



The EU Electricity & Gas markets – the proposed 3rd package

Smart Metering: a key technology to delivering significant societal and environmental benefits

ESMIG, the European Smart Metering Industry Group¹, believes that it is the right time to realise the full potential of Smart Metering technologies by setting a clear regulatory framework. Several amendments in the European Parliament's first reading of the proposed "third package on the EU Energy and Gas markets" clearly recognise the systemic benefits that Smart Metering will provide.

ESMIG shares the Parliament's view that a timely and coherent European-wide roll-out of advanced Smart Meters within the next 10 years is the key tool to realise significant socio-economic and environmental benefits.

Thus, ESMIG fully endorses the European Parliament amendments² concerning Smart Metering to Directive 2003/54/EC, in particular to article 14³. The new article states that the Distribution System Operator (DSO) "shall provide system users with the information they need for efficient access to and use of the system." The DSOs will also have to provide within one year of entry into force of the new Directive "a proposal describing the appropriate information and communication systems to be implemented".

ESMIG supports the Parliament's new paragraph 3a to article 14, as it states that Smart Meters ("bi-directional electronic meters") shall be rolled out to all consumers within 10 years of the entry into force of that Directive.

¹ ESMIG represents the Smart Metering Industry in Europe, covering all aspects of the Smart Metering market, including electricity, gas, water and heat measurement, meter communications, and data communications to utilities and households. ESMIG members are: Actaris, Cinterion, Elster, EnergyICT, Görlitz, Hager, Hydrometer, Iskraemeco, Janz, Landis+Gyr, PRI, Sagem Communications, Sensus, Telenor Cinclus and Wavecom.

² In line with the main amendments to Article 14 are also amendments 151 (on annex A point i) and amendment 47 (on article 3, adding a new paragraph 7a):
<http://www.europarl.europa.eu/sides/getDoc.do?type=TA&reference=P6-TA-2008-0294&language=EN&ring=A6-2008-0191>

³ Amendments 84 to 87 of the Parliament's first reading of the internal market in electricity proposal (18 June 2008) concerning article 14 (introducing new paragraphs 3 and 3a, 3b and 3c).

The new paragraph also highlights the main benefits that are provided by Smart Meters, namely:

- "the active participation of final customers and distributed generators in system operation and
- the flow of real-time information between distribution and transmission system operators with the aim of optimising the use of all available generation, network and demand resources."

The amended proposal is thus delivering a coherent regulatory framework and schedule for a European-wide roll-out of Smart Metering and a clear attribution of responsibility for its implementation.

The amended proposal is thus addressing properly the major flaws of the current situation in Europe, namely that today's different national regulatory regimes and market structures - without the above mentioned provisions - will inevitably lead to an uneven and sporadic introduction of Smart Metering across the EU. The result would be that the expected significant benefits of a European-wide roll-out of Advanced Smart Metering technology, which are widely spread across the whole value chain, could only be realised to a lower extent.

EMSIG believes that the benefits of Smart Metering accrue not just to consumers and individual market actors, but also to society as a whole and to the environment:

1. Accurate billing and real-time information

Smart Meters provide actual energy consumption data and enable precise and accurate billing through automated meter readings within short time intervals.

Smart Metering allows consumers to access their consumption as historical data and/or in real time via a display or separate unit onsite and offsite through information and communication technologies, e.g. mobile phones and/or internet-based portals and solutions. Thus, as stated by several other stakeholders, including Consumer organisations⁴, Smart Metering is not optional, but a pre-condition to empower the consumers by providing actual, precise and understandable energy consumption data.

⁴ BEUC's "8 Priorities to the French Presidency" (2008.05.16) mentions under its first priority "Promoting access, choice and affordable prices for all consumers " and in order to "Consolidate and implement consumer rights" BEUC states that one action to be taken is to "inform consumers about their actual consumption, notably through Smart Metering and by making bills intelligible and understandable."

2. Choice of supplier and dynamic tariffs

Smart Metering has an important role to play in stimulating competition in the energy market. Accurate consumption data is making the switching process easier and faster for Consumers, as it allows utilities to manage customer retail switching processes better. Detailed consumption data is also a pre-requisite for the introduction of new and innovative tariff offers by retailers which fit consumers' individual consumption patterns better.

Ultimately, Consumers may profit from switching suppliers or from opting for new tariffs by choosing the tariff, that suits them best, including switching to pre-payment and alternative tariffs for "vulnerable" consumers to prevent disconnection.

3. Sustainable Energy Management

Sustainable energy management is crucial to meet the ambitious EU 20-20-20 targets on energy efficiency, renewables and carbon emissions. Encouraging a more rational and efficient use of energy can certainly be achieved by raising consumer awareness and introducing changes in consumer behaviour by allowing the aware customer via consumption data and related costs to actively alter unsustainable and expensive consumption patterns. Additionally consumers may investigate and take advantage of advanced energy services, such as various types of "demand-response" aimed at reducing or switching consumption to off peak times. Smart Meters are also a vehicle for the realisation of other developments, such as smart grids which can manage decentralised production of energy ("Prosumers") while increasing the overall share of renewable energy.

4. Security of energy supply

Finally, Smart Metering technology is a key tool to improve security of supply as well as customer compensation and satisfaction. As Smart Metering enables real-time detection and identification of supply failures and their fast resolution at the consumer level, Smart Meters contribute to a substantial increase in the quality and security of supply.

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