

## **EUA response to the Proposals regarding setting standards for smart appliances consultation**

The Energy and Utilities Alliance (EUA) provides a leading industry voice helping shape the future policy direction within the sector. Using its wealth of expertise and over 100 years of experience, it acts to further the best interests of its members and the wider community in working towards a sustainable, energy secure and efficient future. EUA has six organisational divisions - Utility Networks, the Heating and Hotwater Industry Council (HHIC), the Industrial & Commercial Energy Association (ICOM), the Hot Water Association (HWA), the Manufacturers' Association of Radiators and Convector (MARC) and the Natural Gas Vehicles Network (NGV Network).

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### **1. Do you agree that the Government should take powers to allow for regulation on standards for smart appliances?**

EUA is in full agreement with the Government taking powers to ensure all appliances and devices have sufficient security standards and communications protocols (national and international). This will aid in preventing cybercrime and loss of integrity. Appropriate standards will ensure consumer confidence and increase uptake. However, there is not a clear understanding within the EUA membership of what "smart" is defined as and EUA believes that an alternative designation should be considered. For example – DSR –Ready (demand side response ready) is a better title that may be more meaningful to consumers. The consultation is focused mainly on DSR rather than smart.

Greater clarity on what is actually included under this category would help in properly responding. Particularly in regards to the mention of HVAC and the definition of what is in/out of scope.

**2. Do you agree that a label is a good way to engage consumers with smart appliances? Please include your views and experiences with key aspects of labels which are most effective at engaging consumers, including analysis on uptake of the relevant device.**

All compliant appliances and devices should carry a simple label or logo which only needs to state compliance and not degree of compliance as lesser levels of compliance should not be permitted. We also believe that DSR-Ready (demand side response ready) is a better title that may be more meaningful to consumers. This is because the scope of this consultation is mainly on DSR and not Smart.

If a label is introduced, it should only be mandated to be “on show” if there is a tangible benefit to the consumer. This would rely on consumers being educated on what the label means and aware of what benefits it the standard provides to them.

**3. The consultation stage Impact Assessment published alongside this consultation document explores the costs and benefits of the options considered for this policy. It indicates that mandating standards for smart appliances provides the greatest net benefits, compared to voluntary standards. Do you agree with our analysis? In particular, please consider the following, and provide analysis to back up your views:**

- a) Likely consumer uptake of smart appliances, including which type of consumers and anticipated time frame;**
- b) Consumer use of the smart function provided by smart appliances in relation to different types of tariffs, including fixed and variable;**
- c) Potential financial benefits to consumers through smart appliance usage in combination with smart tariffs and offers;**
- d) Monetised and non-monetised costs for industry to comply with standards, including consumer businesses, smart appliance manufacturing businesses, smart appliance service providers, supply chains and the electricity industry (such as Distribution Network Operators);**
- e) Potential impact on the price of smart appliances which comply with standards compared with non-smart appliances.**

Greater detail in the aims and objectives of the proposed standardising system will allow a greater degree of evidence to be provided. But in general:

A: EUA agrees with the analysis but also believes that there should be measures and effort in place to shorten timeframe of mandated standards to lessen the number of non-compliant devices that can reach consumers before application of the standards.

B: Following the rollout of SMETS2 Smart meters it will become much simpler for consumers to take advantage of variable tariffs.

C: Consumers will undoubtedly benefit financially with proper use of variable tariffs and Smart appliances. This will have the added benefit to providing a flatter energy profile for the Grid.

D: The overall benefit will be energy savings coupled with a flatter energy profile and thereby reducing any investment cost for grid reinforcement.

E: Wider understanding and usage of smart appliances will increase the quantity purchased and eventually bring down the cost for consumers.

**4. In this document, we have proposed minimum functionalities for each principle. Do you agree with these functionalities? What functionalities should be considered in addition to those listed above? Please divide your responses according to: i) Interoperability; Catalogue of consultation questions 25 ii) Grid-stability and cyber-security; iii) Data Privacy; iv) Consumer Protection.**

EUA fully agrees with the functionality stated:

- I. 1: Interoperability – This is essential for consumer confidence, buy-in and convenience and will pose one of the greatest challenges to the standard.
- II. 2: Greater uptake will aid grid stability and mandated standards will minimise security risks for the grid.

- III. 3: Data privacy has been a criteria of the smart metering system throughout its development and must be continued into the development of standards for connected smart appliances and devices.
- IV. 4: Consumer protection has been a criteria of the smart metering system throughout its development and must be continued into the development of standards for connected smart appliances and devices.

**5. Do you consider that we have correctly outlined above the risks associated with smart appliances? Are there any that are missing and need to be addressed? Please provide evidence.**

EUA fully agrees with the risks outlined

**6. Consumer protection is important to the Government, and we will continue to monitor and engage with this to ensure consumers are protected in a smart energy system. This work will include assessment of distributional impacts of smart appliances and consideration of product safety provisions. Do you consider there to be major principles of protection which have not been covered above which will be developed into standards for smart appliances?**

EUA believes that all important risks have been considered.

**7. Do you agree that the standards should be applied as uniformly as possible across smart appliances, for example, horizontally, and should be catered to individual appliances only where necessary?**

Common standards (eg: IEC, Cenelec etc.) are essential and exceptions, product specific where necessary. Where essential, the UK should raise new standards through BSI and should be clearly identified to the consumer.