



Response of VERBUND AG (Verbund) to the ERGEG Public Consultation Paper on Draft Guidelines of Good Practice on Regulatory Aspects of Smart Metering for Electricity and Gas

Verbund is the largest producer and transporter of electricity in Austria and one of the leading hydropower producers in Europe. With approximately 2,800 employees the company generates annual sales of more than 3,5 billion Euro. Verbund is active along the entire electrical value chain from the turbine to the power outlet. More than 90% of Verbund's generation originates from renewable energy sources. Besides transportation and production Verbund supplies households, agriculture, business and industry throughout Austria, as well as manufacturing companies in Germany with electricity. In the household segment Verbund is positioned as a provider of clean electricity derived from 100 % domestic hydropower at a fair price (approximately 240.000 customers by July 2010).

Verbund appreciates the possibility to respond to the *ERGEG Public Consultation Paper on Draft Guidelines of Good Practice on Regulatory Aspects of Smart Metering for Electricity and Gas*.

General Aspects

As a forward-looking innovative transporter, producer and supplier of electricity Verbund is highly interested in the success of an EU-wide roll-out of smart metering. We believe that this consultation can provide useful practical input to the current discussion.

Although the 3rd Package contains provisions regarding intelligent metering systems some clarification and additional provisions are needed in order to implement smart metering in the EU successfully. The draft of ERGEG includes a set of recommendations for the use and the functionalities of smart meters. We agree that the relevant topics can be grouped under the headings "customer services", "costs and benefits", "roll-out" and "data security".

All parties have to benefit from smart metering, this is of utmost importance. Therefore non-discrimination has to be the guiding principle when setting up the roll-out process – only fair and non-discriminatory rules will lead to the intended and necessary competition among suppliers.

Verbund is of the opinion that legal and technical standardisation is key for a successful implementation of smart metering at EU-level. Customers and energy companies depend eminently on common standards that guarantee interoperability and usability. Therefore the EU has to define mandatory standards for the common market. We think that a distinction between minimum services and optional services is reasonable in particular when considering technical, financial and social aspects.

Specific Comments

Hereafter Verbund comments on concrete recommendations of ERGEG.

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

Monthly billing is possible under the condition that the supplier has efficient access to customer data. In order to ensure that the required information is available to the supplier the data-exchange process has to be organized in a non-discriminatory way among the market actors. The data should be collected in a nation wide central database which is administered by an independent authority or company. Such an independent operator acts as an interface to the market actors including customers. Only authorised market actors have access to the central database and this access is restricted to the data of their customers - thus data security is guaranteed. The most efficient way to provide customers with information on their consumption is via telecommunication (Internet, smartphone, ...).

Recommendation 2: Accurate metering data to relevant market actors when switching supplier or moving

Remote data reading allows quick access to metering data which furthermore allows an accurate split of data in case of switching or moving. Through a nation wide central database authorized market actors would have direct data access. This platform would help to carry out the supplier switch in a customer-friendly and swift way. The needed data could be transferred easily to the entitled market actors e.g. via Internet.

Recommendation 3: Bills based on actual consumption

This recommendation is an important advantage for the customer. The responsible market actor for the metering system has to be obliged to transfer the data in time to the supplier.

Recommendation 4: Offers reflecting actual consumption patterns

Hourly metering intervals are sufficient for the supplier to design standardised products that reflect the actual consumption pattern of the customer. The transfer of the collected load information of the customer should be done once a day in order to keep costs low. However to provide tailor-made individualised services such as demand side management or visualisation of energy consumption the transmission of real time data would be necessary. In this case a serious cost-benefit analysis has to be done.

Recommendation 6: Activation and de-activation of supply

Remote activation and de-activation under well-defined and clear conditions could be a benefit for the customers.

Recommendation 10: Alert in case of high energy consumption

This alert should only be optional and based on customers' explicit demand.

Recommendation 11: Interface with the home

This additional service of installing a gateway etc. should be offered by energy suppliers to interested customers.

Recommendation 14: When making a cost benefit analysis, an extensive value chain should be used

Without sufficient data access the supplier cannot offer additional customer benefits. As a consequence data transmission should be guaranteed in a non-discriminatory way and free of charge.

Recommendation 15: All customers should benefit from smart metering

All customers and market actors should benefit from smart metering. This implies that a customer should be able to install a smart meter model of his choice. A harmonised specification of functionalities for smart meters should therefore be defined by national authorities based on EU standards and made easily available to energy suppliers as well as to customers. The DSO should not be able to refuse the installation of a certified smart meter.

Recommendation 29: Customer control of metering data

In principle the customer is the owner of his data. But there are legal duties or services the suppliers have to fulfil/provide that require data access. Furthermore, in order to develop new products and services for customers the suppliers need access to customer data without prior consent. Therefore data access should be based on an “opt-out” system, meaning, authorised suppliers have access to customer data except the customer refuses explicitly.

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