

● Retail Markets; Smart Metering and the Third Energy Package

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● Introduction

- Main provisions of the Third Energy Package
- Retail market amendments
- Smart Metering
- What next?

● Third Package: main provisions

- Retail market measures
- Stronger powers for national regulators
- Effective unbundling of networks
- Regulatory Agency at EU level (ACER)
- Cooperation of network operators (ENTSO)

● Retail Market: key themes

- Role for regulators
- Consumer protection measures
- Operation of the retail market

● New roles for Regulators

- Independence from governments
- Legally distinct and functionally independent body
- Budgetary autonomy and adequate human and financial resources to carry out duties
- Mandate to cooperate at the European level
- Enhancement of statutory duties and powers
- Implementation and monitoring of consumer protection measures
- Investigation powers
- Issue binding decisions
- Penalties: regulatory or through courts

● New protection measures for consumers

● Complaint handling measures

- » Single contact points
- » Ombudsmen consistent with unbundling

● Protection of consumers

- » Member State definition of vulnerable consumers that may refer to energy poverty
- » Prohibition on disconnection at critical times
- » Interaction with other social policy measures

● New provisions for the operation of the retail market

- Published rules on the roles and responsibilities of all market players
- Information for consumers: European Energy Consumer Checklist
- New deadlines on switching, 3 weeks; receipt of final bill, 6 weeks
- Consumer access to consumption data in sufficient time periods
- Implementation of Smart Metering
- Promotion of Smart Grids

● Information for consumers

- Recital 50:
Information on energy costs provided to consumers frequently enough will create incentives for energy savings because it will give customers direct feedback on the effects of investment in energy efficiency and change of behaviour.
- Annex I (i)
[customers] are properly informed of actual electricity consumption and costs frequently enough to enable them to regulate their own electricity consumption.

● Objectives of Smart Metering

- Improved retail competition;
- Improved tariff innovation with time of use tariffs;
- More accurate bills;
- Lower bills due to better consumer feedback;
- New services for consumers, including vulnerable consumers;
- Facilitation of microgeneration including renewable generation;
- Less environmental pollution due to reduced carbon emissions;
and
- Energy efficiency and energy savings

● Smart Metering amendments: Electricity

- Active participation of consumers in market
- Assessment by 2012 of long term costs and benefits
- Timetable for implementation within 10 years
- Those positively assessed: 80% by 2020
- No assessment: 80% all consumers by 2020
- Interoperability

● Smart Metering Amendments: Gas

- Active participation of consumers in market
- Assessment by 2012 of long term costs and benefits
- Timetable for implementation
- Rollout within a reasonable time period
- Interoperability

● Statements on Smart Grids

Recital 27

Member States should encourage the modernisation of distribution networks, e.g. through the introduction of smart grids, which should be built in a way that encourages decentralised generation and energy efficiency.

Article 3 (11)

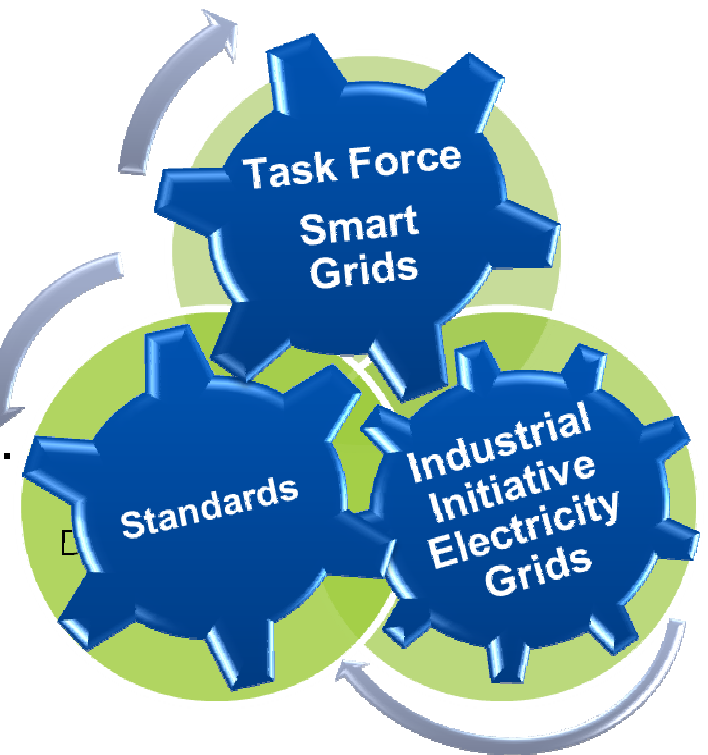
In order to promote energy efficiency, Member States, or when the Member State has so provided, the regulatory authority shall strongly recommend that electricity undertakings optimise the use of electricity, for example by providing energy management services, developing innovative pricing formulas or introducing intelligent metering systems or smart grids where appropriate.

● New provisions on Smart Grids

- Member States should encourage the modernisation of distribution networks, e.g. through the introduction of smart grids
- DSO shall be responsible for ensuring the long-term ability of the system to meet reasonable demands for the distribution of electricity, for operating, maintaining and developing under economic conditions a secure, reliable and efficient electricity distribution system in its area with due regard for the environment and energy efficiency
- Regulators: competitive, secure and environmentally sustainable internal electricity market within the Community... ensuring appropriate conditions for the effective and reliable operation of electricity networks, taking into account long-term objectives

● The role of the Commission

- **Task Force** to advise the Commission on European policy and regulatory issues. Coordinate the first steps towards the implementation of Smart Grids under the provision of the Third Energy Package.
- A mandate for **European Standards** to enabling interoperability of utility smart-meters has been launched for 2009 – 2012.
- **European Industrial Initiative on Electricity Grids** under the SET Plan for the deployment of half of the EU network operating on the ‘smart grid’ principle by 2020.



● Summary

- Retail markets increasingly important
- Smart metering a vital part of the development of retail markets
- Active consumers are the heart of an active retail market

Thank you for your attention



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