

ICT FOR ENERGY EFFICIENCY

Towards a Smart Metering Policy

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euro  **gas**
THE EUROPEAN UNION OF THE NATURAL GAS INDUSTRY

Major interlinked goals of EU policy

- competitive gas & electricity markets
- increased security of supply
- 2020 goals – improved energy efficiency, lower CO₂ emissions
 - Natural gas is well positioned to play its full part in a competitive, secure and sustainable energy sector
 - Natural gas is a fuel of choice for energy efficiency & the environment - a clean fuel, a core contributor to the EU energy market, and now with a key role as an enabler for renewables, so reducing external energy dependence and lowering CO₂ emissions

There are key areas in which action to stimulate energy efficiency technologies can be envisaged

- R&D – it is necessary to give greater priority to R&D in energy efficient technologies
- energy efficiency services (in general Eurogas favours market-based practices/incentives rather than regulation)
- encouraging the market in the adoption of new technologies (plant and appliances)
- smart metering has a role to play in facilitating energy efficiency by customers

The immediate feedback of consumption and other information available from smart meters is widely expected to make customers more aware of their consumption and so encourage energy conservation.

In addition, smart metering

- enables real time accurate billing
- can eliminate manual reading and need for estimated bills
- facilitates improvements in customer switching and other operational activities
- has potential to change radically relationships between customer and supplier

The benefits and costs of smart metering should be carefully assessed at Member State level – the 2009 Gas Directive foresees the importance of impact assessments.

At EU level, work is being pursued on technical and functional aspects, with a view to facilitating future standardisation (and this issue will be referred to later in today's programme).

- The economic case for smart meters must be carefully assessed, considering the costs and benefits through the supply chain.
- The business cases for gas and electricity smart meters are likely to be different
- The introduction of smart meters is likely to result in far-reaching changes to retail systems, in particular billing, and to data flows between market participants. It may also have implications for industry processes such as balancing.

Whatever the market model, suppliers have a strong interest in the scope, nature, and cost of the service to be provided by smart meters.

- Gas and electricity suppliers are generally the primary point of contact with customers
- They will need to work closely within smart meter roll-out programmes e.g. on customer communications
- Suppliers will compete to introduce new services to customers, which make use of the new functionalities introduced by smart meters