



Regulation of smart metering in gas & electricity - European perspectives

Patricia de Suzzoni,
Chair of Customer Working Group

EU-US Roundtable
25-27 October 2010, Berlin

1. Background of European regulators' Guidelines of Good Practice (GGP)

2. Description of draft GGP

3. Public consultation and hearing – preliminary findings and next steps

The present situation

- **Minimum legal frequency** for providing data on customers' actual consumption varies a lot in Europe
 - 2 countries: more than 1 year
 - 13 countries: 1 year
 - 5 countries: less than 1 year

The future situation

Under the 3rd Package

- Customers must be properly informed of actual energy consumption **frequently enough** to enable to regulate their own consumption and to be able to compare offers
- **Subject to assessment** of related costs and benefits Member States shall **ensure the implementation** of intelligent metering systems that will assist the active participation of consumers in the market
- MS shall ensure the **interoperability** of those systems within their territories and have due regard to the use of appropriate **standards** and best practice

European legal provisions of relevance for smart metering

- **Annex I of the 3rd Package**
 - measures of consumer protection
- **Article 13 of the Directive on Energy End-use Efficiency and Energy Services**
 - Metering and informative billing on energy consumption
- **Directive on Measuring Instruments**



A busy agenda during the last 12 months

- **October 2009: publication of European Status Review on Regulatory Aspects of Smart Metering**
- **December 2009: public stakeholder workshop**
- **July-September 2010: public consultation on draft GGP on Regulatory Aspects of Smart Metering for Electricity and Gas**
- **October 2010: public hearing of respondents**



ERG



Public Stakeholder Workshop in December 2009

- ▶ 117 participants from 18 countries and EU level
- ▶ Presentations of European regulators' work on SM and of the Third package by the European Commission
- ▶ Panel discussions with the audience – practical experience and stakeholder views – focused on 3 main issues

Cost-benefit analysis

Interoperability and standardisation

Stakeholders' perspectives (customers, DSOs, retailers...)

Problem identification

- The following questions form the basis for ERGEG/CEER recommendations:
 - **Which level of customer service** is required so that SM will assist the active participation of customers in a safe and secure manner?
 - **What should be considered from a regulatory perspective** by Member States before and when conducting a roll-out of SM?

European Commission's standardisation mandate M/441

- **European regulators' draft recommendations on services aim to be in line with the six additional functionalities outlined thus far by M/441**

F1 Remote reading, meter reading of injected and consumed energy

F2 Two-way communication

F3 Interval metering/
registers

F4 Remote management

F5 Interface with the home,
home automation

F6 Information through
webportal/gateway

1. Background of European regulators' Guidelines of Good Practice (GGP)

2. Description of draft GGP

3. Public consultation and hearing – preliminary findings and next steps

A customer-centric approach

- Smart metering must provide services that are of **benefit to customers in an obvious and easy way**



Minimum vs optional services

- ERGEG/CEER recommends that **Member States (MS) define at national level a list of services** required from the industry (suppliers, DSOs, metering operators)
- This list should include services regarded by ERGEG/CEER as **basic or « minimum »- to be offered to every customer equipped with a SM, while others « optional » should be required from the industry if a MS so chooses**

Minimum services – draft list

For electricity and gas

Information on actual consumption on a monthly basis

Access, on demand, consumption data

Use of accurate metering data when a customer moves or switches supplier

No longer bills based on estimated (vs metered) consumption

Feasibility to get offers reflecting actual consumption patterns

For electricity only:

Ability to regulate consumption by remotely reducing/increasing the power of installation

Ability to remotely initiate activation and deactivation of supply

Ability to register injected as well as consumed energy with one SM

Optional services – draft list

For electricity only

Alert in case of non-notified interruption

Alert in case of high energy consumption

Interface to the home

Information on voltage quality

Information on continuity of supply

For gas only

Ability to regulate consumption by remotely reducing/increasing hourly flow capacity

Ability to remotely initiate activation and deactivation of supply

Alert in case of high energy consumption

Interface to the home

Cost Benefit Analysis

- When conducting a cost-benefit analysis Member States should use **an extensive value chain** covering all stakeholders as well as society as a whole
 - ✓ Costs, e.g. capex, are easily identified and mostly incurred by one actor
 - ✓ Benefits concern all stakeholders metering operators/DSOs, suppliers, customers

Roll out, data security, integrity and privacy

- If assessed positively and a roll out is decided
 - ✓ All customers should benefit from smart metering
 - ✓ The party responsible for the roll out should avoid any discriminatory behaviour
- The customers must remain in control of their metering data

1. **Background of European regulators' Guidelines of Good Practice (GGP)**
2. **Description of draft GGP**
3. **Public consultation and hearing – preliminary findings and next steps**

Public Consultation

- ▶ **54 written contributions from 15 countries & EU level**
 - ▶ 12 responses from **industry associations**: 6 European, 6 national
 - ▶ 10 from **energy companies**
 - ▶ 10 from **DSOs and DSO associations**
 - ▶ 5 **consumer associations**: 2 European, 3 national organisations
 - ▶ 9 **metering equipment and IT providers**, incl. 1 European & 1 US association
 - ▶ 4 **research and consultancy**, individuals and firms
 - ▶ 4 **public Authorities** at national level



ERG



Hearing on 8 October 2010

- ▶ **37 organisations represented:**
 - ▶ 28 stakeholders, 8 national energy regulators and the EC
- ▶ **16 formal presentations**
- ▶ **A very lively discussion**

Some preliminary findings from consultation & hearing

- ERGEG/CEER initiative to develop GGP is **welcomed**
- A message out of scope of the present recommendations
 - ▶ A **support for standardisation work** at European level and necessity of interoperability and open interfaces
 - ▶ As common ground was identified, **differences between electricity and gas** may be further developed

Vulnerable customers

- ▶ As well as bringing huge potential **benefits** SM will add **complexity** to retail energy markets (e.g. multiple time of use tariffs or appliance management deals)
- ▶ **Member states could review customer protections** to ensure they are fit for purpose in the smarter energy markets and **national regulators monitor** their application

- **Evaluation of responses is underway**
- **Draft GGP are to be updated for a release beginning of 2011**

Thank you for your attention!

Weblink to the report (click on the title):

[Draft GGP on Regulatory Aspects of Smart Metering for Electricity and Gas](#)