

# Rolling out smart meters - Transcript

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Unlike traditional gas and electricity meters, smart meters show consumers how much energy they are using in pounds and pence; and wirelessly send meter readings to energy suppliers.

This means they can encourage consumers to pay more attention to the energy they use; reduce energy suppliers' costs; and, over the long term, enable a smarter, more flexible energy system.

The Department for Business, Energy & Industrial Strategy wants energy suppliers to install smart meters in all homes and small businesses in Great Britain by the end of 2020.

In our report, we found that energy suppliers are currently on track to install smart meters in only three out of four homes by this date.

The programme has fallen behind schedule because it took longer than expected to develop 2nd generation smart meters, SMETS2 meters, the Department's preferred type of smart meter.

While we've been waiting for SMETS2 meters, the Department advised energy suppliers to roll out 1st generation – SMETS1 – meters instead.

The problem with SMETS1 meters is that when consumers switch energy supplier, in 70% of cases, their meter loses smart functionality and it reverts to working like a traditional meter. Seven million more SMETS1 meters have been rolled out than the Department originally planned.

The estimated cost of rolling out smart meters has also increased, by at least £500 million. This means the typical household will pay an extra £17 on top of the £374 it was already going to pay over the programme's lifetime.

Despite the costs, the Department expects consumers to save money overall, because smart meters will reduce industry costs and help consumers save energy.

Giving consumers advice on how to save energy can boost savings. But, at the moment, almost one in three consumers are not being offered advice on how to save energy when their smart meter is installed.

One of the main recommendations from our report is that the government should urgently reconsider whether sticking to the 2020 deadline still makes sense.

We also point out that, although energy suppliers are responsible for buying and installing smart meters, the Department has designed and driven the programme and therefore the government must take responsibility for its outcomes.

For more information on smart meters read our report online.