



National Audit Office

Department of Energy and Climate Change

Preparations for the roll-out of smart meters

Methodology

JUNE 2011

Methodology

The main elements of our fieldwork, which were undertaken between January and April 2011, were:

Selected method

1 Review the Department's cost benefit analysis of the smart metering programme, as set out in successive impact assessments, and conduct scenario modelling using the underlying financial model prepared by the Department. We did not review the Department's baseline projections of energy consumption or pricing.

2 Literature review of academic papers on behaviour change impact of smart meters and real time displays.

3 Document review of Energy Demand Research Project papers and analysis.

4 Document review of programme governance and risk management documentation, programme plans, financial data and progress reports prepared by the Department, Ofgem and consultants to the smart meters programme.

5 Semi-structured interviews with officials in the Department and Ofgem, including:

Department

Senior Responsible Officer
Head of Smart Metering Policy
Senior Policy Advisors
Economic Advisor
Technical Specialist
Consultant Advisors (AECOM)

Ofgem

Commercial Director
Programme Director
Workstream Leads
Consultant Advisors (PA consulting).

Purpose

To understand the Department's options appraisal and decision-making process; and identify the impact of changing key assumptions in the Department's model on its estimates of costs and benefits.

To contextualise the Department's evidence for its assumptions on the behaviour change effect of smart meters.

To understand the design of the Government's energy demand reduction trials and the potential and limitations of the resulting evidence.

To understand how the programme was managed, and performance against plans assessed.

To understand how programme planning and management practices operated, and the evidence base and policy proposals for smart metering were developed.

Selected method	Purpose
<p>6 Stakeholder interviews and analysis of responses to the Department's consultation on its proposals including:</p> <p>Energy Suppliers EDF SSE British Gas First Utility</p> <p>Consumer Bodies Consumer Focus Which</p> <p>Trade Associations Energy Networks Association Energy Retail Association BEAMA</p> <p>Communications Industry British Telecom</p> <p>Meter Manufacturers Landis Gyr</p> <p>Other interested bodies The Institution of Engineering and Technology.</p>	<p>To identify key risks to delivery as perceived by industry and consumer stakeholders and how these have been reflected in the Department's decision-making.</p>
<p>7 Review of technical risks commissioned from engineering consultants Mott MacDonald.</p>	<p>To assess the Department's approach to developing functional and technical specification and identifying key technical risks.</p>