

## **Jorge Pikunic at European Utility Week**

### **6 November 2014 - Jorge Pikunic, MD Smart Metering at British Gas, talks about the smart meter roll-out in Britain at European Utility Week**

Good morning, and thank you to Utility Week for inviting me to speak today.

Good morning everyone, great to be here, I am really excited to be able to talk to you about how the smart meter roll-out in Britain is going. In particular, I will focus on the importance of putting consumers right at the centre of the roll-out and the three most important factors to enable this.

Let me start by giving you some context to our roll-out, and the energy landscape in the UK. Our market is unique in that firstly, metering was de-regulated in 1990s, so we operate in a competitive metering market. This is one of the reasons our smart meter roll-out is led by energy suppliers. In the UK, a household can have gas and electricity from different suppliers, which is unusual when comparing to other roll-outs, so that brings interoperability challenges for the technology. Also, nearly 20 per cent of our customers are on pre-payment meters, presenting further technical challenges that our smart meters must be capable of handling. Due to these complexities, the UK Government created a 'Foundation' phase for energy companies to go-early ahead of an 'Enduring' phase between 2015-20, to allow companies like ours to learn and establish a technology ecosystem for the smart meter roll-out.

So just a little about us and who we are. British Gas is part of Centrica, an integrated energy firm. We are the downstream business in Britain and provide gas and electricity as well as home services, and are present in around half the homes in the country.

In terms of our smart meter roll-out, we chose to 'go early' during the Foundation stage I mentioned, to get the benefits to our customers and to build a scalable system, particularly as we have the most meters to replace. We are now at the stage where we have 1200 Smart Energy Experts installing at a smart meter every two minutes. We have invested over £600m into setting up the supply chain and have built our own technology eco-system. This has taken us to a position of over 1.5 million smart meters in homes and businesses across Britain.

We very much believe consumer engagement is key to a successful roll-out, if the benefit of consumption reduction is to be realised, and the costs of roll-out minimised. There are three factors I think are critical to get that consumer engagement right in a smart meter roll-out.

Firstly, the roll-out should be centred on bringing benefits to customers early.

On ending estimated bills and pedestrian meter reads, this might sound like a relatively trivial benefit but the impact on the customer is significant. Some of the greatest impacts smart meters have for our customers is that they are making fewer calls to us with fewer complaints and queries, and we're seeing higher satisfaction ratings, largely due to the end

of estimated bills and the questions that come with them. There was a great quote from a smart meter customer, Alan Gould from Yorkshire, used in a recent Which? Report which said “I’ve had a smart meter for nearly three years and love it: accurate bills, no more estimates, and no more meter readers knocking at the door. What’s not to like?”, which I think perfectly summarises this benefit.

Control and transparency is obviously another benefit of smart meters. Going from one day receiving infrequent estimated bills, and having little idea on how your daily actions impact this amount, to getting a smart energy monitor showing you the cost of your energy use as you are using it, is a real moment of truth for customers. We are seeing that even after a year of having smart meters, many customers are still using the smart energy monitor at least weekly. The smart energy monitor is just the first step towards control and transparency, there is so much more to do. We recently re-launched our Smart Energy Reports which use smart meter data to show people how they are using energy; with an estimated split across hot water, heating, and appliances; and show them how they compare to their neighbours. We have had some great feedback on it, for example, we know attention span is short when browsing online but we still see dwell time of four to five minutes with Smart Energy Reports.

There are also new propositions for customers enabled by smart meters. Time of use tariffs are often talked about but people are not really used to this concept when it comes to energy. We recently launched a trial of our ‘Free Saturdays or Sundays’ offer which uses smart meters, and so far the signs are that our customers really like the concept. Smart Prepay is another proposition we are trialling, particularly important given around 20 per cent of our customers have pre-pay meters so need to run to the shop every time they need credit to top them up. This inconvenience goes away with smart meters – a transformation in experience –and early indications from customers is that this is a much more positive experience.

And yet there are even more benefits to come, a lot of which have been talked about in this conference. Like more versions of time of use tariffs, that go further to ease pressure on the grid. And in future, a smarter grid and demand-side response where customers can choose to participate in easing grid pressure, though it is important we make this as easy for them as possible. In addition, at British Gas, we are innovating to make our homes smarter, with products such as Hive Active Heating which lets you remotely control your heating and hot water. I’m excited about how this can integrate with smart meter data in future so customers can see, understand and control consumption in an integrated way.

The second part to a successful smart meter roll-out is to ensure that customers are aware of the benefits.

At British Gas we have run an extensive consumer engagement programme, through advertising on national TV, regional radio, and online, and through direct channels as well as social media, media partnerships, PR and stakeholder engagement. One thing we have learned when it comes to consumer engagement is that it is important they hear the message from other smart meter customers. To capture this power of ‘word of mouth’, this year we ran a ‘Smart Meter Challenge’. 15 households were followed by an independent

research agency and told their stories through engaging recounts of their experience of discovering their own energy use through smart meters.

We have been encouraged to see a 5 per cent uplift in awareness across Britain in the last year following these initiatives. But we recognise this cannot be done solely by energy suppliers. Smart Energy GB is a separate independent voice that will help raise awareness and bring smart meters to life for consumers, as well as dispelling myths.

The third critical factor to engaging people fully in the benefits of smart metering is to transform their experience of energy even before they get their smart meters. This means transforming the whole customer journey, starting with an engaging invitation, through booking their appointment, to ensuring we build anticipation ahead of the smart install. And critically, we turn the install experience into a moment of truth through our 'Smart Energy Experts', who take customers through how the smart energy monitor works, and give energy efficiency advice. We really believe in the importance of this, so have in-sourced our metering to transform the install experience. We also select Smart Energy Experts based on the interpersonal skills necessary to engage customers in their smart meters.

To summarise, what we have learned from our 'go early' experience is that aside from operational readiness, we need to focus on customer benefits at every stage. Helping them become fully engaged with the possibilities smart meters bring will help inspire them to take up the opportunity. Thank you.

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