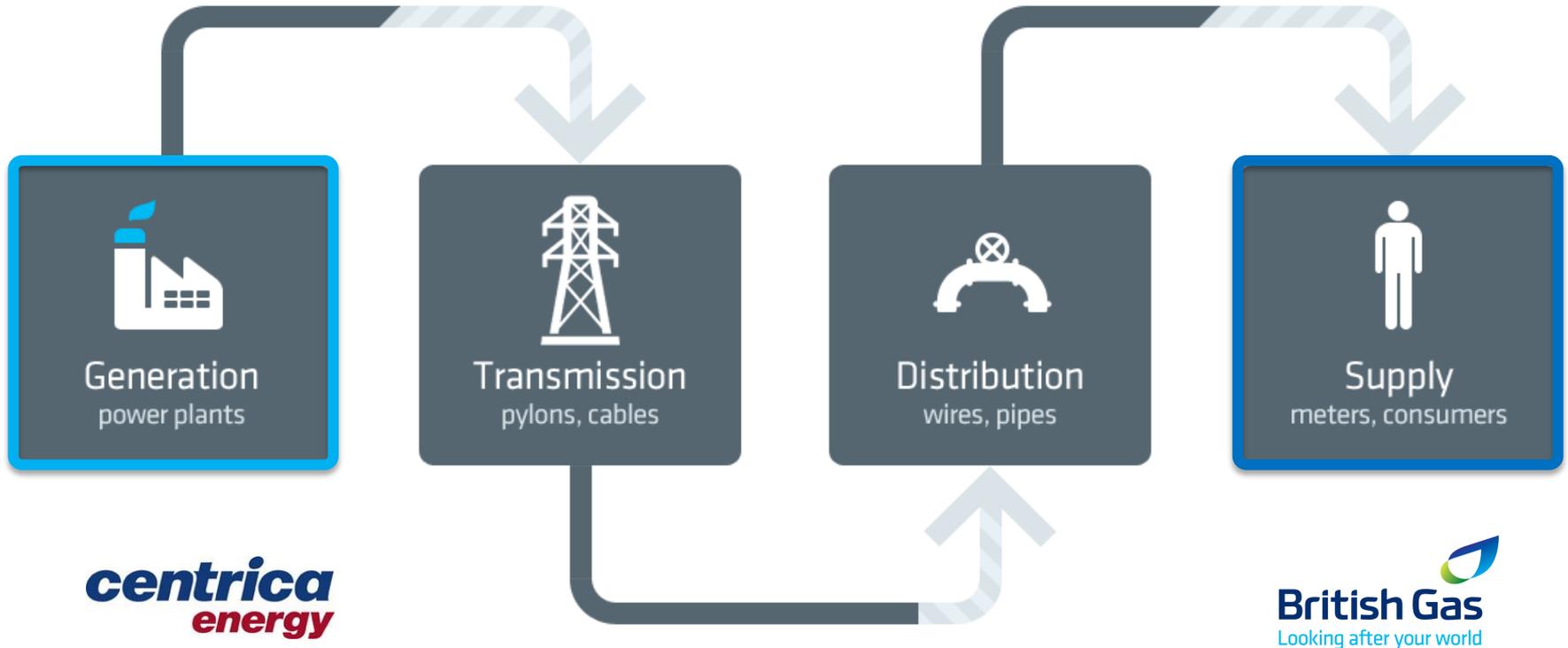




The power of technology and
consumers in energy retail markets
Smart meters and beyond

Regulatory and Policy Institute Conference
Merton College, Oxford
10 September 2013

Centrica and British Gas operate in the competitive ends of the UK value chain



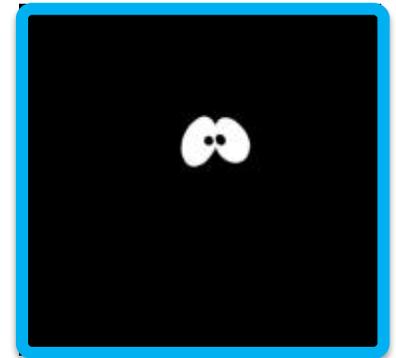
We have an active relationship with Ofgem and DECC on Smart Energy and are heavily led by regulatory and policy decisions but, ultimately, we engage in innovation for competitive advantage

As our Smarter energy system evolves, suppliers' role is to deliver maximum value for our customers



Allow customers to easily install renewable and low carbon technologies

Ensure that the grid evolves to keep the risk of supply interruption low, in the most cost-effective way possible



Ensure that flexibility services like DSR & storage help to keep the costs of reinforcement low and that customers are rewarded for any DSM action

Suppliers are leading a customer-centric rollout of Smart Meters, first step to demand-side participation

Smart meters can verify the results of demand response programmes and offer customers price incentives to change behaviour or adopt new technologies



Smart metering

- Accurate Billing
- Automatic meter reads
- Dual fuel smart energy monitor
- Real time usage in pounds and pence
- Allow understanding of energy use
- No surprises on bill, easier to budget



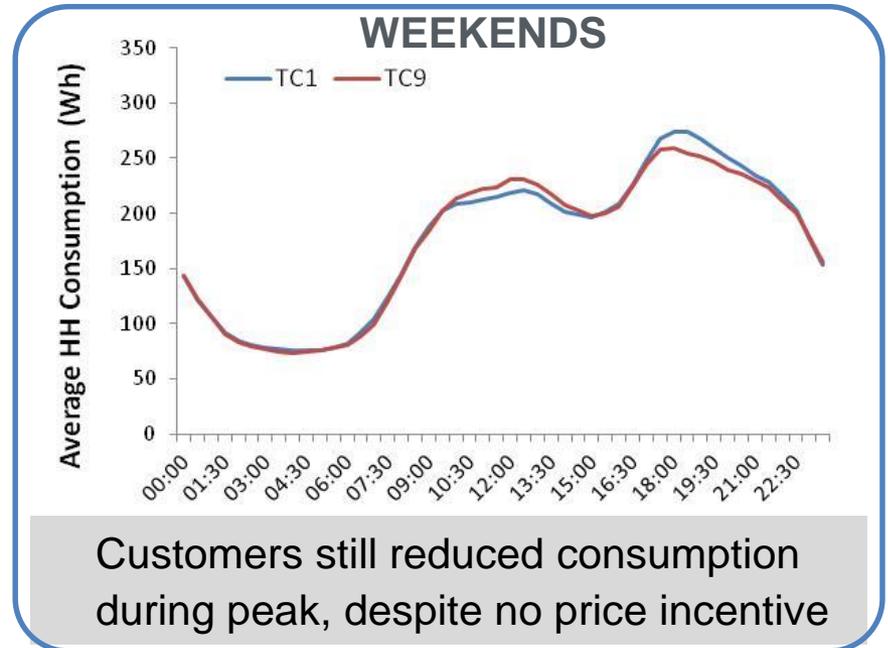
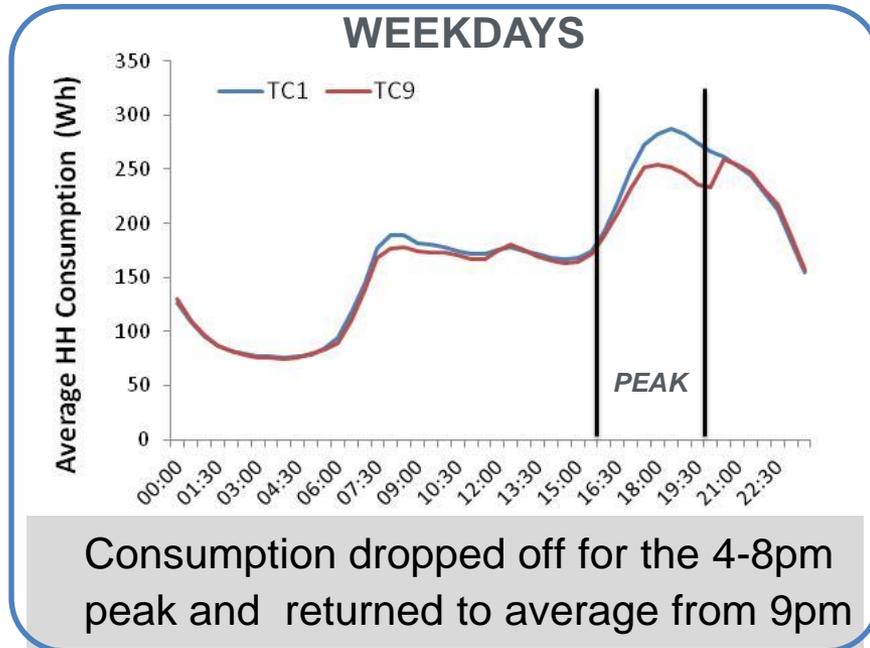
Standard metering

- Estimated billing
- Manual meter read submission
- No real time consumption data
- High requests for re-bill
- Low customer trust in bill
- Low understanding of size of bill

Our 3-rate ToU test cell has shown sustained peak shift from most customers

PRELIMINARY
DATA

HH Consumption during the CLNR Trial for the Time of Use group (TC9) and control group (TC1)



- Over the trial period, the ToU customers **reduced overall consumption by 13%**, compared to 8% by the control group
- Compared to the control group, ToU customers **reduced peak consumption by an average of 10%**, over the year-long trial period

Customers like the control the ToU tariff provides and see it as a proactive way to save money

Since the **10% direct mail uptake** that recruited participants into the test cell, customer reaction has been surprisingly positive

Our partners, Durham Energy Institute, recently surveyed participants over a year into the trial and discovered:

94% of customers found it possible to shift their energy usage

93% of customers would be interested in extending their trial

84% of customers were very likely to shift their consumption in return for a financial reward, while only **47%** were very likely to shift their consumption in order to help the environment

Now, we're integrating trial findings into everyday business innovation

Free Saturdays

New smart meter customers are being offered a Free Saturdays tariff, the first commercial Smart ToU tariff

Business Energy Insight

New analytics capacity is being rolled out to allow customers to access their own consumption data online and benchmark it against similar sector averages

Industry advocacy

We are working with partners and gathering evidence to highlight and help remove regulatory and policy barriers to wider use of DSM

Thank you


British Gas
Looking after your world

