

ESMIG Position Paper on the revised Electricity Directive

Clearer definitions, more ambitious timelines and tangible benefits to consumers

ESMIG finds the proposal for a revised Electricity Directive timely and necessary. We share the view of the European Union that all consumers should be the focus of European Union energy policy, thereby having access to a more secure, clean and competitive energy market.

Smart metering technology is the greatest consumer empowerment tool to be introduced since the electrification of European societies over 100 years ago. For the first time, consumers will be able to see exactly how much electricity they consume, when they consume it and how much it costs. The ability to monitor and control consumption is the pre-requisite for market-based pricing, network optimization and forms the foundation for the development of additional consumer services.

It is appropriate, as this package of legislation does, to put all main provisions related to electricity smart metering in the Electricity Directive, thus avoiding a fragmentation and duplication of legislation.

As the voice of European smart energy solutions providers, with 28 members, deploying smart metering and energy technology through the European Union, ESMIG strives to bring its expertise into the policy debates. The following are ESMIG's comments on specific articles of this proposal which are relevant for the smart energy management sector.

➤ Definitions (Article 2)

The definitions are crucial to ensure the right interpretation and implementation of the Directive. In the proposal, the smart metering system is not distinguished from the smart meter, which can cause confusion. Therefore, the “smart metering system” definition should be replaced by the following one: *‘smart meter’ means an electronic device that can measure energy consumption, providing more information than a conventional meter, and can transmit and receive data for information, monitoring and control purposes, using a form of electronic communication;*

Additionally, the following definition should be added: “*Smart metering system’ is a system that includes one or more smart meters and collects, validates, and distributes metering data.*”



ESMIG believes that a definition of the smart metering system, distinctive from the smart meter is necessary in the Directive in order to prevent confusion in implementation.



➤ **Article 11: Entitlement to a dynamic price contract**

ESMIG strongly supports the right of every final customer to have a dynamic price contract. These contracts are the only way for the consumer to react to price signals. Consequently, they represent the fundamental basis to enable implicit demand-side flexibility.



ESMIG strongly supports the entitlement to a dynamic price contract for every final customer to enable implicit demand-side flexibility

➤ **Article 12: Right to switch supplier and rules on switching-related fees**

The right to switch supplier quickly is a new possibility offered by smart metering technology. Nevertheless, three weeks is too long to bring any dynamism into the market and to be beneficial to consumers. As there is no technical barrier to a shorter timeframe, ESMIG recommends simply a 24-hour transition period. The consumers' right of withdrawal can still be respected even with this short switching period.



Article 12 paragraph 1 should be amended as follows: *“Member States shall ensure that a customer wishing to change supplier, while respecting contractual conditions and right of withdrawal, is entitled to such change within seven days. This timeline should be shortened to 24 hours over a transition period of 5 years.”*

➤ **Article 13: Contract with an aggregator**

Paragraph 4 of this article mentions that: *“Member States shall ensure that final customers are entitled to receive all relevant demand response data or data on supplied and sold electricity at least once per year.”*

This statement refers to all data of the year, but it can be confused with the obligation to provide meters' data to the consumers every three months¹.



To make it clear, this article should be modified as follows: *“Member States shall ensure that final customers are entitled to receive all relevant demand response data or data on supplied and sold electricity of the last year at least every three months or within a month of asking.”*

➤ **Article 15: Active customers**

Consumers should be given more power and should be encouraged to play an active role in the energy market. To this end, ESMIG fully supports Article 15: *“Member States shall*

¹ DIRECTIVE 2012/27/EU on energy efficiency, annex VII, 1.1. Billing based on actual consumption

ensure that final customers:(a) are entitled to generate, store, consume and sell self-generated electricity in all organised markets either individually or through aggregators without being subject to disproportionately burdensome procedures and charges that are not cost reflective;”



ESMIG fully supports a strong empowerment of the consumers in the energy market.

➤ Article 19: Smart metering

Paragraph 1 of this article mentions the introduction of “*interoperable smart metering systems or smart grids*” ...

This statement is too vague and it is not clear with what “the smart metering systems or smart grids” should be interoperable with. Moreover, “smart metering systems or smart grids” is a confusing statement and only smart metering systems should be mentioned in this paragraph.



Therefore, this sentence should be amended as follows: “*...introducing smart metering systems interoperable with a Consumer Energy Management device or system where appropriate*”.

ESMIG welcomes paragraph 4 which states that “*Member States that proceed with smart metering deployment shall ensure that final customers contribute to the associated costs of the roll-out*”. It is important that the cost of smart meters is shared, but we agree that it is up to the Member States to decide how it should be divided.



ESMIG encourages a good repartition of the smart meters roll-out costs.

ESMIG supports the obligation for the Member States to revise the cost benefit assessment stated in paragraph 5, but the term “periodically” is too vague and a specific timeline should be added. Considering the speed with which technologies evolve and markets develop, we recommend a first review 2 years after the directive is passed for those Member States that had a negative CBA, and if this analysis is still negative, there be a review at least every five years thereafter.



Therefore, paragraph 5 should be amended as follows: “*When the deployment of smart metering is negatively assessed as a result of cost-benefit assessment referred to in paragraph 2, Member States shall ensure that this assessment is revised two years after the directive is passed and every five years after that in response to changes in the underlying assumptions and to technology and market developments. Member States shall notify to the responsible Commission services the outcome of their updated economic assessment as it becomes available.*”

➤ Article 20: Smart metering functionalities

It is crucial for the consumers to have an easy and free access to the information on their actual time of use at near real time to support demand response. The term “*easily available*” should be specified to avoid misinterpretation. In some Member States, the consumer must connect to the supplier website to check his energy consumption, and refresh the page to have updated data. This procedure cannot be considered as a way to make the information “easily available”. Therefore, ESMIG suggests to specify this term.



Paragraph (a) should be modified as follows: “*the metering systems accurately measure actual electricity consumption and provide final customers with information on actual time of use. That information shall be made easily available and visualised to final customers at no additional cost and at near-real time in order to support automated energy efficiency programmes, demand response and other services; consumption feedback and information should be provided by at least two channels: One of these feedback channels should be an In-Home Display (IHD) or smart phone app that is continuously updated. The other channel can be a website or an informative bill.*”

➤ Article 21: Entitlement to a smart meter

ESMIG welcomes the new right for every customer to get a smart meter on request. Nevertheless, the technical feasibility and the cost of this proposal is in question. Indeed, it will be very costly to install only few smart meters and be of questionable value for consumers and the network. Therefore, ESMIG suggests to restrict the scope of this article to the Member States with a partial roll-out.

Moreover, similar conditions should apply to the consumers which are part of the full roll-out and consumers that request a smart meter.



Thus, ESMIG suggests to modify paragraph 1 as follows: “*Where smart metering is only partially rolled-out, Member States shall ensure that every final customer is entitled to have installed or, where applicable, to have upgraded, on request and under similar conditions, a smart meter that complies with the following requirements:*”

➤ Article 23 on data management and 24 on data format

ESMIG welcomes the proposal to create a European data format and would be delighted to help the European Commission in this task. However, there is no need to have a European data format for technical data. This article should only apply to commercial metering data, which includes energy consumption and generation data, as well as data required for consumer switching.



Paragraph 1 should be amended as follows: “*...For the purpose of article 23 and 24, data shall include commercial metering data which includes energy consumption and generation data, as well as data required for consumer*

switching. Eligible parties shall include at least customers, suppliers, transmission and distribution system operators, aggregators, energy service companies, and other parties which provide energy or other services to customers.

To round-up, the proposals made by the European Commission are a solid basis for the achievement of the objective to put each consumer “at the centre of the Energy Union and reap the benefits of access to more secure, clean and competitive energy”. By and large, ESMIG supports these provisions. However, several of the sections require additional clarification and a more precise formulation to avoid ambiguity and to achieve their intended goals. Most importantly, we believe that the articles in this Directive need to ensure clarity:

- on what we mean with a smart meter
- for consumers on their rights regarding data access
- for producers on the specifications of smart meters
- on deadlines for the reassessment of smart meters
- on the right of every consumer to receive a smart meter
- on what a European data format means and what kind of data it applies to.

About ESMIG

ESMIG is the European voice of the providers of smart energy solutions. Our members provide products, information technology and services for multi-commodity metering, display and management of energy consumption and production at consumer premises.

Our activities are focused around systems for Smart Metering, consumer energy management and safe and secure data transfer.

We work closely with EU policy makers and other EU associations to make Europe’s energy and water systems cleaner, reliable, more efficient and the European consumer informed, empowered and engaged.