What are your general views on the idea of a Scottish publicly owned energy company (POEC)?

Smart Energy GB is the consumer campaign for the smart meter rollout. It's our task to help everyone in Great Britain understand smart meters, the national rollout and how to use their new meters to get their gas and electricity under control.

As an independent body established by the UK Government, we take no view on the overall merits or otherwise of establishing a Scottish POEC in the energy market.

The purpose of our submission is to highlight to the Committee some of the opportunities that the smart meter rollout will bring about. As suggested by the scoping note, a POEC could have an important role in supporting moves to a more innovative energy system by being 'smart from the start', and by demonstrating energy leadership in relation to many devolved policy areas.

Over half a million households in Scotland now have a smart meter installed, and it is likely that the rollout will have made considerable further progress by the time that any POEC was launched. Recent research undertaken by Populus shows that the consumer appetite for getting a smart meter upgrade is strongest in Scotland compared to other parts of Britain.

It could be expected, therefore, that most customers the POEC took on would have a smart meter, and so would be benefitting from:

- Better energy usage information and availability of historical data
- Regular automatic meter readings
- Modernised payment methods
- Ease of switching via the smart data network

What are the key challenges that the POEC should address?

How might a Scottish energy supply company work best to support the growth of local and community projects, and fuel poverty reduction?

There will be substantial opportunities for a POEC to build upon the features of the smart meter rollout.

On fuel poverty, the combination of the in-home display provided to every household, combined with access to historical data, is already enabling better advice to be targeted at households.
The Scottish Government’s Energy Strategy has committed to a project with Home Energy Scotland to use smart meter data to provide the best possible advice on energy saving.

Some suppliers are already using smart meter data to pro-actively identify and contact vulnerable customers, such as those that have self-disconnected from supply.

A higher percentage of Scottish households (19-20%) use pre-payment than in England and Wales. The smart meter rollout is dramatically transforming this system, with more convenient and modern forms of payment becoming the standard.

A POEC could potentially:

- Integrate more fully with the range of other Scottish Government services offering energy help to households - benefiting from smart meter data.
- Trial innovative new tariff structures aimed at those in fuel poverty - enabled by the smart data network and the modernised pre-payment system.
- Adopt a more comprehensive approach to the multiple factors that result in household poverty, such as aligning more closely with health and social care services (see below).

On local and community projects, the rollout of smart meters and smart technology could offer new ways to empower communities by serving as the intermediary between local energy generation and demand.

The ‘Smart Fintry’ project received funding from the Scottish Government to use smart meters to link their local renewable generation to a unique local tariff for their village near Stirling. A report on the project can be found at www.smartfintry.org.uk

In South Africa, the Usizo Project installed a ‘digital wallet’ linked to the smart meter of a school in a deprived area, enabling the pre-payment meter to be topped up remotely by anyone in the world. There is huge potential in this area to innovate with remote payments to support health and social care objectives.

The smart data network (the Data and Communications Company) that has been created to support the smart metering system, is required to reach 99.5% of households in the Scotland & North England region. This will ensure a rural reach for energy far greater than current levels of mobile or broadband coverage in Scotland, providing an excellent platform for further energy innovation.

A POEC could potentially:

- Focus on off-gas and more rural communities, trialling smart solutions to meet energy needs.
- Explore how time-of-use tariffs could be used to ensure local people are able to benefit from peaks in local energy generation.
- Work with the wider industry to extend access to the smart data network for the hardest to reach households in Scotland.
How can the POEC be best designed to align with wider Scottish energy policy objectives, and to avoid potential policy conflicts?

How might the POEC be designed to promote objectives and functions beyond the retail of gas and electricity (e.g. supporting investment and innovation in new technologies and infrastructure)? What benefits are there to having wider objectives?

On wider Scottish policy, the smart meter rollout is recognised in a number of Scottish Government strategies as having an enabling role to play in tackling carbon emissions and fuel poverty rates. Research undertaken by Populus shows that householders with a smart meter feel considerably more in control of their energy use, and are more likely to be changing their behaviour to save energy.¹

However, it also brings opportunities for the Scottish economy in growth areas such as data innovation and smart technology, which a POEC could reinforce in its design.

Electric cars

The intention to shift to electric vehicles will fundamentally reshape the demand for electricity and create new challenges for local grid infrastructure. A Smart Energy GB/University of Leeds report, ‘The smart route to electric vehicles’, sets out how important smart meters and smart charging will be to Scotland meeting its ambition to lead this transition².

Research by Populus on the back of the report found that:

- More than one third of drivers (34%) would be more interested in buying an electric vehicle if they have a smart meter
- One third (33%) of drivers would be more likely to purchase an electric vehicle if they could programme it to charge automatically at home when energy is cheapest.

Health

The steady trend towards more health and care services being provided in the home has spurred the rise of the digital health world, and a reinvention of previous telecare services.

One of the benefits of the POEC aligning with wider objectives would be to overcome some of the silo thinking in different industries, such as between the worlds of energy and healthcare.


In Liverpool, the NHS Trust is working with Liverpool John Moore’s University on a project to monitor the progression of dementia patients at home by analysing their smart meter data. This pioneering work has potential application across many health conditions.³

Other innovators are working on systems that can alert carers or relatives by text message if there is abnormal energy activity in a vulnerable person’s home.

Smart technology could also present opportunities in relation to e-prescriptions in the future. For example, a preventative approach to health might warrant medical professionals prescribing heat to vulnerable patients in cold homes, via a smart meter top-up.

A POEC could potentially:

- Pioneer new strategic approaches that cut across policy areas, such as transport and health, perhaps drawing together related services over time.
- Work closely with experts in Scotland’s public, private and academic sectors to develop innovative new products and services using the smart meter systems as a platform.

**Conclusions**

We hope that the Committee recognises that the national smart meter rollout is an important overarching policy in the context of a POEC and how it might engage with consumers and the market.

A POEC would benefit consumers most by not only being ‘smart from the start’, but also by embedding smart products and services that support the energy, health and social policy needs of Scottish consumers in its business plan from the outset.

We would be very happy to expand on these comments in oral evidence to the Committee.

---