

Mrs Fay Geitona
CEER
28 rue le Titien
1000 Bruxelles
Belgium

3 September 2010

Dear Fay,

ERGEG's Public Consultation Paper on Draft Guidelines of Good Practice on Regulatory Aspects of Smart Metering for Electricity and Gas

EDF Energy welcomes the opportunity to respond to ERGEG's consultation on Draft Guidelines of Good Practice on Regulatory Aspects of Smart Metering for Electricity and Gas. The roll out of smart meters is now or will soon be on the agenda of all EU Members States and we believe that the publication by ERGEG of these guidelines is a timely initiative in that respect.

EDF Energy is one of the UK's largest energy companies with activities throughout the energy chain. Our interests include nuclear, renewables, coal and gas-fired electricity generation, combined heat and power plants, electricity networks and energy supply and services to end users. We have over 5 million electricity and gas customer accounts in the UK, including both residential and business consumers.

EDF Energy supports the initiative taken by ERGEG to have a common European approach towards minimal and optional functionalities of gas and electricity smart metering systems.

We agree that Smart Metering and Smart Grids should be considered as different issues, and so their roll-out can be implemented at different and independent timeframes. Nevertheless, we believe that smart metering will greatly improve the outcomes expected from smart grid development and that this has to be taken into account, especially when defining the functionalities of smart meters.

As a whole, the recommendations proposed by ERGEG seem sensible to us and we also appreciate the fact that they complement the requirements set up in mandate M441, the Directive on Energy End-use Efficiency and Energy Services and the Directive on Measuring Instruments. We do not believe that any further requirements are needed to meet the objectives.

In Great Britain, a five year programme of installing AMR meters in larger businesses/premises, defined by Government, has already started and it should be completed in 2014. We believe that smaller SMEs should be included in the domestic roll out of smart meters and that the systems and processes should be the same.

Our comments on the specific recommendations are attached below. However, we would like to highlight our views on discrimination, customer control of metering data and inter-operability:

Discrimination when rolling out smart meters

We believe that the term “discrimination” needs further clarification. While we agree that discrimination based on the criteria set out in the document (i.e. discrimination based on distinguishing between customers served by different suppliers from the vertically-integrated supplier or distinguishing between customers served under regulated prices in relation to customers served on the free market) would be unfair, we believe that the greatest possible flexibility should be given to undertakings responsible for the roll out. This particularly applies in countries where the process is led by energy suppliers with a view to fast implementation.

Customer control of metering data

We support a legal provision stating that the customers own the data related to their energy supply. However, both the network operator and the supplier should have access to a certain amount of information without the consent of the customer in order to be able to perform their mandatory duties. More generally, it is of a paramount importance that the customer is confident in the whole process and is assured that his or her privacy and security of data will be protected. We believe that best practice on this issue should be shared at the European level.

Inter-operability

We consider it important for any roll out to differentiate between technical and commercial interoperability. In many countries DSOs are responsible for the roll out, and generally this distinction has been insufficiently assessed. Further information on these terms can be found in Ofgem’s Smart Metering Prospectus.

At European level, several initiatives are underway: the mandate M441, the Smart Grid Task Force (Expert Group no. 1), the Smart Home Roadmap European Initiative and the Cenelec CWA Interoperability Framework Requirements Specification for the Smart Home. These initiatives should be coordinated to reach fully compatible standards and timescales in any new Directive. Future development of smart grid functionalities should also be considered as part of a comprehensive approach.

Finally, we would like to stress that few countries across Europe have chosen to have a competitive energy supplier-led smart meter roll out. A DSO led process may present a number of advantages, such as a simpler way of recovering investment through network tariffs. However, the issue of prioritisation of data use and charging for data will arise in the complex relationships between customers, network operators and energy suppliers.

Should you wish to discuss any of the issues raised in our response or have any queries please contact my colleague Alan Knight-Scott on +44 (0)1293 763 254 or myself.

Yours sincerely,

A handwritten signature in black ink, appearing to read "D. Linford".

Denis Linford
Corporate Policy and Regulation Director

Attachment

EREG’s Public Consultation Paper on Draft Guidelines of Good Practice on Regulatory Aspects of Smart Metering for Electricity and Gas

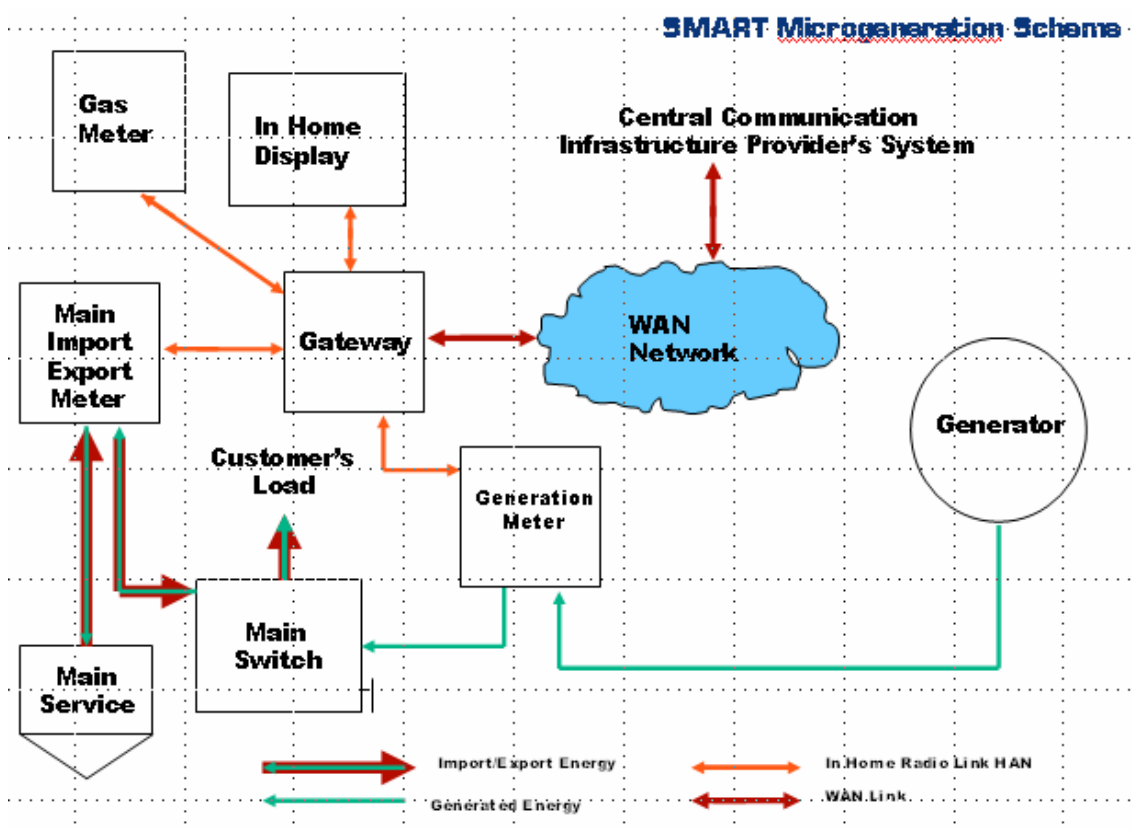
EDF Energy’s comments to your specific recommendations/questions

Electricity

Recommendation 7

Only one meter for those that both generate and consume electricity

We would propose to change the single meter requirement by a single gateway requirement, given the possible complexity of technical installations and also the precise metering requested for installations benefiting from Feed-in tariffs, where electricity generated on-site for internal use and not exported can be subsidized and thus should be separately metered.



Recommendation 14

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

Smart metering may be deployed in different markets in different ways. Nevertheless, we believe that any cost benefit analysis, undertaken from a single operator's perspective, either network operator or supplier, might deliver negative results. This is because a significant part of the benefits come from the reduction of energy consumption and CO2 emissions for the benefit of consumers and society in general. It should be the responsibility of the deploying party to manage the value chain, including the associated costs and benefits. If other parties are expected to use the Smart Metering solution, then this needs to be factored into the value chain and both the associated costs and revenues considered as part of the business model. . The roll-out of smart metering should be well structured and planned to deliver an optimal delivery under the auspices of a design authority. Ideally the enduring design should be available from day one of the roll-out which avoids the risks associated with asset stranding and the need for later changes to design. It is felt that the current GB model which allows participants to deliver smart metering solutions early will inevitably lead to interoperability issues at a later date.

Recommendation 16

No discrimination when rolling out smart meters

We believe that the term "discrimination" needs clarification, as following roll-out energy suppliers may wish to initially service those customers requesting or in need of an immediate smart meter installation rather than expecting them to wait until such time as the roll-out plan dictates their meter should be installed. For example; prepayment customers and some customer groups such as the elderly and those with special need, may need a smart meter earlier.

Gas

Recommendation 22

Hourly flow capacity reduction/increase

We do not see the technical and commercial value of this functionality for gas.

Recommendation 23

Enabling activation and de-activation of supply

This functionality creates safety issues for gas meters. However, rules for customers can be developed to ensure safe re-enablement.

Recommendation 26

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

See our comment on recommendation 14.

Recommendation 28

No discrimination when rolling out smart meters

See our comment on recommendation 16.

Cross Sectoral

Recommendation 29

Customer control of metering data

See our comment on page 2.

Question to stakeholders

Recommendation 4

a) When interval metering is applied, which interval should be used for customers and those that both generate and consume electricity?

Presently, we believe that it should be each half hour, in line with the Great Britain wholesale market.

The provision of data for customer use in reducing energy, cost and carbon through the use of a local display, is likely to be required in 'near real time' subject to technical constraints. However, data required for billing is unlikely to be needed more frequently than the minimum tariff or settlement interval. The use of Smart Metering for demand-side management and Smart Grid may require a more dynamic interaction between measurement and control, and further research is needed before both the feasibility and viability of these requirements can be assessed.

b) 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? (Registers being equivalent to prices)

Smart Metering allows for a configurable array of tariff and measurement registers, which must reflect the requirements of energy retailers, distributors, agents and operators. At present, we would place the needs at a level of 80/100 registers.

Recommendation 13

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?

We believe that further services should include the development of data aggregation mechanisms associated with a transparent regulated charging regime.

Recommendation 20

a) When interval metering is applied, which interval should be used for customers?

See our comment to recommendation 4 above.

b) When time-of-use (ToU) registers are applied for customers, what would be an appropriate number of registers?



See our comment to recommendation 4 above.

EDF Energy
September 2010