

bne-comment on:

CEER Draft Advice on the take-off of a demand response electricity market with smart meters (C11-RMF-31-03)

I. Comments on Scope (1.4), Definition of demand response (2.) and Market monitoring (4.2)

Question 1: Do you agree to the stakeholders chosen as the focus of CEER's advice?

The Question refers to:

For the purpose of this document, we have chosen to focus on the following stakeholders: customers, micro generators, DSOs, metering operators, suppliers, ESCO and NRAs. When describing the role of the metering operator, CEER recognises that in the majority of the European countries the DSO is responsible for this activity.

In Germany, DSOs operate meters. However, it is possible that a third party assumes the role of a metering operator. Both operation of meters and metering-services are supposed to be delivered in a competitive market. This is of increasing importance when it comes to smart metering, where the customer should be able to choose a Meter that best suits his or her purpose in a free and competitive market. For that reason, the CEER-advice must not privilege the role of DSOs.

Question 2: Do you agree to CEER's definition for demand response?

The Question refers to:

Changes in electric usage by end-use customers/micro generators from their current/normal consumption/injection patterns in response to changes in the price of electricity over time, or to incentive payments designed to adjust electricity usage at times of high wholesale market prices or when system reliability is jeopardized. This change in electric usage can impact the spot market prices directly as well as over time.

We agree.

Question 3: Do you see a need for extra measures in this area?

The Question refers to:

ERGEG has previously published GGP on monitoring of retail markets. When monitoring retail markets with demand response, this can mean that the focus of monitoring might be shifted towards an in-depth look at particular indicators. This indicator could be for example complaints. Looking at the type of complaint would give great insight into the nature of marketing, information, etc. This could lead to an audit of the relevant market actor or an increased focus on information or a need for new legislative measures.

No, not at this point. Only in case there is some indication that Smart Metering leads to complaints in numbers or nature that seem to require additional action, measures like the ones described above should be considered.

II. Comments on 5.1: Offers reflecting actual consumption patterns

Question 4: Do you agree with the above?

The Question refers to:

Customer

Role:

The customer is the key stakeholder in order for the full potential of demand response to be realised. Ultimately, he/she must make use of the services provided drawing from available information and an understanding of his/her consumption.

CEER believes that the following is needed in order for the customer to take full advantage of offers reflecting actual consumption patterns:

- a) A reliable price comparison website to view the relevant offers;
- b) Information on consumption and cost at least monthly free of charge, in a clear and concise manner;
- c) Access to information on consumption and cost data on customer demand;
- d) Information should be provided through a choice of at least two communication channels, for example an in-home display, website, sms, via smartphones etc.; and
- e) Easy-to-launch complaint and solid redress schemes in place.

The level of detail and frequency of access to information will depend on the offer the customer has chosen.

We agree that the customer is the key stakeholder when it comes to demand response.

Comments on other features of his role as described above:

- a) There are, at least in Germany, several privately run websites that supply reliable price information. From our perspective this is a service that is, can and should be provided this way, not by any official websites.
- b) Subject to the customer actually wanting this information.
- c) We agree.
- d) There is no need for cost-driving regulation at this point. The consumer should choose a meter that suits his preferences.
- e) What is needed to guarantee a certain level of consumer protection should definitely be done, keeping in mind that metering data is critical information. However, there is no need for more protection than in other comparable areas.

Question 5: Do you agree with the above?

The Question refers to:

Micro generator

Role:

The micro generator contributes to demand response by regulating consumption and injection to reflect wholesale prices.

To fulfil this role, the following needs to be in place:

- a) Possibility to sell electricity;
- b) A regulatory scheme on how to deal with payment/settlement for micro generation (feed in tariffs, net payment etc.)
- c) Micro generator to be provided information on consumption and injection data and costs, at least monthly free of charge, in a clear and concise manner;
- d) Access to information on price data, on demand; and
- e) Information should be provided through a choice of at least two communication channels, for example an in home display, website, sms, via smartphones, etc.

- a) We agree.
- b) We agree.
- c) This again should be left to the market: Micro generators can agree with their metering operator on the terms and conditions regarding information provision.
- d) We agree.
- e) This again should be left to the market: Micro generators can agree with their metering operator on the terms and conditions regarding information provision.

Question 6: Do you agree with the above?

The Question refers to:

Metering operator

Role:

The metering operator offers services to provide, install and maintain metering equipment with functionalities that enable demand response. The metering operator is also responsible for carrying out the meter reading.

To fulfil this role, the following needs to be in place:

- a) A minimum set of functionalities (hourly metering or three registers, remote reading, remote power capacity reduction/increase, software to be upgraded remotely);
- b) Inter-operable communication standards; and
- c) A duty to deliver accurate metering data in a timely manner to relevant stakeholders, for example communicating with DSO's for balancing matters.

Please note: Due to the restrictions with respect to the length of comments, the following three paragraphs were not included in our comments submitted via the online questionnaire. However, to us, they are of central importance.

Not every consumer will be equipped with smart meters. There is no legal obligation for a complete roll-out and in many cases installation of a smart meter would be inefficient both from the perspective of the consumer and from the perspective of overall efficiency.

It needs to be emphasised that this is completely unproblematic with respect to the need for demand, that is increasingly responsive to signals of scarcity: Many households have little potential for load-shifting and many smart-grid-functionalities are not dependent on smart meters.

Consumers with enough potential for load-shifts will have strongly diverging environments and diverging conceptions of how and how much they want to be involved in smart metering. For that reason, looking at smart metering from the consumer's perspective means as little regulation as possible, leaving a maximum of opportunity of choice. Deviations from this approach will drive up the costs to be paid for – overequipped – meters and jeopardise the acceptance of smart metering. This in mind we turn to the description of the role of metering operators:

- a) Should be subject to competition and market-based choices.
- b) Interoperability needs to be guaranteed to the point, that any metering operator can operate any meter without prohibitive transaction costs. Highly important for interoperability are agreed and efficient communication processes making cooperation of all market actors possible.

c) The most important stakeholder is the customer. He is the one that needs to decide who can use which extracts of his data for which purposes. Of great importance is, that rules for access to metering data is non-discriminatory especially for suppliers and ESCOs.

Question 7: Do you agree with the above?

The Question refers to:

DSO

Role:

Increasing demand response places new challenges on balancing local grid networks. The DSO must manage these challenges while ensuring that the distribution network does not constrain the development of demand response.

To fulfil this role, the following needs to be in place:

- a) Information on metering values regarding consumption and injection;
- b) A distribution network system capable of dealing with fluctuation in usage resulting from increased demand response; and
- c) A regulatory scheme on how to deal with payment/settlement for micro generation.

a), c) In a liberalized market, the role of the DSO does not include contact to the end-consumer. Flexibility products will be offered by suppliers to end-consumers. Metering values are recorded and processed by the metering operator. The DSO should have no direct access to metering values.

b) We agree.

Question 8: Do you agree with the above?

The Question refers to:

Supplier

Role:

The supplier has the key role in developing innovating pricing formulas that reflect actual consumption, to enable the take-off of demand response.

To fulfil this role, the following needs to be in place:

- a) Timely and easy access to information on customers' metering values regarding consumption and injection;
- b) Timely and easy access to information on wholesale prices;
- c) An interface enabling communication on consumption and data between the customer and supplier;
- d) Capacity to analyse large volume of data quickly; and
- e) A regulatory scheme on how to deal with payment/settlement for micro generation.

a) We agree, subject to authorisation by the consumer.

b) We agree.

c) Subject to the consumer having chosen a product necessitating the transmission of these informations.

d) We agree, but this is only one of the many resources suppliers need to succeed in the market. Therefore there is no need for it to be mentioned when it comes to regulatory issues.

Question 9: Do you agree with the above?

The Question refers to:

ESCOs

Role:

ESCOs offer services and products that will ensure that customers and micro generators can benefit from offers reflecting actual consumption/injection patterns, such as home energy management systems, in home displays, smart appliances, software applications, energy storage devices etc.

To fulfil this role, the following needs to be in place:

- a) Timely and easy access to information on relevant data according to the offer between the customer/micro generator and the supplier;
- b) Access to relevant metering data; and
- c) Possibility to aggregate consumption from different customers in a demand response programme.

a) - c) Since the data belongs to the customers, all information provision is subject to the consumer's consent. However, in case of the consumer's consent, it is important for ESCOs to face non-prohibitive conditions of access to metering data.

Question 10: Do you agree with the above?

The Question refers to:

NRA

Role:

The NRA establishes a regulatory framework that enables demand response, as well as implementing appropriate monitoring measures. The NRA clearly defines stakeholder roles and responsibilities and develops appropriate incentives for relevant stakeholders, including grid tariffs that stimulate energy efficiency, to facilitate implementation of demand response and remove potential barriers.

We agree.

III. Comments on 5.2: Interface with the home

Question 11: Do you agree with the above?

The Question refers to:

Customer

Role:

The customer can use the information available through the gateway to adjust consumption.

To fulfil this role, the following needs to be in place:

a) A means to access to the metering values from the gateway

a) We agree, subject to the consumer's wish established in a contract with his metering operator.

Question 12: Do you agree with the above?

The Question refers to:

Micro generator

Role:

The micro generator can use the information available through the gateway to adjust injection.

To fulfil this role, the following needs to be in place:

a) A means to access to the metering values from the gateway

a) We agree – subject to the micro generator's wish to adjust injection, his or her motivation stemming from incentives offered in the market.

Question 13: Do you agree with the above?

The Question refers to:

Metering operator

Role:

The metering operator is responsible that the meter is equipped with or connected to an open gateway.

To fulfil this role, the following needs to be in place:

a) Open standards for interfaces which enable interoperability two-way communications, so that any stakeholder wanting to connect to a device should not be hindered.

a) We agree, in case this is contractually agreed with the consumer.

Question 14: Do you agree with the above?

The Question refers to:

DSO

Role:

The DSO has no role in this matter unless the DSO is responsible for metering, in which case the role of the metering operator is applicable.

We agree emphatically.

Question 15: Do you agree with the above?

The Question refers to:

Supplier

Role: The supplier develops innovating pricing formulas, enabled by means of easy access to metering values after customer consent.

To fulfil this role, the following needs to be in place:

a) Interfaces which enable interoperability.

We agree in cases in which the consumer has chosen to participate.

Question 16: Do you agree with the above?

The Question refers to:

ESCOs

Role: The ESCOs develop energy management services, by means of easy access to relevant metering values, after customer consent.

To fulfil this role, the following needs to be in place:

a) Interfaces which enable interoperability.

We agree in cases in which the consumer has chosen to participate.

Question 17: Do you agree with the above?

The Question refers to:

NRA

Role:

The NRA monitors the electricity market with special regard to customer confidence, privacy and security.

To fulfil this role, the following needs to be in place:

a) Clearly defined data protection rules applicable for electricity data communication.

In Germany, norms dealing with privacy and security are dealt with not by the NRA but by other bodies responsible for these issues. However the NRA needs to monitor the markets and prevent any discrimination and market distortion from happening. This is a real threat since the whole issue of the smart energy world is perceived by many as an opportunity to redraw market roles and return to vertically integrated structures.

IV. Comments on National point of contact for information on metering data (5.3), Privacy and security (6.) and Conclusions (7.)

Question 18: Is there a need for such a national point of contact?

The Question refers to:

Looking at national, regional and a future European electricity market will present new challenges to meter value management. It is feasible to expect each national electricity market to establish a national point of contact, for example a database or a hub, to which the metering operator transmits relevant metering values, and to which the relevant stakeholder can then turn to in order to get metering data, after customer consent. The role of this contact point would be to receive metering data, store metering data and give access to metering data. This contact point would not be responsible for the metering task itself, as defined under chapter 5.1 under the role of the metering operator.

There is no need for a national point of contact. In large countries like Germany there are also open questions of feasibility. Concentrating essential data in the hand of one stakeholder also bears risks of discrimination, privacy and data security.

Question 19: Which stakeholder should be responsible for this?

The Question refers to:

This point of contact could be managed by the regulator, the TSO or a new stakeholder acting as a neutral market facilitator.

Not applicable. There should be no national point of contact.

Question 20: Do you see a conflict between issues of privacy and security of data with regards to demand response?

The Question refers to:

It should always be the customer who chooses in which way metering data shall be used and by whom, with the exception of metering data required to fulfil regulated duties and within the national market model. The principle should be that the party requesting information shall state what information is needed, with what frequency and will then obtain the customer's approval for this.

Throughout this consultation we have advocated a strong role for the consumer who owns his data and only grants access to other stakeholders on the basis of contractual agreements. This, in combination with established rules on privacy and security of data (that are in need of specification for smart metering systems), prevents the abovementioned conflicts from arising.

Question 21: Do you think that there are any recommendations missing to be able to launch demand response? If so, please formulate and if possible according to the relevant stakeholders.

Closing, we would like to emphasise again, that great scrutiny is in place to prevent patterns of a smart energy world to corrupt rules and roles of the liberalized energy markets. In Germany we clearly witness the rise of this threat.

Berlin, 21 June 2011

Dr. Thies Clausen

Von: MyCEER [webmaster@energy-regulators.eu]

Gesendet: Dienstag, 21. Juni 2011 10:42

An: Dr. Thies Clausen

Betreff: MyCEER - questionnaire update: RMF TF - advice electricity market with smart meters - PC-62-BNEDE-W

Dear user of MyCEER!

The questionnaire **RMF TF - advice electricity market with smart meters** was edited on 2011-06-21 at 10:42:24 CET by the user PC-62-BNEDE-W as follows:

General Information

Details about respondent

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1 Stakeholders

Do you agree to the stakeholders chosen as the focus of CEER?s advice? **Agree**

Please, give your comment (maximum of 100 words): **In Germany, DSOs operate meters. However, it is possible that a third party assumes the role of a metering operator. Both operation of meters and metering-services are supposed to be delivered in a competitive market. This is of increasing importance when it comes to smart metering, where the customer should be able to chose a Meter that best suits his or her purpose in a free and competitive market. For that reason, the CEER-advice must not privilege the role of DSOs.**

2 Definition

Do you agree with CEER?s definition for demand response? **Agree**

Please, give your comment (maximum of 100 words):

3 Market monitoring

Do you see a need for extra measures in this area? **No**

Please, give your commment (maximum of 100 words): **No, not at this point. Only in case there is some indication that Smart Metering leads to com-plaints in numbers or nature that seem to require additional action, measures like the ones described above should be considered.**

4 Customers role regarding offers reflecting actual consumption patterns

Do you agree with the above?

Please, give your comment (maximum of 100 words): We agree that the customer is the key stakeholder when it comes to demand response. Comments on other features of his role as described above: a) There are, at least in Germany, privately run websites supplying reliable price information. From our perspective this is a service that is, can and should be provided privately. b) Subject to the customer actually wanting this information. c) We agree. d) There is no need for cost-driving regulation. The consumer should choose a meter that suits him. e) What is needed to guarantee consumer protection should definitely be done. However, there is no need for more protection than in comparable areas.

5 Micro generators role regarding offers reflecting actual consumption patterns

Do you agree with the above?

Please, give a comment (maximum of 100 words): a) We agree. b) We agree. c) This again should be left to the market: Micro generators can agree with their metering operator on the terms and conditions regarding information provision. d) We agree. e) This again should be left to the market: Micro generators can agree with their metering operator on the terms and conditions regarding information provision.

6 Metering operators role regarding offers reflecting actual consumption patterns

Do you agree with the above? Disagree

Please, give a comment (maximum of 100 words): More on Question 6 in the PDF-Version of our comment. a) Should be subject to competition and market-based choice. b) Interoperability needs to be guaranteed to the point that any metering operator can operate any meter without prohibitive transaction costs. Highly important for interoperability are agreed and efficient communication processes making cooperation of all market actors possible. c) The most important stakeholder is the customer. He is the one that needs to decide who can use which extracts of his data for which purposes. Of great importance is that rules for access to metering data is non-discriminatory especially for suppliers and ESCOs

7 DSOs role regarding offers reflecting actual consumption patterns

Do you agree with the above?

Please, give a comment (maximum of 100 words): a), c) In a liberalized market, the role of the DSO does not include contact to the end-consumer. Flexibility products will be offered by suppliers to end-consumers. Metering values are recorded and processed by the metering operator. The DSO should have no direct access to metering values. b) We agree.

8 Suppliers role regarding offers reflecting actual consumption patterns

Do you agree with the above?

Please, give a comment (maximum of 100 words): a) We agree, subject to authorisation by the consumer. b) We agree. c) Subject to the consumer having chosen a product necessitating the transmission of these informations. d) We agree, but this is only one of the many resources suppliers need to succeed in the market. Therefore there is no need for it to be mentioned when it comes to regulatory issues.

9 ESCOs role regarding offers reflecting actual consumption patterns

Do you agree with the above?

Please, give a comment (maximum of 100 words): a) - c) **Since the data belongs to the customers, all information provision is subject to the consumer's consent. However, in case of the consumer's consent, it is important for ESCOs to face non-prohibitive conditions of access to metering data.**

10 NRAs role regarding offers reflecting actual consumption patterns

Do you agree with the above? Agree

Please, give a comment (maximum of 100 words):

11 Customers role regarding interface with the home

Do you agree with the above?

Please, give a comment (maximum of 100 words): a) We agree, subject to the consumer?s wish established in a contract with his metering operator.

12 Micro generators role regarding Interface with the home

Do you agree with the above?

Please, give a comment (maximum of 100 words): a) We agree ? subject to the micro generator?s wish to adjust injection, his or her motivation stemming from incentives offered in the market.

13 Metering operators role regarding interface with the home

Do you agree with the above?

Please, give a comment (maximum of 100 words): a) We agree, in case this is contractually agreed with the consumer.

14 DSOs role regarding Interface with the home

Do you agree with the above? Agree

Please, give a comment (maximum of 100 words): We agree emphatically.

15 Suppliers role regarding interface with the home

Do you agree with the above?

Please, give a comment (maximum of 100 words): We agree in cases in which the consumer has chosen to participate.

16 ESCOs role regarding interface with the home

Do you agree with the above?

Please, give a comment (maximum of 100 words): We agree in cases in which the consumer has chosen to participate.

17 NRAs role regarding interface with the home

Do you agree with the above?

Please, give a comment (maximum of 100 words): In Germany, norms dealing with privacy and security are dealt with not by the NRA but by other bodies responsible for these issues. However the NRA needs to monitor the markets and prevent any discrimination and market distortion from happening. This is a real threat since the whole issue of the smart energy world is perceived by many as an opportunity to redraw market roles and return to vertically integrated structures.

18 National point of contact (1/2)

Is there a need for such a national point of contract? Disagree

Please, give a comment (maximum of 100 words): There is no need for a national point of contact. In large countries like Germany there are also open questions of feasibility. Concentrating essential data in the hand of one stake-holder also bears risks of discrimination, privacy and data security.

19 National point of contact (2/2)

Which stakeholder should be responsible for this? (maximum of 100 words) Not applicable. There should be no national point of contact.

20 Privacy and security

Answer Throughout this consultation we have advocated a strong role for the consumer who owns his data and only grants access to other stakeholders on the basis of contractual agreements. This, in combination with established rules on privacy and security of data (that are in need of specification for smart metering systems), prevents the abovementioned conflicts from arising.

21 Recommendations missing?

Answer Closing, we would like to emphasise again, that great scrutiny is in place to prevent patterns of a smart energy world to corrupt rules and roles of the liberalized energy markets. In Germany we clearly witness the rise of this threat.

Do you have any relevant documents to upload?

Answer [20110621 bne-comment - CEER Advice Smart Meters - C11-RMF-31-03.pdf](#)

Best regards

Your

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