

**Comments of CEZ, a. s.
ERGEG's Public Consultation Paper
on Draft Guidelines of Good Practice
on Regulatory Aspects of Smart Metering
for Electricity and Gas**

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I. Introduction

CEZ, a. s. (hereinafter referred to as “CEZ”) welcomes the opportunity given by ERGEG to all interested parties to comment the text containing Draft Guidelines of Good Practice on Regulatory Aspects of Smart Metering for Electricity and Gas within the Public Consultation process.

In this paper CEZ has expressed several comments to the problem.

II. Specific comments of CEZ

General comments

Draft Guidelines bring good proposals for smart grids introduction on regulatory and market policy level. Considering this point of view we can hardly have substantial objections. We understand that a lot of work has to be done in the sense of technical and engineering aspect as well as in harmonizing different legislation in separate member states. Our comments below are mainly of this kind.

Any false step can bring damages that will be difficult to get to grips with (recent situation in photovoltaics in the Czech Republic can serve as an exemple).

While considering that Smart Metering is a promising technology both for customers and DSOs, CEZ calls for assessments of benefits and costs of introducing Smart Meters to be carried out, as well as costumers’ readiness to pay for extra services the Smart Metering would bring them. In this sense, CEZ strongly supports the distinction operated by ERGEG between essential and optional services. Such a distinction leaves the room for effective separation of services supplied to all customers (in which case the costs of the roll-out should be equally distributed and grid-tariff financed) from those supplied to certain customer groups (which should therefore bear the extra costs for supply of optional services).

Neither member states nor DSOs would not be forced to implement smart meter technologies at any price, especially when there exists (and operates satisfactorily) similar equipment providing the customer with the possibility to adapt his consumption and behaviour to the tariff structure.

Cost – benefit balance should always play the principal role when accepting any decision. For successful start and function of the smart meters we regard as important that national regulators stimulate necessary investments and operating costs in a proper way in (regulated) distribution tariffs.

1. **Definitin** in IEC 60050 (this year’s proposal):

smard grid/intelligent grid/active grid - electric power system that utilizes two-way communication, information exchange and control technologies, disturbed computing and associated sensors, including equipment installed on the premises of network users and other stakeholders

smart metering - technology of recording usage in real time from metering devices and providing a two-way communication and/or control path extending from electric power network to customer appliances

Using these definitions, there can be concluded that agregate remote control system (HDO) widely implemented in the Czech Republic is in line with IEC definition but not in

accordance with the proposed ERGEG recommendations (even with the minimum ones). The HDO system proved successful in various extreme situations (e.g. central Europe problem July 25, 2006) and acquired positive evaluation from the European organizations. This fact can bring certain obstacles in rolling out smart meters as well as smart grids implementation.

2. **Voltage quality** information in the optional customer services can prove to be misleading and can increase the number of complaints and thus the DSO costs due to:

- meter is not located in the area where DSO is responsible for the voltage quality
- meter is “dedicated” apparatus in the sense of valid metrology legislation and must be regularly (with the defined period) checked; analyser is only auxiliary equipment with different checking periods – question which schedule should be followed, or legislation must be changed?
- changes in legislation have shorter duration than the metrology checking periods – the meter will measure but not analyse according to the law and the costs of “legalisation” of these equipments will increase DSO costs

The proposed ERGEG recommendations can thus result – in the Czech Republic – in the increase in regulated part of electricity price without bringing adequate (minimum, if any) benefit for the customer.

3. The smart grids must be widely and thoroughly discussed taking into consideration various aspects, namely:

- what exactly is “the public interest”?
- what are the real awaitings of the users of distribution system?
- what are the awaitings of the owners of the distribution system as well as DSOs?
- what are the awaitings of other stakeholders – public authorities, electricity machines producers, IT producers...?

The optimum solution must tackle following points:

- risk of technical complexity – additional element bringing possible failures
- co-operation of more systems (control, information)
- safety in all aspects
- what is the exact price and who will pay
- cui bono (who and how much will profit or lose)
- will the users of the distribution systems (knowing that they will have to cover the costs of the project in higher electricity bills) be spontaneously interested or will have to be enforced?

Answers to the questions given in the text:

Recommendation 4. Offers reflecting actual consumption patterns

4. a) *Question to stakeholders:*

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*

15. minutes – standard to use control, in the frame of one-hour-accounting-intervals and intra-day deviation clearing

2. *Half an hour*

3. *One hour*

4. *More than one hour*

24 hours – for standard accounting, validation and consumptions estimation

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)

Max. 4 registers: off peak, base, high peak, extra high peak

Recommendation 13. Information on Continuity of Supply

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?

Providing consumption data of specific delivery point in the location of the delivery point in a standard way (e.g. for Home are network).