



EPSU contribution to:

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

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EPSU welcomes the consultation. EPSU sent comments on the status report on smart meters to ERGEG in January 2010.

http://www.epsu.org/IMG/pdf/EPSU_Comments_smart_meters.pdf. We underlined a number of points including the importance of privacy issues, protection of low-income users, employment, certification and verification issues. Many of these points have not been addressed. The Draft Guidelines on Good Practice would therefore benefit by including the below points.

Customer services

We are concerned about recommendation 6 – *activation and de-activation of supply*. This could be used or even abused and is especially an issue for low-income households who risk self-disconnecting if they face difficulties paying their bills. The reference to respect for customer protection and public service rights/ obligations is therefore appropriate. But this framework should first of all exist at member state level and second be such that such users do not come under pressure to self-disconnect. We would therefore not recommend this functionality of the smart meter. The smart meter should further allow for a minimum supply in accordance with fuel poverty standards for heating, warm home and respectable standard of living.

Another element of concern is that remote disconnection/ self-disconnection does not allow a meeting with responsible persons from the DSO which could advise and assist those who face difficulties paying their bills.

Cost-benefit analysis

1. ERGEG is correct in noting that if a cost-benefit analysis is positive (and ERGEG seems to make all the effort to ensure such a cost-benefit can only have positive results looking at the list of positive effects that need to be taken into account) smart meters should be rolled out *according* to the Directive.

It also underlines that if no cost-benefit analysis is done, the meters need to be installed for 80% of consumers in 2020, *again according to the Directive*. ERGEG forgets to note that this assessment needs to be done before 2012. We consider it **bad governance** to install such meters without cost –benefit analysis and ERGEG should say this. Section three should therefore start with such a recommendation.

ERGEG considers that Member States should make a cost-benefit analysis based on a full value chain approach and including considering the impact on low-

income households and employment before embarking on a programme of implementation and roll-out of smart meters. ERGEG is otherwise not protecting consumers who will be forced to pay for the costs of smart meters in one way or another, especially if the costs do not outweigh the benefits. As the status report has demonstrated it can not be taken for granted that the benefits outweigh the costs.

2. While it is reasonable to seek a full value chain approach, such an approach needs to be **impartial and indeed full**. The explanations and suggestions given do neither

This section of the Guidelines is biased. There are **4** pages of possible positive effects. ERGEG makes all the efforts to steer the way cost-benefit analysis should be done to obtain a positive result. It does not note and highlight the costs (economic and other) and potential problems there will be with smart meters. The status review of ERGEG demonstrated there are problems and potential costs to consumers. The consultations and workshops have also highlighted this. ERGEG operates in this consultation as an extension of the smart meter industry and DSOs rather being the defender of consumers, and including low-income users. EPSU expects a more impartial attitude of the regulator, indicating benefits *as well as costs and other issues*. **The Good practice guidelines as presented need to be re-written to ensure a more impartial attitude.** It is definitely not Good Practice to seek to influence cost-benefit analysis in one direction.

A full value chain approach can be supported, if indeed it is full. But the explanations and suggestions for such an approach are not complete in the ERGEG document. **A full cost-benefit analysis should also include considering the employment effects of introducing smart meters.** This has two angles. First the direct and indirect employment effects. An EPSU survey, presented to the Electricity Social dialogue committee (and our employers side Eurelectric) underlined the importance of taking this into account as the negative effects which can be substantial including on meter readers and back office workers.

http://epsu.org/IMG/pdf/SD_electricity_Smart_meter_survey_2010.pdf

It is recognized there can also be positive employment effects (jobs in short term installing, longer term new services) It is important that these effects and their costs and benefits are explored. **Good practice regarding cost-benefit analysis includes the employment dimension and this should be highlighted.** It is definitely not good practice to ignore and dismiss these concerns of workers and their families.

A second point concerns the issue of availability of staff and training, This relates to the roll-out of smart meters and we will address it in more depth there. In terms of cost-benefits, workers will need to be trained.

The guidelines should be amended:

Costs and Benefits	14. When making a cost benefit analysis, an extensive value chain should be used including measuring the direct and indirect employment effects
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Costs and Benefits	26. When making a cost benefit analysis, an extensive value chain should be used including measuring the direct and indirect employment effects
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Roll-out

ERGEG is correct in underlining that Member States shall prepare a timetable of up to 10 years for the roll-out of smart meters (and depending if the cost-benefit analysis is positive or not) ERGEG underlines a number of issues p.32 (electricity) / p.45 (gas). It lists a range of issues that need to be considered. But these are *not* reflected in the Guidelines on the roll-out. It is not explained why these are not taken up and integrated in the Good Practice Guidelines. This should be worked on.

EPSU research (see earlier) as well as practice of several companies that have undertaken the installation of smart meters underlines the importance of preparing well for the roll-out. This is not a mechanical process and is done by men and women. It is utterly disappointing that ERGEG has such disregard for the men and women in the electricity, gas and broader industry involved in installing the meters, especially since there are significant risks for the workers and domestic users.

EPSU insists that ERGEG inserts the following issues in its Good practice guidelines.

- When preparing the roll-out plans, Member States will meet with the social partners to consider the implementation plans and including issues such as availability of staff and if necessary recruitment, training, protection of workers (health and safety), ensuring decent pay and conditions, verification of companies installing the meters (especially important if not the DSOs and new companies do this) and monitoring of their activities. We note that the workers have to enter the home of the domestic user – issues like client friendliness, dealing with difficult users (third party violence) need to be considered. It is a task of the regulator to protect domestic users against companies that do not fulfill certain standards. Companies that poorly train and equip their workers can cause harm.
- It is important to ensure qualified workers are available; hence recruitment and training of workers by DSOs and other companies. This needs to be planned in the 10 year roll-out plan. Member States should assess what is done to ensure this by the companies.
- Training of workers for the installations of the meters. The replacement of existing meters involves many different situations and types of meters, each with specific risks for the workers (health and safety) and the homes and lives of consumers when replacing would not be done correctly. This is even more important when (as ERGEG seems to promote) smart meters are installed not by the DSOs themselves but by other operators, often in subcontracting. EPSU recommends that the DSOs which install meters continue to do so. If not there needs to be clear guidelines to ensure that the companies and their staff which install meters have the necessary qualifications, that these companies are verified and monitored.

To the draft recommendations should therefore be added both in electricity and gas

Roll-out	(new) DSOs are responsible for installing the smart meters. The roll-out plans should ensure that sufficient and qualified workers are available
Roll-out	(new) Companies installing the meters should ensure that workers have the appropriate training and qualifications for replacing old meters and installing smart meters.
Roll-out	(new) The national roll-out plans are considered with stakeholders including the social partners and organizations representing low income users

General comments

As in previous consultations we are concerned that the consultations may not reach important and key stakeholders such as organizations of low-income users. Such organizations are not necessarily represented by the European consumers organization BEUC and would have different perspectives. It is not clear what ERGEG is doing to ensure it obtains opinions of the organizations representing low income households. ERGEG could consider appointing a low income advocate as some Utilities Commissions in the US have done.

We are surprised that the Draft Guidelines do not deal more with the aspects listed by ERGEG on page 13, such as smart meter financing (who pays for the meter), remote upgrading of meters (who is responsible, can consumers refuse, what are the costs etc), aspects of the process of sales and marketing (including verification and monitoring of installation issues)... The draft guidelines are not complete if such issues are not addressed

EPSU is the European Federation of Public Service Unions. EPSU represents over 8 million workers in their 274 trade unions in all European countries. EPSU organizes workers in state administration and central, local and regional government, health and social services and the utilities (energy, water, waste). In the electricity and gas sector EPSU affiliated unions organize workers in all parts, including the distribution companies and auxiliary services.

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