



# Considerations for Economic Analyses of Smart Metering

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## The Problem:

- + Benefits of smart metering

- are dispersed and
  - longer term

- + The initial investment costs

- are concentrated and
  - short term

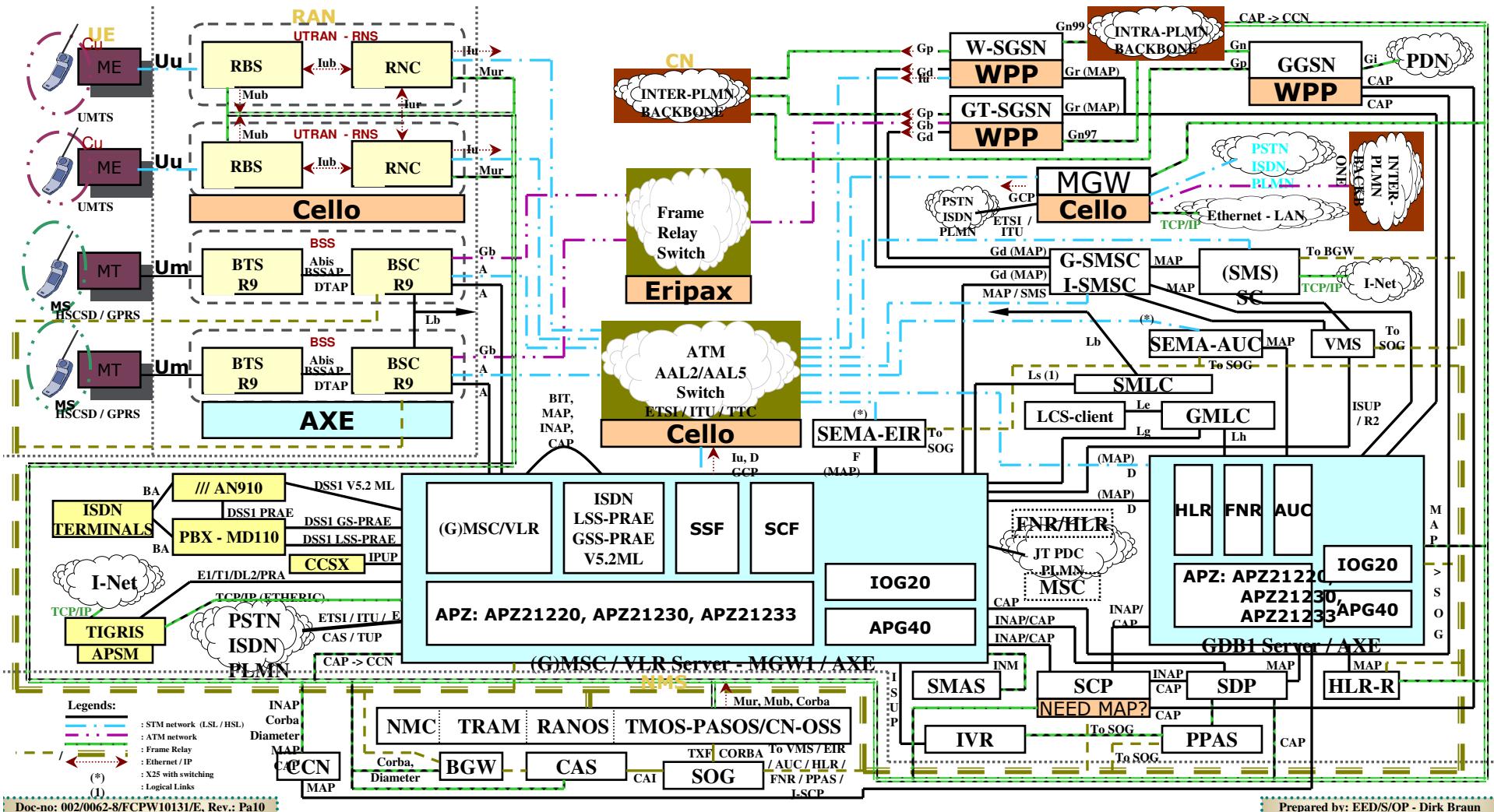
# An Accurate Economic Analysis of Smart Metering

+ *Must be broad in scope:*

- Market actors and society as a whole
- Cognizant of future requirements
- Policy goals (not exclusively retail markets)



## **Do not focus too closely on technology**



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# Smart Metering: Value for All Stakeholders

Benefits	Customer	Energy Suppliers	Distribution/ Transmission	Generation	National Government	European Policy
Improved energy use visibility	++	++	++	+	+	+
Accurate billing	+++	+++				
Enhances customer services / switching	+	++				
Better debt management	++	++				
Improved outage & demand management	+	++	++	+	+	+
Improved analytics		++	+++	++	++	+
Improved load forecasting			+++	+++	++	
Improved investment decisions	+		+++	+++	++	++
Energy efficiency, CO <sub>2</sub> reduction	+	+	+	++	+++	++

# Smart Metering addresses all 3 Pillars of European Energy Policy:

- + Competitive markets
  - Purpose of the 3<sup>rd</sup> Package
- + Sustainability
- + Security of supply



# Opportunity Costs:

***The Status-Quo and a Business-as-usual scenario cannot be the Baseline!***

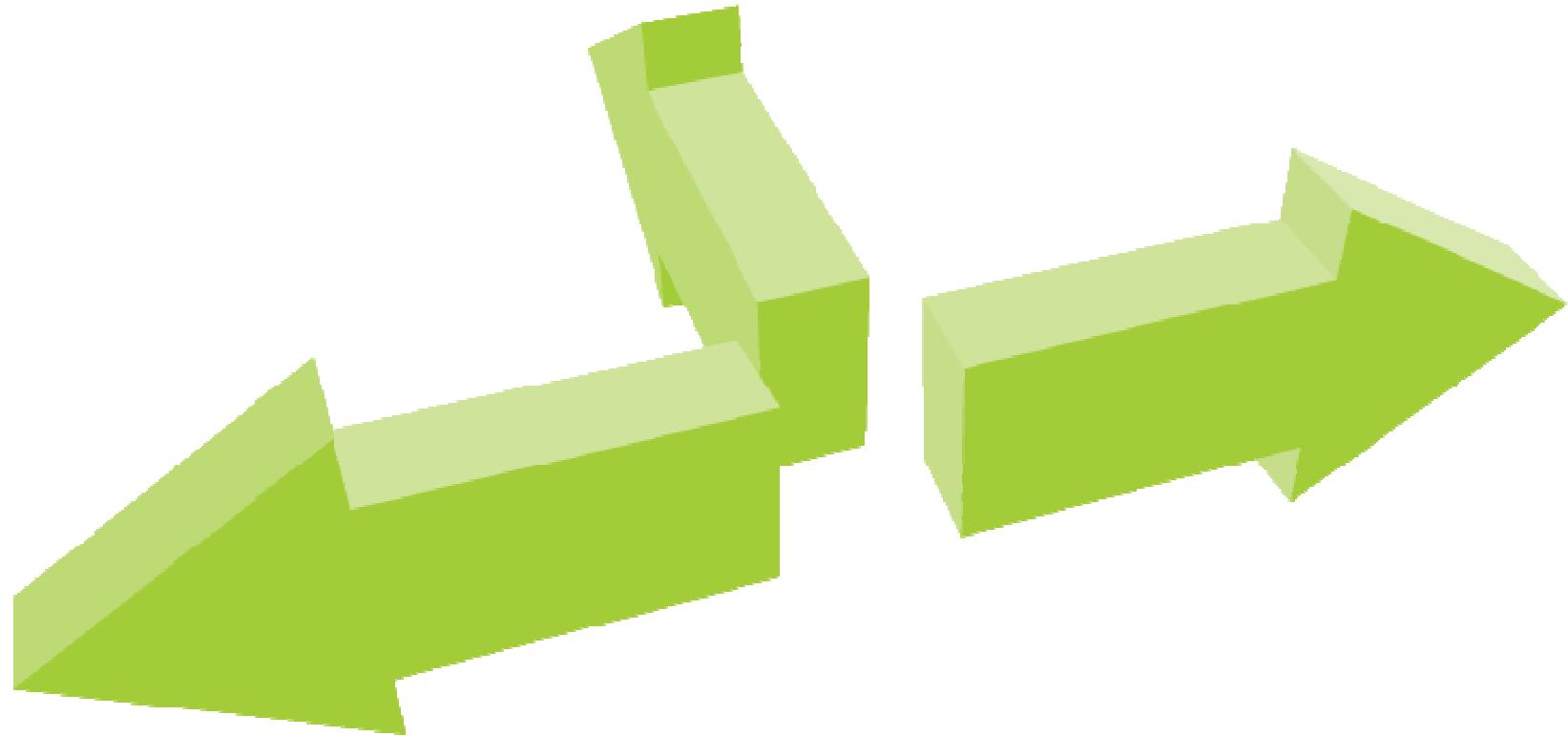
+ The costs of **not deploying** smart metering should also be considered!

+ Future requirements of the grids should also be included in the calculations

**No smart metering „on the cheap“!**



# Multidimensional Axes of Time/Stakeholder interests



# Conclusion:

## **Holistic Economic Analysis is necessary:**

- Broad value chain, market actor and societal analysis
- Longer time frame
- Opportunity costs of non-deployment



# Thank you

