of the Smart Metering Programme to vulnerable customers, in particular those assisted by the SVP. These benefits include the elimination of estimated billing, the option of using the meter as a debit meter, the provision of up to date information about energy costs as they accumulate and the possibility of monthly billing. We are hopeful that these benefits will also be evident from the customer trials which are ongoing at the moment. In spite of the additional costs associated with some of the recommendations made above, we believe that they will help the Smart Metering programme to achieve its objectives and will make budgeting for and management of energy costs more manageable for people on low incomes.