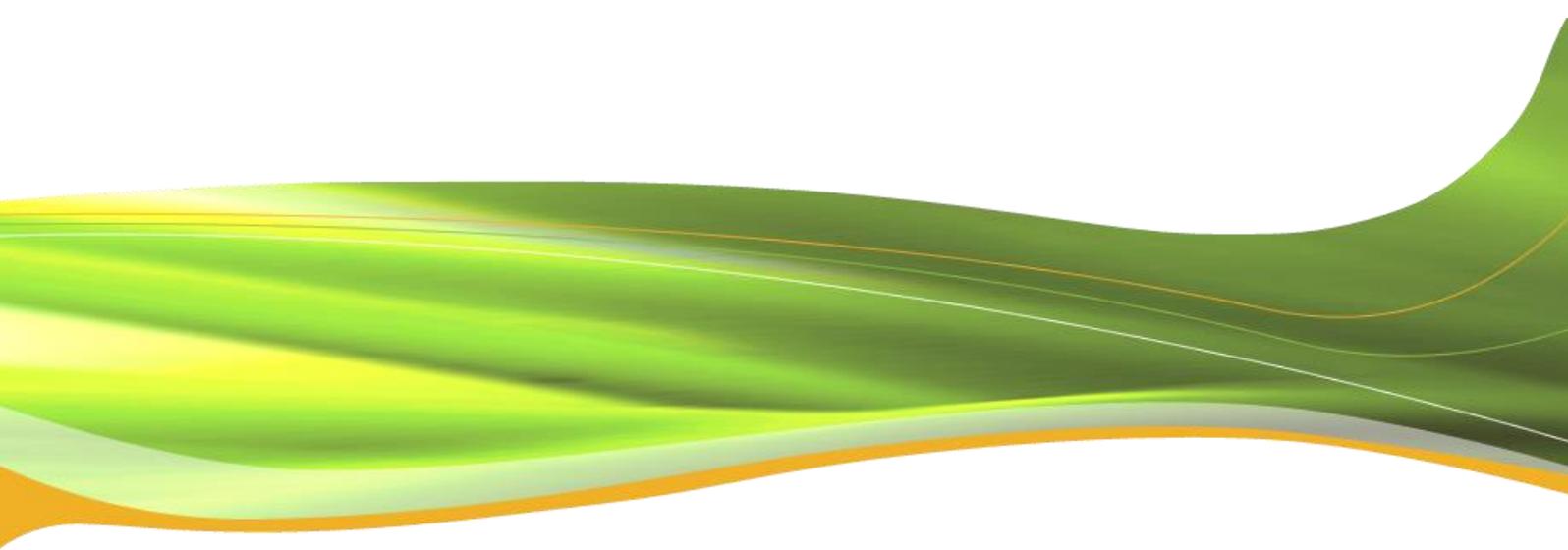


European Distribution System Operators for Smart Grids

Consultation response on the Review of Directive
2012/27/EU on Energy Efficiency

January 2016



General remarks

EDSO for Smart Grids (EDSO) welcomes this public consultation in preparation for the revision of the 'Energy Efficiency Directive' (EED). The actual effect of the current EED is difficult to evaluate due to the fact that it has been transposed in most Member States only recently. Nevertheless, the 2020 deadline will soon be reached, motivating a new framework for utilities to plan their investments for the next decade.

In this consultation response, EDSO focuses on the questions related to metering and billing (articles 9 to 11). In addition, we take this opportunity to make the following recommendations to the European Commission:

- **Avoid creating uncertainty for smart meter deployment**

A majority of European consumers will soon be equipped with smart meters, in compliance with the Third Energy Package. Deployment is already underway or being planned by DSOs. Proposing to further harmonise smart meter systems at this time, beyond the existing EC's recommendations on minimum smart metering functionalities, could further delay smart meter deployment and thus consumers' access to detailed and accurate information on their energy consumption.

- **Clarify the definition of "energy distributor"**

The EED introduced a definition for an "energy distributor," which may or may be an electricity distribution system operator (DSO). This definition appears to be more suited for a heat network than for gas or electricity networks. The definition also lack clarity on which requirements are targeting DSOs, retailers and/or district heating operators. We suggest amending this definition to avoid any confusion between regulated activities and competitive activities.

- **Enable distribution system operators to use system services**

Article 15 of the current refers to ancillary services used by DSOs. To date, the use of such services has not yet materialised. DSOs often have no incentive to use system services from local consumers or generators or simply are prohibited to interact with grid users. The article should be amended to clearly states that DSOs are allowed to use ancillary services.

Articles 9-11: Metering, billing information and cost of access to metering and billing information

4.1. Overall adequacy: Do you think the EED provisions on metering and billing (Articles 9-11) are sufficient to guarantee all consumers easily accessible, sufficiently frequent, detailed and understandable information on their own consumption of energy (electricity, gas, heating, cooling, hot water)?

Yes, the EED provisions on metering and billing are sufficient. The high-level principles set out in the directive should enable any consumer to receive accurate and easily understandable data on their energy consumption. In addition, the on-going roll-out of smart meters across Member States will simplify access to accurate information on energy consumption.

In some Member States, it might be helpful for consumers to receive additional information on their bills, such as a comparison of their energy consumption with similar consumers, or to receive a comparison between their current and previous energy consumption. If approved by a national regulator authority, DSOs should be allowed to provide such information to consumers, as a way to raise awareness about energy use and cost.

4.2. Do you think it appropriate that the requirement to provide individual metering and frequent billing (Articles 9(1), 9(3) and 10(1)) is subject to it being technically feasible and/or cost effective?

Yes, it is appropriate that these requirements are subject to being technically feasible and/or cost-effective. For instance, the efficiency and feasibility of setting up a system of regular self-reading, as stated in Article 10(1) is questionable. Expecting that, in the absence of smart meters, consumers voluntarily will check and report their energy consumption on a regular basis to their electricity DSO appears unrealistic.

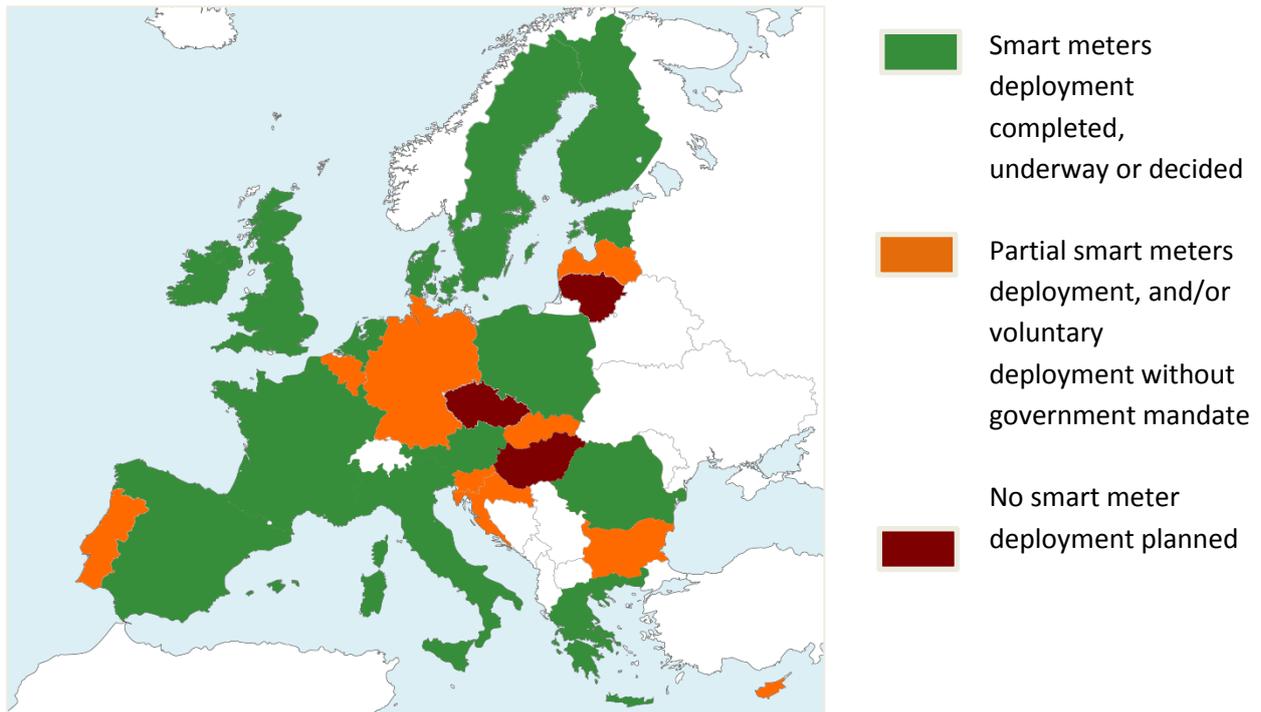
In addition, the benefits of “self-reading” are likely to be limited. Even with bi-monthly or weekly declaration, consumers will probably not be able to understand which appliance use or behaviour is driving their energy bill.

Last but not least, this article describes a consumer communicating his self-read metering data to the energy **supplier**. Today, DSOs are responsible for meter reading in most Member States. Metering data should first be validated by the DSO before being made available to the supplier for invoicing purposes. Having two separate reading systems will likely create some confusion for consumers.

As consumers should be the main focus of the EU energy policy, imposing responsibilities on them which do not have apparent benefits should be avoided.

4.3. Should such conditions of being technically feasible and/or cost effective be harmonised across the EU?

We believe there is no need for a harmonised methodology to assess the technical feasibility and/or cost-efficiency of the requirements included in Article 9(1) and Article 10(1). Based on the current national plans for (electricity) smart metering [see diagram below], by the time any revised EED would be adopted, smart meters would likely equip between 60% and 70% of EU consumers. These consumers would thus receive regular and accurate information on their energy consumption. By the time the revised directive would be implemented at national level, close to 80% of consumers would have a smart meter. In this context, harmonising such conditions likely would involve more costs than the benefits it would deliver. .



More information on smart meters roll-out are available on: www.my-smart-energy.eu

4.4. How would these conditions of being technically feasible and/or cost effective affect the potential for energy savings and consumer empowerment?

Logically, if some of these requirements are considered not cost effective or not technically feasible, the potential for energy savings and consumers empowerment will not be fully realised.

4.5. Smart meters: Do you think that A) the EED requirements regarding smart metering systems for electricity and natural gas and consumption feedback and B) the common minimum functionalities, for example to provide readings directly to the customer or to update readings frequently, recommended by the Commission¹ together provide a sufficient level of harmonisation at EU level?

The EED requirements and the EC recommendations have been useful in assisting that the industry identify the most relevant functionalities for smart meters. Now that most national deployments are underway or near launch, there is no need for further action from the European Commission.

4.6. What obstacles have national authorities/actors faced in introducing on a large scale individual meters that accurately reflect the final customer's actual energy consumption? Do you have any good experiences to share on how to overcome these obstacles?

The main obstacles for smart metering systems are the concern of public authorities regarding the cost of such system - these system costs being passed through in consumers' bills- and consumers lack of trust in these new devices. In the Netherlands, privacy issues were overcome by giving consumers the possibility to opt-out from the smart meter deployment, or to have a smart meter installed but not activated. Other concerns around security were tackled by removing the switch in the meter.

It is still very early, however, to draw definitive conclusions, as smart metering roll-out has only recently started in most Member States.

Part II – Technical questions

8.11 Would it be appropriate and useful to design a system where energy efficiency obligations would also include elements aiming at gradually increasing the minimum share of renewable energy applicable to energy suppliers and distributors?

As per the Third Energy Package, electricity distribution is a regulated activity, unbundled from supply and generation. Electricity DSOs are expected to provide non-discriminatory treatment to any grid user. Thus, the proposals of "increasing the minimum share of renewable energy applicable to [...] distributors" appears to be in contradiction to the current regulatory framework.

¹ C(2012)1342



EDSO for Smart Grids is a European association gathering leading electricity distribution system operators (DSOs), cooperating to bring smart grids from vision to reality.

www.edsoforsmartgrids.eu