The National Smart Metering Programme – Phase 3 Overview

The National Smart Metering Programme (NSMP) is a plan for upgrading how electricity and gas retail markets operate, in order to improve levels of service for all customers. Smart Meters are the next generation of energy meter. Similar to the migration from analogue to digital in communication services, smart meters will replace the traditional electricity and gas meters. Smart meters can provide more frequent information to consumers on how they use energy and therefore eliminate the need to use estimates due to a meter reader not getting access to the meter. Smart meters work by communicating with the consumer and their energy provider, giving a view of actual energy usage. This provision of actual consumption information can deliver benefits such as:

- empowering consumers to reduce their electricity bill by enabling them to shift some electricity usage from (more expensive) peak consumption times;
- informing consumers of their actual usage in electricity and gas therefore allowing them to avoid unnecessary consumption and cost; and
- helping the environment through reducing overall energy production.

The Commission for Energy Regulation, working closely with the Department of Communications Energy and Natural Resources, established the NSMP in 2007. The NSMP is a programme of strategic national importance which will underpin Irish energy policy through the realisation of the five strategic objectives of the programme, namely to:

1. Encourage Energy Efficiency;
2. Facilitate Peak Load Management
3. Support Renewable and Micro Generation
4. Enhance Competition and Improve Consumer Experience
5. Improve Network Services.

The CER is taking a consumer centric approach to the NSMP and the rollout of smart meters with a key focus on the development of consumer policy and services in the areas of Time of Use Tariffs, PAYG services, Customer Protection and Information. The programme will also take account of the particular requirements of different customer groups including vulnerable customers and those in financial hardship.

The NSMP comprises 5 phases as set out below:

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<th>2015</th>
<th>2018</th>
<th>2020</th>
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<tr>
<td>Phase 1</td>
<td>Phase 2</td>
<td>Phase 3</td>
<td>Phase 4</td>
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<td>Trials and CBAs</td>
<td>High Level Design</td>
<td>Detailed Design &amp; Procurement</td>
<td>Build &amp; Test</td>
<td>Deployment</td>
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The aim of the NSMP is a national rollout of smart meters to all residential consumers and the vast majority of SMEs. This programme is in line with the target in European legislation which requires that 80% of residential electricity smart meters have been installed by the end of 2020, subject to a positive CBA, allowing consumers gain better insights into their electricity consumption. The exact timing of the rollout and the approach to the delivery of new customer services will be defined over phase 3 of the programme.

In October 2014, at the end of phase 2, the CER published its high level design for the rollout of smart meters. This note is a guide for customers and interested parties on the CER’s work during phase 3 of the NSMP over 2015 and 2016. For detailed information on the NSMP and the high level design please see www.cer.ie

**Key Phase 3 Activities**

Working closely with network companies, energy suppliers and other stakeholders, the CER will oversee a range of activities during phase 3 of the programme. This work will further define the consumer policy decisions in the high level design and provide the necessary detail to the network companies and suppliers to plan their procurement and build activities. The key activities in phase 3 are; detailed policy definition, market process design and the networks companies’ procurement exercise, defining the approach to consumer engagement and the cost benefit analysis re-run.

1. **Consumer Policy**

There will be a series of consultations and information papers on key areas of smart metering consumer policy during the course of phase 3. These papers build on the decisions made by CER in the high level design in October 2014. The first set of documents is being published today. Those papers are:

- **Policy Implementation Roadmap**

  This paper sets out CER’s proposed approach for developing a ‘roadmap’ for the regulatory changes needed to support the NSMP. It presents some initial thinking, and forms a basis for ongoing development work with industry stakeholders.

- **Managing the Transition to Time of Use Tariffs**

  This consultation considers the approach to the transition to Time of Use Tariffs and seeks views on how policy and regulation can best support that transition. It focuses on how to evaluate the best approach to the transition to Time-of-Use tariffs in the electricity retail market. It also shows some detailed examples of how the approach to Time of Use tariffs could be implemented.

- **Smart Pay As You Go**

  This consultation examines the detailed design of the regulatory framework within which energy suppliers and network companies will deliver Smart Pay As You Go services to consumers, in the context of the high level design. It considers which aspects of the Smart Pay As You Go services may require further policy definition.

These documents represent the first of four planned releases of consumer policy documents by CER over the next 12 months. Through this process CER is seeking to engage with stakeholders to identify and decide upon all the different elements of consumer policy needed to support the delivery of the NSMP. This process will culminate in smart metering policy decisions due to be published in Q2 2016. At this point there will be clarity on when specific smart services will launch.
The planned schedule and scope of these four releases is set out below. Aside from the policy papers mentioned above the CER also plans to progress work in other related areas such as Data Access & Privacy and Information Security during this phase of the programme.

2. Network Led Activities

**Networks Procurement** – the electricity and gas networks companies ESB Networks and Gas Networks Ireland will commence a range of procurement activities to procure the relevant components of the smart metering solution for which they are responsible. This will include the smart meters and a mechanism for remotely interacting with the smart electricity and gas meters.

**Market Processes** - the network companies will lead the detailed design of the market systems changes required to support smart metering. This will detail how new smart metering related data will be passed between the network and supply companies in order that consumers can avail of the new smart services.

3. Consumer Engagement

In phase 3 the CER will commence a programme of work on the approach to consumer engagement for the smart metering programme. For the smart metering programme to be successful it is essential that consumers are informed and empowered to engage with the changes that will take place in electricity and gas markets, and the new services which they can avail of. Phase 3 will see the CER working with stakeholders to determine the best approach to consumer engagement, defining a strategy and roadmap for effective consumer engagement.

4. Cost Benefit Analysis Re-Run

Following the policy and networks work outlined above, the CER will re-run the cost benefit analysis for smart metering in Q3 2016 with revised cost and benefit inputs in advance of any decision to move to Phase 4 of the programme.
**Next Steps**

The CER is keen to engage with all stakeholders on the range of consumer policy and related activities outlined above and would encourage all interested parties to contribute and provide input into the evolving smart metering policy. The closing date for the consultations on Time of Use Tariffs and Smart Pay As You Go Services is close of business on 12 May 2015.

**Further Queries?**

If you have any further queries in relation to the CER’s publications on the Smart Metering publications please contact smartmetering@cer.ie

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