

The company SPP – distribúcia, a.s., the largest distribution network operator in Slovakia (hereinafter referred to as „the Company“), appreciates the possibility to give its professional view as part of the public consulting on the Guidelines of Good Practice (hereinafter referred to as “GGP”). www.spp-distribucia.sk

Recommendation 17. Information on actual consumption, on a monthly basis

ERGEG believes that the customer should be properly informed of actual gas consumption and costs frequently enough to enable them to regulate their gas consumption. Furthermore, information should be given by using a sufficient time frame. This information would not necessarily be presented through monthly billing. With *remote data reading*, information should be easily available and should be transmitted monthly to the relevant market actor. At a minimum of once a month, the customer should receive information on consumption. This information should be free of charge.

Comment:

The Company believes that to the group of customers, such as households and others as defined by the Appendix No. I of the liberalization directives for gas and electricity, it is sufficient to provide consumption data once a year. We agree with the opinion of ERGEG that the installation itself of intelligent meters should mainly influence customers' patterns of behaviour rather than the energy consumption. It is possible to regulate customers also by means of financially less challenging mechanisms, such as sophisticated measurement technologies. The current gas meters allow monitoring the consumption at the intervals without any time limits; however, not with the same comfort as it is in the case of intelligent meters. The emphasis should be placed on accessibility of information from the regulatory authority or the gas supplier on the calculation of the total charge for supplying gas based on information on gas consumption in cubic meters, whereby calculators easy to use should be available on web pages. Because of the amount of acquisition costs and overhead expenses, the benefit for given group of customers would not be sufficient in comparison with costs of the entity responsible for metering. We assume that providing this information free of charge would be in conflict with the results of analyses of costs and benefits.

Recommendation 18. Accurate metering data to relevant market actors when switching supplier or moving

According to the 3rd Package, customers are entitled to receive all relevant consumption data. More accurate metering data and service to the customer and to the relevant market actors when switching supplier or moving should result from the ability to remotely read the meter and registering of data or interval metering. Remote reading allows quick access to metering data and implies that registering or interval metering the consumption can be split in a more exact way.

Comment:

The Company believes that in the case of switching supplier, the current system of getting relevant data by physical reading, self-reading or estimating is sufficient. It also highly doubts that, from the side of the distribution network operators, the gain in term of costs avoided for travelling to the off-take point will be compensated by the losses incurred by the investment in smart meters and write-off of existing meters.

Recommendation 23. Activation and de-activation of supply

There are certain situations when a customer may wish to activate or de-activate gas supply, for example when moving in/out or when leaving a second (or seasonal) residence. *Remote management* allows the customer to remotely initiate activation and/or de-activation of the supply, thus reducing the time to perform either operation. For example, DSO crews may not be required to go on-site when a customer moves, etc, depending on safety issues (in particular as regards reactivation). Procedures and timeframes within the regulatory framework and contracts should always be applied when activation or deactivation is initiated by a party other than the customer. Customer protection and public service rights/obligations should be respected to ensure this service is used correctly.

Comment:

The Company agrees with the opinion that outputs of a responsibly made analysis of costs and benefits are inevitable for taking a decision on introducing intelligent measurement for particular categories of customers. Application of a remote management needs to be considered carefully because of the frequency of activation and de-activation of gas supply. When the benefit of this service is disproportional to the costs spent, installation of such equipment is not recommended.

Recommendation 26. When making a cost benefit analysis, an extensive value chain should be used

Apart from the customer benefits described in the previous chapter, a CBA should also take into account an extensive value chain, covering DSOs, suppliers, metering operators, etc. A CBA should also take into account the costs involved regarding metering data security. ERGEG would like to focus in particular on the benefits for network operators acting under a regulated regime. Considering these benefits ERGEG, would assume network operations could be carried out in a more efficient way. This section outlines some of the possible benefits for different market parties on the smart metering value chain:

*Potential **benefits for customers**, depending on the market model, can include:*

A) Better customer information

By doing a better measurement (more frequent, more detailed, etc), customer information could be increased.

B) Load shedding scheme

Load shedding schemes driven by the meter could allow customers to fully and easily benefit from new tariffs.

C) Reduction of peak load

By customer information and settlement of incentive tariffs, peak load could be reduced.

D) Reduction of cost and delay of interventions

By having most interventions automated, cost and delay could be reduced. Customers would not need to be physically present (i.e. requiring time away from other obligations) for each intervention by the operator.

E) Accurate consumption payments

By having bills which reflect real consumption, customers would no longer face imposed under/over payments which might require settling (and possibly unplanned for expenses) at a later date.

F) New services

The possibility to offer real-time pricing and innovative tariffs, as well as interfaces between the smart meter and the home could result in new types of energy services being available to customers – to help manage their consumption (and costs) and to promote more energy efficient and 'green' energy networks.

G) Easier switching

Automation and simplification of data exchange through smart meters should speed up the process for switching suppliers and simplify the 'action' required from the customer to make the switch

*Potential **benefits for suppliers**, depending on the market model, can include:*

H) Better customer information

Better customer information will assist their participation in the gas supply market and allow it to be more open.

I) Better frequency and quality of billing data

Better frequency and quality of billing data will reduce complaints from customers.

*Potential **benefits for network owners/controllers**, depending on the market model, can include:*

J) Better operability of network

Better operability of network allows network owners/controllers to know if network operators do their job in the right way.

*Potential **benefits for network operators**, depending on the market model can include:*

K) Reduction of peak load

By customer information and settlement of incentive tariffs, network operators could reduce peak load situations.

L) Profiling and data aggregations

The availability of interval metering for withdrawn gas in each point allows the aggregation of consumption data according to wide-ranging criteria, useful for many purposes: per type of consumer, per geographical area, per supplier, and as a function in the calculation of network losses, etc.

M) Balancing

The support that smart meters can give to the balancing service is of paramount importance. Smart meters will allow more accurate forecasts and synthetic load profiles, and thus decrease the need for balancing.

N) System security

The availability of the functionalities for remote disconnection combined with an efficient communication system, can contribute to keeping the network more secure.

O) Network losses

System operators can more easily detect and make detailed calculations of network losses even for a small portion of network. Through interval metering, they can have this calculation differentiated by hour of the day, by day of the week and in general by defined periods in the year.

*Potential **benefits for society as a whole**, depending on the market model, can include:*

P) Reduction of greenhouse gas emissions and increases in energy efficiency

Innovations in energy services and pricing can contribute to a reduction in consumption and more efficient use of energy across the system and at peak times. Increased knowledge by customers of their consumption will help them to adjust their use of gas.

Comment:

The Company would globally agree with the list of benefits, while stressing the need to lead any analysis based on local parameters and existing situation.

The list should also be supplemented by the costs created by the installation of smart meters, mainly investment costs – including R&D and pilot operations - and write-off of existing systems, should relevant authorities impose a deployment quicker than the natural replacement of existing systems.

In the end, the Company would like to stress that the sharing of the costs between the various shareholders (end-customers, suppliers, operators) is not addressed by the ERGEG survey, which bears the risk of some misunderstanding.