

The Connected Home - the smarter energy future.

08 July 2014 - Nina Bhatia, Commercial Director of British Gas, spoke at Ofgem's Smart Energy Conference, discussing the connected home and the smart energy future.

Hello, I am Nina Bhatia. I am the Commercial Director of British Gas which includes responsibility for our Connected Homes business. I am delighted to be here to share my perspective on the connected home and the smart energy future.

It's been a busy few weeks on the sporting front. A huge tennis fan, I spent much of the weekend watching Wimbledon. As a family, we seemed to be doing this on multiple devices at the same time – watching the TV screen, tweeting on the mobile and searching various obscure details about the finalists. And of course we are now accustomed to players' challenges being resolved by technology rather than tantrum. However, while technology has literally transformed the living room, it has not made as much impact elsewhere in our homes. Until now.

For years we've put up with thermostats we can't programme, heating empty homes, and paying for gas and electricity based on estimates. But technology is changing this. At British Gas, we're focused on making our customers' lives a little easier by offering products and services that solve real problems. Smart energy products that help our customers on the things that matter most to them: control, comfort, convenience and costs. So let's listen to the people who matter most – the customers themselves.

BRINGING THE CONNECTED HOME TO LIFE

Control. Comfort, convenience and cost savings. This is what smart energy products and services in a connected home can give our customers. But I don't believe one product or service on its own can deliver all these aspects. What we're already doing today, and our vision for the future, is to join up smart energy products and services to deliver the full package for our customers. Let me explain what I mean:

- First, we give customers tariffs that are right for them, regularly reassessed
- Then, we add an accurate, simple, up-to-date bill with no surprise
- We give customers real insight into their energy use and how to control this using pounds and pence
- ...plus the means to control appliances and make choices around control, convenience, comfort and cost
-secure in the knowledge that their heating system is performing safely, reliably and efficiently
-and reassured that if something needs to be done, a qualified, safe engineer can come out to fix things

So how are we joining these up to give our customers a smart energy experience – now and in the future?

Firstly on tariffs, we are giving people a choice and reassurance that they're getting the best deal. As well as simplifying the way bills look, at British Gas we tell our customers every six months if they're on the best tariff for them;

Smart meters: British Gas is leading the industry with 1.4 million smart meters already installed including more than 1 million in British homes. And people love them. Our customers with smart meters consistently score us 40% higher on Net Promoter Scores than customers without smart meters. They are more satisfied, engaged customers.

But we aren't stopping there. We're already using smart meters to trial new time-of-use tariffs so customers can choose to have free electricity on Saturdays or Sundays, and we will keep exploring the opportunities smart meters bring to allow greater control and convenience – not to mention relieving pressure on the electricity grid at peak times. We're about to start trialling smart pre-payment meters so all customers can benefit from literally 'seeing their energy as they use it.' Our smart prepay offering is an industry first and will simply transform the lives of customers on limited budgets as well as those who make a lifestyle choice to prepay.

And we're using smart meter data to give our customers much deeper insight into what they use and suggest how they can make changes to better control bills. Our smart meter customers get an online tool which tells them what they use energy on, when, and how they compare to other similar homes. Customers can drill down by day, week and even appliance type. We're seeing a transformed level of engagement; with people spending on average five minutes exploring their report each time (can you imagine spending that much time perusing your bill?).

Over 70% of customers say they find it very helpful and over 20% return every month. Mostly, they're looking at energy use over time, comparing their use to that of similar homes, and playing around with the details about appliances to explore the difference that makes to energy use and their bills. This tool gives a level of insight not seen before.

Once people understand how they're using energy, they want greater control. This is where products like our Hive Active Heating come in. Today, 10% of people with central heating don't have a timer and almost a quarter of people that have a timer don't use it. Hive is a smart thermostat that turns this on its head. It lets people control their heating AND hot water remotely on their mobile phone. More than half of UK adults now own a smartphone – almost double the number since 2011. Our phones are the piece of technology we're most comfortable with, and use most regularly, so it makes sense to use this as the remote control for the home^[1].

The key here is customers are in control. Over 50% of our customers use the product at least once a day, and they're not only using it when they're on their way home to heat a cold house. Surprisingly, 67% of our customers say they regularly use Hive from their sofa and I admit to using it from my bed on a cold morning!

Customers get Hive installed by one of our qualified gas-safe engineers with a view to saving money and controlling their heating when they are out of the home. Others choose comfort and convenience over cost savings. But the key is customers have simple, beautiful, functional tools with which to make a choice.

THE FUTURE

So what does the future hold for the connected home with smart energy at the heart of it?

At British Gas we are focused for now on energy and developing solutions which help customers with heating, hot water, appliances, plug and peripherals which use energy. We are already looking at connected appliances and trialling connected boilers. These can alert us and the customer remotely about a decrease in efficiency or reliability, and tell us if the boiler's about to break down - this enables early detection and a first time fix, with less time taken off work.

Beyond our energy heartland, we have two principles:

- we want an open system so that the customer can buy and connect whatever devices and appliances they want - that's why we welcome initiatives such as NEST's developer programme and the recent announcement from Apple about Homekit.
- we will be customer led – meaning that we will develop products and services which customers want to buy from us, when they are ready.

In our experience to date, once customers are comfortable with one part of their home being connected, they rapidly seek other services; once they have a digital manifestation of the physical, they feel more comfortable with alerts and tips.

Finally, while many industries are moving towards every customer interaction being remote and digital, the fact is, our homes are still bricks and mortar. Providing great hardware and software in itself is not enough because when you're talking about installing gas and electrical systems you need a real person in your home who you trust to safely install and fix the heating, hot water and electrical systems.

Cue our amazing gas safe British Gas engineers!

So, to conclude: we have a very expansive vision for the connected home and how smart energy is at the heart of it. Some of that future is already here – with smart meters and Hive – and we are seeing customers’ engagement with energy really transform.

I am personally excited about what we are doing at British Gas on this front – and firmly believe we are developing products and services which help customers with the 4cs – control, comfort, convenience and cost savings.

You might ask, does an energy company have the right or the capability to move into the connected home? The answer is emphatically yes – perhaps the boundaries between what we have thought of as an energy company are changing. I am recruiting software engineers, user experience designers and data scientists from Nasa. They are motivated by changing customers’ engagement with energy. But let me finish where I started, with customer voices - here is what our customers are saying about Hive Active Heating capturing and how it is making their lives easier.

Thank you.

Notes to editors

^[1] Ofcom, January 2014: 56% of adults in the UK now own a smartphone. This figure is up from 27% in 2011, and just over half of all consumers access the Internet on their mobiles, causing data usage to double in a year.

Contact information :

0800 107 7015

Louise Yarrall - louise.yarrall@britishgas.co.uk

Tim Cowen - Tim.Cowen@britishgas.co.uk