Commission for Energy Regulation
An Coimisiún um Rialáil Fuinnimh

Press Release

Smart Metering for Irish electricity market

Wednesday 14th March 2007

The Commission for Energy Regulation (CER) has today issued a consultation paper on Smart Metering. Smart meters are sophisticated meters which can replace existing electro-mechanical meters and offer a range of benefits for both the individual electricity customer and for the electricity system in general.

Smart meters contain a display unit which can deliver a range of useful real time information to customers regarding electricity consumption and prices. In particular, the installation of smart metering will allow for ***time-of-use tariffs***. (see note). This is where the price of electricity varies at different times of the day to reflect the changes in the costs of producing electricity. This will allow customers to manage their consumption of electricity in line with price movements and demand patterns.

Smart metering and time of use tariffing can offer the following benefits to customers and the electricity system in general:

- It provides a real incentive to customers to individually manage their use of electricity. This will encourage customers to consume electricity at times when it is less expensive to produce, thereby benefiting the whole electricity system as a result.
- Smart metering allows for the remote reading of meters. Meter readers will no longer be required to visit a customer's premises. The saving will be passed on to customers in the form of lower network charges. Furthermore, all bills will be accurate as there will no longer be a need to estimate bills.
- A key benefit for the electricity system in general will be the significant reduction in theft and losses of electricity. At present the cost of these issues must be recovered from all customers.
- Customer Information: A smart meter will allow for information such as electricity consumption and peak demand to be provided to a customer.
- Micro generation: The introduction of smart metering could allow for the recording of output from micro generators (see note) onto the electricity system. This is not possible at present.

At this point the Commission is reviewing the economic case being made for the introduction of smart metering throughout Ireland.

In principle, the Commission is in favour of introducing smart metering and time-of-use tariffs for all customers in Ireland. Following this consultation, the Commission proposes to develop a pilot project plan to test the feasibility of smart metering and will work with ESB Networks to

critically assess cost estimates and system requirements to support smart meters.

The CER's consultation paper can be found on the CER website (www.cer.ie), latest updates.

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Note to Editors:

Time-of-Use Tariffs: It is most expensive to produce electricity between 5.00 and 7.00 pm. This is because daily peak demand is generally recorded during these hours. This leads to a requirement for the more expensive generation plants (older "peaking" plants) to be run in order to meet the demand. This increases the price of electricity at this time in comparison to night-time when demand can be met by newer, more efficient base-load generation plants.

At present most customers pay a flat rate for electricity throughout the day. The introduction of time-of-use tariffs would allow for electricity to be charged in line with the varying production costs at different times of the day. Through the use of a smart meter, a customer would be able to see the different costs throughout the day and could change an element of their consumption to cheaper times of the day.

Micro generation: An increasing number of customers are installing micro generators into their homes and businesses (e.g. wind turbines and photo-voltaic converters). The output from these micro generators is typically used to reduce the amount of electricity bought in from the Grid. At present there are no estimates of the extent to which micro generators are being installed and the amount of electricity being provided from this source of power. Standard meters cannot measure electricity that is exported from a micro generator onto the electricity networks. The introduction of smart metering would provide a metering solution in that the output from micro generators can be measured.