

## ***Regulatory Aspects of Smart metering, an ERGEG consultation***

ERGEG seeks views regarding:

- A. whether any recommendations should be left out of our final GGP; and
- B. whether any insightful recommendations are not present; and
- C. whether any recommendations should be complemented or changed in any other way.

In addition to above, ERGEG would also welcome views concerning Recommendations 4 (chapter 2.1) and 20 (chapter 5.1) on interval metering time periods for electricity and gas respectively and Recommendation 13 on further services for customers.

### **Altroconsumo general remarks**

We consider the GGP a quite good document. There are some consumers concerns, anyway, that are not fully included in the text. There are many different potential risks arising from new functionalities that a smart energy system (grids and meters) can make possible. Real time electricity pricing and demand-response schemes may transfer price volatility risks from industry to consumers and this eventuality should be avoided by adopting regulatory measures. In our opinion this is an aspect that should be mentioned and that NRA's should consider in order to avoid or minimize it.

Similarly, ToU tariffs may be designed with a different number of time bands, but these number should not be too high (3 is already enough) otherwise the use of energy will become stressing and the level of comfort will simply decrease, especially for the more vulnerable consumers (the poor and the elderly).

These aspects are not considered by the "recommendations" listed in the GGP, but they could be easily included in the text wherever it mentions the real time electricity pricing or the possible introduction of demand-response schemes etc (see for example page 12).

**Answer to the questions:**

- A. *whether any recommendations should be left out of our final GGP; and*
- B. *whether any insightful recommendations are not present; and*
- C. *whether any recommendations should be complemented or changed in any other way.*

In our opinion, none of the recommendations should be left out, but at least a couple of them should be moved from the “optional” to the category of “minimum set” of functionality, namely the *recommendations n. 10 (electricity) and 24 (gas) “Alert in case of high energy consumption”*.

Furthermore, despite a general introductory warning about the differences between gas and electricity sectors, more attention should be paid to the peculiarity of the gas use that do not present the same flexibility of the electricity uses. Gas demand is more rigid than the electrical one and consumers can hardly move their consumption to peak-off time. Of course they can pay attention on the way they use gas for cooking or heating their homes in order to avoid waste, but the other option is to switch to another source of energy (solar, electricity ...) for doing the same tasks. So, introducing a real time tariff for gas means a further economic penalization for customers that is rather unfair considering that gas can be stored and the distribution net doesn't have the same problems of balancing than electricity. **Recommendation n. 20**, thus, is too much shaped on the electrical model and that would result in possible penalizations for customers.

- **About recommendations 8 and 21** “Access on customer demand to information on consumption data”: **it should be stated that no fees are requested to access their own consumption data.**

Nothing to add to the recommendations concerning the roll-out of smart meters (gas and electricity) and the ones related to the cost-benefit analysis.

Point 8 (pag.47 of the document) is about “**Data security and integrity - electricity and gas**” and the final recommendation is “*Customer control of metering data*”. We can simply agree with this statement but for ensuring that “*the privacy of customers is protected*” we ask for the principle “privacy by design” to be build into the smart energy systems, implementing the principle of data minimisation, ensuring the safe disposal of data and the limitation of data retention.

**Additional answers to:**

- D. *Recommendations 4 (chapter 2.1) and 20 (chapter 5.1) on interval metering time periods for electricity and gas respectively*

*E. Recommendation 13 on further services for customers.*

- **Recommendation 4** deals with “Offers reflecting actual consumption patterns” and the need that “electricity undertakings optimize the use of electricity, developing innovative pricing formulas which reflect actual consumption....” For this purpose Ergeg asks the *stakeholders*:

*4.a) When interval metering is applied, which interval should be used for customers and those that both generate and consume electricity? Please specify timeframes and explain.*

- 1. Less than half an hour*
- 2. Half an hour*
- 3. One hour*
- 4. More than one hour*

***We don't have enough experience to answer this question. Actually in Italy there is only a ToU tariff (applied since last July to all customers served under regulated prices). It is an “evening/night/w.e.” (off-peak) and “day” (peak) time tariff. We have heard energy operators claiming they need a 15 minutes interval metering for running any smart system, but we cannot argue about this, at the moment.***

*4. b) Question to stakeholders:*

*When Time-of-use (ToU) registers are applied for customers and those that both generate and consume electricity, what would be an appropriate number of registers? (Comment: In this case, registers are equivalent to prices) **The same number of the time bands in place with the ToU tariff applied.***

- *Recommendation 13. Question to stakeholders:*

*What further services should be envisaged in order to allow consumers and those that both generate and consume electricity to be aware and active actors in smart grids?*

**It would be interesting to visualize on the smart meter also the costs corresponding to the energy consumption that appear on the meters.**

END

***For further information, please contact:***

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