

ERGEG Hearing

Smart metering GGP - Public consultation Minimum services and optional services

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CEDEC Missions

- **Represent** the interests of 1500 local energy companies in the European Union,
with companies' turnover of 100 billion €
& 60 million customers (connection points)
- **Exchange** know how and experience on the processes of electricity and gas markets
- www.cedec.com

1. General observations (1)

- CEDEC welcomes the public consultation on regulatory aspects of smart metering for electricity and gas, in order to clarify in particular the debate on the potential of minimum and optional functionalities, roll-out and data integrity.
- Introduction of smart metering & ensuing services require high degree of initial investment, but interoperable and economically reasonable solutions for massive roll-out are currently still lacking.
- Need for a suitable regulatory framework for investments, and rules on financial compensation for incurred costs taking into account higher risks related to newly developed technologies and applications

1. General observations (2)

- **On GGP** – Relation to European legislation ?
 - are minimum services to « be imposed on the industry » ? or
 - « intended to serve as a guidance for MS, NRAs and industry » ?
 - Enforcable character of recommendations given the existing European legislation ?
- **On roles & responsibilities :**
 - Different market design in different Member States.
 - DSO is also metering operator, owning the meter (in particular for the household consumers) and providing metering services and related data services in most Member States.
 - Metering & related data activity for household consumers is regulated in most Member States.

2. Customer services – electricity

Recommendation 1 : Info on actual consumption, on a monthly basis

- **Distinction between ‘information’ and ‘billing’ :**
 - for information on consumption : fixed and comparable intervals (daily, ...)
 - for billing : at most monthly values --- intervals to be chosen by the consumer (cost)
 - **“on a monthly basis” or “frequently enough” ?**
3rd Package (directive \leftrightarrow interpretative note) :
 - “frequently enough to enable them to regulate their own e/g consumption”
 - taking account of the capability of the customer’s metering equipment
 - economic assessment : economically reasonable / feasibility of the timeframeEnergy Services Directive (art 13) : cost-effectiveness (of individual meters) in relation to the estimated potential savings of the customer.
- *Recommendation 1 only possible with massive and immediate installment of smart metering systems : not taking into account elements of existing directives.*

2. Customer services – electricity

Recommendation 2 : Accurate metering data to relevant market players when switch or move

- Evident as a principle; but when it requires remote reading, then only if remote reading is part of minimum technical requirement for smart meter in Member State.
- If remote reading is standard requirement :
speed up or improve the process of switching but not necessarily a guarantee for increase in data quality or switching quality.
- Take into consideration aspects of data protection.

2. Customer services – electricity

Recommendation 3 : Bills based on actual consumption

- Now already estimated values only in exceptional cases (in case of no meter)
- (Monthly) payments now made on basis of past (actual) consumption, yearly read → budgetable and constant expenses throughout the year
- Customer to decide on frequency of billing, as billing affects cost : at most monthly, or at greater intervals
- For gas (recommendation 19) :
monthly bill → high amounts to be paid in winter → heavy strains on customers ability to pay in winter → acceptance from customers ?

2. Customer services – electricity

Recommendation 4 : Offers reflecting actual consumption patterns

- Time- and load-variable tariffs already exist in several MS
- Interval metering :
 - for information purposes : 15-minute interval feasible, but requirements needed regarding data protection (unauthorized third party access must be denied)
 - for billing purposes : shorter interval than monthly reading not suitable.
- Time-of-Use registers :
 - 2 registers as a minimum
 - in case of a metering market, leave it to competition.

2. Customer services – electricity

Recommendation 5 : Power capacity reduction / increase

- Its application necessitates costly investments for households (for example in smart home) and strongly increases expense for market players → First proceed to cost-benefit analysis
→ Optional

Recommendation 7 : Only one meter for generation and consumption

- Distinction between consumer and prosumer : for consumer a simpler and thus cheaper meter.
→ Optional

Recommendation 8 : Access on customer demand to consumption data

- In principle access at any time, but not always practicably possible on meter itself (for ex apartment buildings)
→ alternative approaches : SMS, remote display, internet (cost ?).

2. Customer services – electricity

Recommendation 9 : Alert in case of non-notified interruption

- Service to be offered as a special function under competitive conditions.
- This recommendation should therefore be deleted.

Recommendation 10 : Alert in case of high energy consumption

- Service to be offered as a special function under competitive conditions.
- Implies near-real time monitoring, with high communication costs.

Recommendation 11 : Interface with the home

- Service to be offered as a special function under competitive conditions.
- If implemented by DSO, costs acceptable in regulatory framework ?

Further services ?

First clarify legal and regulatory framework conditions

3. Costs and benefits – electricity / gas

Recommendation 14 : Cost-benefit analysis on extensive value chain

- Detailed description of benefits for some market players, but possible risks or cost drivers are missing
- No assessment of “acceptance” of customers : even if cost-benefit is positive concerning certain benefit, enquire the effective use of the theoretical potential
- Comprehensive information to the customer on cost-benefit ratio affects spread of smart meters (in case of open meter market)

4. Roll-out – electricity / gas

Recommendation 15 : “All customers should benefit from smart metering”

Recommendation 16 : “No discrimination when rolling out smart meters”

- GGP to be imposed on industry ? (cf slide 4)
→ in line with 3rd Package that foresees previous assessment ?
 - Absolute statement in Recomm 15 not in line with current legislation and national market models : “regulated meter activity” or “meter market” determines choice for national roll-out or commercial focus on targeted customer groups
 - Not all customers can benefit equally from potential benefits, depending on the intensity of their electricity / gas consumption
- Develop appropriate smart meter expansion stages, according to customer needs and requirements ? Basic meters and meters with extra functionalities ?

5. Customer services - gas

Recommendation 17 : Info on actual consumption, on a monthly basis

- Technical restrictions & practical problems for smart metering systems in gas
→ use of some common technologies only possible at higher costs

Recommendation 19 : Bills based on actual consumption

- Monthly bill based on actual consumption → high amounts to be paid in winter
→ heavy strain on consumers ability to pay

Recommendation 20 : Offers reflecting actual consumption patterns

- Interval metering :
 - data for information purposes : not more than (or at most) hourly values

Recommendation 22 : Hourly flow capacity reduction / increase

- Interruptible type contracts (cf industrial consumers) less suitable for household customers

Recommendation 23 : Activation and de-activation of supply

- Most gas appliances don't have safety device to prevent gas flow in case of activation
→ safety issue !

8. Data security and integrity – electricity / gas

Recommendation 29 : Customer control of metering data

- So far no clear rules on implementation issues relating to data :
 - data ownership
 - data handling
 - data protection -- third party access
 - data privacy -- customer's different sensitivity when data used in regulated or commercial environment ?
- Collection of data (by DSO or metering company) and use (by DSO and commercial market parties) must be agreed with the respective consumer.

8. Data security and integrity – electricity / gas

Recommendation 29 : Customer control of metering data

- Specific attention to the difference between :
 - technical information necessary for network purposes (balancing, loadshedding, capacity calculations, assessment of network problems,...)
 - customer and metering information used by DSO or metering company for consumer-related processes (switching, move-in/out, network tariff, ...).
 - customer and metering information used by energy (services) suppliers for billing and for provision of value added services
- **Distinction between data types based on the objective of their use :**
'regulated network data', 'regulated customer & metering data' and 'commercial supply data' ?
- Isn't the **privacy problem limited to 'commercial supply data' ?**

CEDEC welcomes ERGEGs initiative to clarify the situation.

Conclusions

- Compatibility with current European and national legal framework ?
- Distinction between 'information on consumption' and billing
- Customer's choice versus minimum imposed by 'law' ?
- Customer services : evaluate the benefit for the average customer versus cost of general application → less minimum and more optional services
- Need for investments compatible with incentive regulation ?
→ Need for adaptation of regulatory framework
- Distinction between data types based on the objective of their use :
'regulated network data', 'regulated customer & metering data' and
'commercial supply data' ?
→ Data privacy problem limited to 'commercial supply data' ?