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Dear Adrian

Comments on Data Storage Requirements paper, Action Sub-Group 1

The following is a response from **Consumer Focus, Privacy International, Oxford Internet Institute and NO2ID** in response to the paper produced by SMDG Sub Group 1 (10 November 2010) regarding the proposal that 13 months of energy consumption data be stored locally, within the household smart meter system. It should be noted that we are invited to SMDG Sub Group 1, and when resource permits, attend, but the above mentioned paper does not reflect consumer views.

In our submission to the Ofgem consultation in October 2010, we commended the intended policy stated in the Prospectus to store energy consumption data in the home smart metering system (KWh for electricity and cubic meters for gas). We continue to support this approach and in response to the Sub Group's Paper further outline the following benefits:

- 1 The more localised the storage of personal information and energy consumption data – the lower the risk to privacy and security. We would have real concerns if the discussion came back to the need for a central database within the Data Collection Company (DCC) for the reasons described in detail in Consumer Focus's submission to the Data Privacy and Security consultation on smart metering.
- 2 Potentially more cost efficient – the Data Storage Requirement paper states that additional storage (to that originally envisaged) would be required to accommodate 'customer and stakeholder needs', at an additional cost of £1 per meter. We do not dispute that extra storage would be required for additional data to be stored and that this would cost extra money. However, we query how much it would cost if the data is not stored in the home and if this is likely to be greater, particularly over the lifetime of the Programme eg the cost of external storage capacity and related security and encryption needs would be greater. Although the Paper mentions briefly the need for increased capacity elsewhere if data is not stored within the home, it does not discuss related security issues and associated comparative costs. Furthermore, if historical developments in data storage are an indicator, the proposed £1 additional cost (which is less than 10p a year over the lifetime of the meter) is also likely to quickly decrease as technology develops.

- 3 13 months worth of energy data, as opposed to just three or six months, enables the customer to see their historic consumption pattern over a full year, and thus across the different seasons when energy use can vary substantially. This is important to help consumers not only better understand their energy use at different times of year, but also to make informed switching decisions. Eg if a customer signed up to a time of use tariff based on information from their summer energy use alone, they could find themselves significantly out of pocket during the winter months.
- 4 A year's worth of data stored within the meter could be a way of helping to ensure that consumers have *free* access to the energy consumption information they need to access the benefits of smart metering. Consumer Focus has grave concerns that if suppliers effectively have control of this data that they will be minded to charge customers for access to their own historic energy consumption information in the format needed for it to be useful to them. Our recent information request into supplier's practices in the non-domestic smart metering market found that some companies were charging micro-businesses to access their own energy consumption data; in the case of one supplier, a staggering 51p a day to access their own information via an online portal. This undermines the business case for smart metering – acting as a barrier to consumers being able to better understand and manage their energy use and hinders their ability to find the best deal for them based on their consumption patterns. It also puts a one-off cost of £1, (less than 10p a year over the life time of the meter) into perspective.
- 5 If a customer has switched supplier a number of times within a 12 month period, localised storage of data might arguably provide a simpler and more direct way for the consumer to share their historic consumption information with any potential new supplier or third party to see if they can offer a better deal. Assuming the DCC does not store data, we query if the alternative would be for the customer to have to contact potentially a number of suppliers for their historic information, who may or may not still have this data (depending on data privacy rules and their own practices)

In the mobile phone market, the fact that a customer has to go to their mobile phone company to get a porting authorisation code (PAC) before switching, provides an advantage to the incumbent mobile company to offer that customer a better deal and retain them. While this might seem beneficial to the consumer, in practice it results in the best deals not being made publicly available and less transparency in the mobile phone market. In addition, our experience in the mobile market suggests that this kind of system only benefits a minority of customers, and only those who are willing or able to engage in sometimes unpleasant negotiations with their provider for a cheaper deal. Indeed Ofcom has stated that they believe that this 'save activity' from the potentially losing provider weakens competition and reduces the benefits to consumers overall in the mobile phone market.¹

¹ See Consumer Focus' consultation response to the Ofcom strategic view of Consumer Switching: <http://consumerfocus.org.uk/g/4nb>, November 2010, page 3

A survey carried out for Consumer Focus in 2009 showed that 57 per cent of respondents had never switched mobile provider^[2], with 69 per cent of these citing 'too much hassle' as the reason.

- 6 It would be better for competition in the energy products and services market in particular, and give customers greater control over their own data. If suppliers have by default unlimited access to customers consumption data, they have a competitive advantage when providing products and services in this emerging market. Linked to the comment above, customers should be easily able to share their energy consumption data with third parties to help them reduce their fuel use and find the best energy deal for them eg an online switching site, high street retailer or independent advisor. We would have concerns that the alternative approach could result in barriers to this eg additional time or hassle to the process or hinder the growth of competition in the energy services market.

For example, currently Bill Monitor, the price comparisons site offers consumers a service whereby they provide access to online phone bills and Bill Monitor establishes the best deal based on their usage pattern. There is an opportunity to develop this type of service in the energy industry subject to the information being made available to do so. Consumer Focus runs the Confidence Code, an accreditation for online energy price comparison websites. We have sent an informal information request to these companies around the competitive opportunities from smart metering linked to localised storage of data and will feedback on this as appropriate.

Such benefits are not easy to quantify, however it would not be irrational to suppose that they would exceed the £1 per meter assumed for the extra storage capacity needed. We continue therefore to support this proposal.

Further comments

- 1 We note that the paper mentions the storage requirements in meters within the EU Measuring Instruments Directive (MID), under issues in section 2.7. As we understand it the MID requires 12 months data to be stored in the meter and thus renders this debate irrelevant if Members States are to be compliant with the Directive. We seek further clarification on why it is thought that the MID does not apply.
- 2 Concerns around radio frequency exposure from smart meters have been expressed in parts of the US and Europe, contributing to calls for the halting of rollout in some instances. Consideration should be given to whether if the data is stored in the home it has to be transmitted less frequently from the home, thus resulting in less risk from any potential health consequences from the WAN emitting.

^[2] Online survey conducted by Harris Interactive in March 2009 among 2,013 adults aged 18+, who are responsible for paying the bill for a mobile phone used mainly for personal, rather than business, purposes. A split of 66 per cent PAYG and 34 per cent contract customers was achieved to mirror the proportions present in the GB market. Consumer Focus commissioned research by Harris Interactive in March 2009 in order to gain the views and experiences of consumers around mobile number portability.

- 3 As noted, we support all steps being taken to promote competition in the energy services and products market. But action is required to ensure that if the customer gives their data directly to a third party from their meter eg via a USB stick, that that party is appropriately accredited and compliant with the relevant data protection regulations. It is also likely to result in an extension of the role of the Confidence Code to allow customers to compare energy services companies.
- 4 We agree with the comment in the Paper that the actual means and methods by which customers will extract or access data from the smart metering system eg flag port, USB and web needs further discussion. Care must be taken to ensure that all consumers can access their historic energy information for free in a format that allows like for like comparisons with deals available in the market. Also in a way that they can easily access and use improved information to better manage their energy use. This includes export as well as import data.

We hope you give appropriate weight to these views.

Yours sincerely

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