



# European Smart Metering Industry Group

WE MAKE METERING SMART

## **POSITION PAPER**

on

*Smart Metering in the energy efficiency directive*

*(COM 2011/370)*

*Recommendations on further proceedings in the trilogue*

**07 May 2012**

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The European Smart Metering Industry Group (ESMIG) welcomed the initial proposal for a directive on Energy Efficiency put forth by the European Commission in June 2011. Energy efficiency is the only one of Europe's 2020 Strategy goals not anchored in legislation, but will become more imperative as Europe moves away from a static, fossil fuel based energy supply system to the de-carbonized economy foreseen for 2050.

The Commission's proposal for an Energy Efficiency Directive (EED) addressed some of the deficiencies in the smart metering provisions of the 3<sup>rd</sup> Energy Package by specifying that the rollout of smart meters, as foreseen in Directives 2009/72/EC and 2009/73/EC (Electricity and Gas Directives), *"should ensure that the objectives of energy efficiency and final customer benefits are fully taken into account when establishing the minimum functionalities of the meters"*. Annex VI of the Directive proposal laid down requirements for billing frequency and consumption information to be provided to the final consumer.

ESMIG applauded these provisions and supported the changes made by the ITRE Committee of the European Parliament in its vote on 28 February 2012. The EED can provide European energy consumers with the technology necessary to help the EU achieve its ambitious energy efficiency goals.

**ESMIG is alarmed by the conditionalities that have been added recently to the metering and billing requirements of Article 8 in the trilogue discussions. If adopted, these changes would effectively remove the benefits the EED brings compared to existing legislation (the Energy Services Directive). The estimated positive impact of Article 8 is reduced from 26.5 to 0 Mtoe.** <sup>1</sup>

In this view, ESMIG wishes to express two crucial messages to ensure the directive achieves its objective to empower consumers, increase consumer benefits and increase energy efficiency.

#### **Minimum functionalities for meters are a necessity (Art. 8, 1.1)**

Minimum functionalities, such as an interface to the home, are a necessity to enable communication between Smart Metering components and devices/gateways used within the home or building, and consequently to ensure energy savings. Smart meters with an interface adhering to relevant European standards, are necessary to realise the large potential for consumer benefits. Without an interface, most consumer benefits will disappear.

#### **Information requirements to empower the consumer (ANNEX VI, 1.1)**

Smart Meters need to provide for the secure transmission of consumption data through a two-way information interface giving the consumer the possibility to consult his/her historic consumption levels over a range of time periods (in local currency and in kWh, kJ or m<sup>3</sup>). Limited information requirements compromise the realistic possibility for consumers to manage their energy consumption and costs.

#### **Minimum Functionality (Article 8)**

The smart metering coordination group (SM-CG) accompanying standardization mandate, M/441 on smart meters has drawn up a list of functionalities, which were agreed upon by the wide-range of stakeholders involved. Several of these functionalities can realise the objectives of energy efficiency and consumer benefits.

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<sup>1</sup> Non-Paper of the Services of the European Commission on Energy Efficiency Directive, April 2012

The functionality of having an interface to the home is essential for the smart meter to communicate into the home to:

- provide direct information to consumers;
- enable demand response, energy management services and smart appliances;
- allow the easy integration of micro (renewable) generation.

These are the elements and services that will contribute to the goal of this Directive: real energy efficiency gains. Many of the most substantial benefits accrue only if the meter can communicate into the home. When the functionality that provides such essential consumer benefits and the ability to provide energy savings is removed, European consumers will suffer.

### **Information Requirements (Annex VI)**

Providing consumers with direct, timely information on their energy consumption and costs is essential. Without this information, consumers cannot be expected to change their consumption behavior and reduce their energy usage. [The Empower Demand study](#)<sup>2</sup>, conducted by VaasaETT and funded by ESMIG, shows direct feedback on consumption is crucial to achieving maximum energy savings. On average, energy efficiency gains of 9% were realized when final consumers were provided with smart meters and direct feedback on their consumption via an In-Home Display. Current technology can easily provide the consumption and cost information, essential for an effective EED, at minimal cost.

Consumers are not able to take control of their energy consumption and contribute to set energy efficiency goals without being provided the information and technology to do so.

### **ESMIG's position**

The 20% energy efficiency goal for the European Union was set by the Member States in the context of the Europe 2020 Strategy. A robust Energy Efficiency Directive containing the appropriate technology and information requirements is imperative to empower consumers and the European Union to achieve the ambitious goals set. Unless these requirements are met, an incredible opportunity will be lost – and not regained before 2020.

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<sup>2</sup> <http://www.esmig.eu/press/filestor/empower-demand-report.pdf>