



EAI Response to CER National Smart Metering
Programme, Steady State Model consultation paper

Electricity Association of Ireland
Retail Working Group



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The Electricity Association of Ireland (EAI) is the trade association for the electricity industry on the island of Ireland, including generation, supply and distribution system operators. It is the local member of Eurelectric, the sector association representing the electricity industry at European level.

EAI aims to contribute to the development of a sustainable and competitive electricity market on the island of Ireland. We believe this will be achieved through cost-reflective pricing and a stable investment environment within a framework of best-practice regulatory governance.



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Introduction

The EAI welcomes the opportunity to respond to the CER's Steady State Model consultation paper. This consultation paper is a key part of the work that is being undertaken in Phase 2 of the National Smart Metering Programme (NSMP). Alongside this paper, we are also responding to the Time of Use Tariffs Mandate consultation paper. In the weeks ahead, the EAI will also provide feedback from its members on the important consultation papers covering the CSI (consumer web interface, smart bill and IHD) and Prepayment.

A feature of the NSMP consultation process is that stakeholders do not have a full picture of the potential outcomes in the different work streams when providing feedback to these important consultation papers. Stakeholders do not have visibility, at this stage, of potential changes in the Programme that may be necessary to ensure that data protection considerations are addressed or that may arise due to other challenges that may occur in the Programme. Due to this uncertainty, the views outlined below are subject to change following material new developments that may emerge from the outcome of future consultation papers and CER decisions.

Key messages EAI Retail Working Group

Members of the EAI will each be providing detailed consultation responses to the Steady State Model paper. From discussion among the suppliers we have outlined below the key messages from the paper that all suppliers are in agreement on:

1. Co-ordination with retail market in Northern Ireland

The EAI is the trade association for the electricity sector on the island of Ireland. We wish to express our disappointment that the approach to the introduction of smart metering is not being considered in a co-ordinated fashion by the regulatory authorities in both jurisdictions.

The drive over recent years has been towards an increasingly harmonised retail market on the island but it is now emerging that the CER is pressing ahead with smart metering at a faster pace than the UR who is adopting a much slower approach. We are now close to the point where we are finalising an approach in ROI that may result in a different methodology in the two jurisdictions. This approach would inevitably lead to increased costs for suppliers and other market participants who are operating in both markets. The approach may also lead to a widening of electricity costs between the two jurisdictions.

2. Overall Model

EAI is broadly in agreement with the elements of the Steady State Model as laid out in the consultation paper. We welcome the recognition of

supplier as owner of the consumer relationship. We acknowledge the roles laid out for other market participants.

The paper describes the Utility HAN and role of a Networks-provided IHD on that HAN. More clarity is required on the bridging between the Utility HAN and Consumer HAN. This is vital to facilitate the emergence of third party IHDs, energy products and smart appliances in the home that allow consumers to enjoy the benefits of real-time prompting for behaviour change without a dependency on suppliers or network operators.

The paper describes a mature state for the energy market following the introduction of smart meters. The inclusion of qualifying criteria that will invoke that end state would be very valuable to avoid the risk of a lengthy transition period. The transition period and the planning around this phase are underdeveloped by the CER and we request that the CER outlines a detailed roadmap for transition so that stakeholders can influence the process. A detailed roadmap will also provide suppliers with a project transition plan that will help them make planning decisions in their own business.

3. Half Hourly Data

EAI welcomes the inclusion of half hourly (HH) consumption data in the Steady State Model. This is a vital element of the model and required by suppliers in advance of the introduction of the Time of Use Mandate. We believe that the half hourly data resonates with the natural granularity of the electricity market, facilitates accurate billing and settlement and strikes the right balance between delivery of new products to consumers and personal privacy.

4. Design Principles

EAI welcomes the inclusion of cost efficiency in the NSMP design principles. We believe that this is an important principle when framing the final decisions of the Programme. We believe that the programme contains elements, in particular the M-IHD, that are overly costly as described. We also welcome the inclusion of consideration for the substantial supplier costs that will be required to implement the NSMP.

Summary and Conclusion

The EAI has commented on items arising in the consultation paper where consensus emerged among its members. The points outlined above are important points for the CER to consider and the Retail Working Group of the EAI considers that the Steady State Model with some refinements forms an agreed basis for proceeding with a national smart meter rollout. We look forward to working with you further through the Smart Metering suppliers' forum and through our responses on the current consultation papers for the CSI and Prepayment work streams.

6th September 2013