



*The Association of Manufacturers
of Domestic Appliances*

Harpal Bansal
Smarter Markets
Ofgem
9 Millbank
LONDON
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6 March 2012

Dear Mr Bansal

Promoting smarter energy markets consultation due 7 March 2012

AMDEA is the UK trade association for manufacturers of domestic appliances. We would like to comment on certain general aspects of this consultation.

Our industry has invested heavily in recent years to improve the energy efficiency of our products and, in the case of refrigeration or washing machines, this has been so successful that modern refrigerators use a fraction of the electricity of their predecessors.

There is inevitably a limit to which efficiency can be improved and so our industry is certainly looking at requirements for 'smart appliances' that are able to respond to signals from the electricity supply network, thereby facilitating the matching of supply and demand. The practical uptake of such technology requires both communications and related protocols to facilitate end to end communications and price differentiation in tariff prices to drive demand.

There are also safety and practicality considerations that need to be addressed in matching supply and demand. Those who have smart appliances may well wish to come home to a hot dinner, and they will not be happy to find out that their food has not yet cooked because the tariff price was too high, neither will they want their hobs to come on suddenly in the middle of the night simply because electricity is cheap. Hence, while domestic appliances are able to assist in matching demand to supply it is not always possible for them to be turned on and off remotely by the electricity supplier.

This consultation acknowledges the barriers to the creation of smart grids and in particular the necessity for energy suppliers to engage with the concept of multiple variable tariffs. However it would seem that sufficient flexibility to balance demand with an increasingly unpredictable supply would not offer the certainty of longer-term fixed tariffs that would persuade consumers to use them.

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Assuming that such tariffs could be in place (and that they would influence consumer behaviour), there are nonetheless several issues to address.

Discounting those appliances that are always going to be used “on demand” (kettles, toasters etc.), there are various concerns to be addressed – safety, performance and noise, even before we address the issue of consumer behavior.

Add to this the increasingly important issue of noise in modern living (the new energy labels now display a mandatory decibel rating) and the difficulty of persuading consumers used to “on demand” energy supply that they need to change their behaviour.

The technology to facilitate interaction between the power supply and the appliance exists but still to be defined is a common interface. The question is to what extent it can feasibly be expected to affect demand.

We believe that the achievements in energy use reduction that we have already made still have the potential to make a significant contribution to the UK’s energy saving targets. However, since consumers are still using an estimated 15 million appliances that are over 10 years old and have not yet been persuaded to buy a new, more energy-efficient product, how will they be persuaded to buy an even more expensive product in the future without the certainty that they will be able to save money on their energy cost?

Yours sincerely

A handwritten signature in black ink that reads "Douglas Herbison". The signature is written in a cursive style with a long horizontal stroke extending to the right.

Douglas Herbison
Chief Executive