

Smart meters that only save families £28 a year - to cost £340 per household

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“Joel Hagan, the chief executive of Onzo, which produces smart energy kits, said that smart meters on their own were 'virtually useless' for consumers.

'While smart meters will result in more accurate bills, they will not provide people with the information they need to manage their energy usage and cut costs,' he said.”

The Government is pressing ahead with plans to roll out smart meters even though the £9billion scheme will help people save just £28 a year.

Power suppliers, rather than distribution networks, will be responsible for installing the meters for gas and electricity in all homes by 2020 at a cost of about £340 per household.

But the devices will save the average household just £28 a year off a typical annual dual fuel bill, meaning it will take around 12 years just to recoup the initial installation costs.

However, the Department for Energy and Climate Change (DECC) said the savings, which would be around £92 a year for small businesses, would be on top of any costs fed back to consumers.



Plan: The Government wants to have 47million smart meters fitted in 26million homes by 2020 at a cost of around £340 per household

The savings is also only a fraction of the current average annual gas bill of more than £800 a year and electricity ones of around £445.

Energy Secretary Ed Miliband announced today that installing 47 million of the meters in 26 million homes by 2020 will cost between £7 billion and £9 billion.

The meters, which one industry figure branded 'virtually useless' when used alone, aim to help people cut their bills by enabling them to monitor exactly how much energy they are using at different times.

They will also end the need for bill estimates and meter readings, with people instead charged according to exactly how much energy they have used.

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There are fears that the cost will be met by consumers, either through upfront charges, or through higher energy bills.

DECC estimates the devices will save around £11.79billion, including a £4.33billion saving for the consumer and a £8.16billion one for energy companies, who will be able to cut costs as they will no longer have to carry out meter readings.

The DECC defended the meters saying that although the average saving would be only £28, this was based on families doing little or nothing with their smart meter to help cut their bills.

It said case studies had shown that if people were more proactive in using the meters they could actually slash around £100 a year off their bills.

Mr Miliband is also expected to announce plans tomorrow for the introduction of a smart grid, which will aim to manage the flows of electricity and increase the use of renewable energy.

However, Joel Hagan, the chief executive of Onzo, which produces smart energy kits, said that smart meters on their own were 'virtually useless' for consumers.

'While smart meters will result in more accurate bills, they will not provide people with the information they need to manage their energy usage and cut costs,' he said.

'Consumers will only change their energy consumption if they can understand how much energy they are using when they switch on the kettle or put the washing machine on.'

He added: 'The Government should make it compulsory for utilities to provide customers with this kind of information - but they should not dictate the way they do it.'

'Energy suppliers should be able to decide for themselves how that information is delivered. Energy displays, websites, printed reports and existing channels like email and text messages all have a role to play.'



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Energy Secretary Ed Miliband wants the smart meters installed in all homes