

Smart Metering Programme Office
Commission for Energy Regulation,
The Exchange, Belgard Square North,
Tallaght,
Dublin 24.

22nd January 2016

Electric Ireland response to CER/15/272 – Proposed Decisions on Empowering & Protecting Customers

Electric Ireland's position on the National Smart Metering Programme

Electric Ireland has been a consistent and active participant in the CER's National Smart Metering Programme (NSMP) since its inception, during its Trials and subsequent Design phases. Our customers, employees and systems have participated in the trialling of most of the concepts that have either evolved into decisions by the CER or have been discontinued from the Programme. We believe smart metering is an exciting new technology that can bring benefits to customers and to the market.

However, we don't believe that rolling them out to everybody on a mandatory basis is necessarily the best way for Ireland to proceed. As stated in our previous responses to consultations on the NSMP we are concerned that many customers will not be in a position to avail of the benefits and it will become an additional cost burden on those customers. It might be better to make this technology available to those customers who can benefit from it most, but without making it mandatory for everybody.

While we acknowledge the requirements of the EU Directive in relation to smart metering, the Directive does provide that "*The implementation of those metering systems may be subject to an economic assessment of all the long-term costs and benefits to the market and the individual consumer*". Different EU countries are following different strategies in relation to smart metering. For example, Germany is proposing to roll out smart meters only to those customers that can benefit most. Electric Ireland would favour consideration of a more customer choice approach for Ireland also.

The scale of potential investment in smart metering (various estimates up to €1billion) and the potential impacts on customers are very significant. Before committing to this course, it is critical that we make sure it is the right option for Ireland. We therefore call on the CER to initiate a full review of the overall Smart Metering strategy, in conjunction with all of the industry participants and stakeholders, so that there will be full confidence that whatever model is chosen is right for Ireland. We do not yet have that confidence in the current model. The Cost Benefit Analysis planned for this year provides an opportunity for such a review. It is important that this process is broad enough to consider a range of options, that it is carried out transparently, and that it is a comprehensive new assessment of the costs and benefits of smart metering reflecting the world as it is in 2016 and looking forward, not just a refresh of previous analysis of the world of 2010 or before. We believe that the impact of smart metering on customers needs to be central to that analysis also.

We have outlined some of our concerns with the current smart metering proposal in our response to previous CER NSMP consultations. These concerns include;

- **Mandatory TOU Tariffs:** We believe Ireland is the only EU Country proposing to have mandatory TOU tariffs. We believe it will inevitably lead to winners and losers among customers and will be very divisive.
- **Smart PAYG:** It is also our strong opinion that the Smart PAYG service being mandated by the CER is an inferior service to current market offerings and is heavily reliant on the communications infrastructure being available constantly.

These are specific policy decisions within the programme that we believe should be revisited. However, we also believe that more fundamental questions need to be considered about whether a universal roll-out of smart meters, with the associated costs and risks involved, is the right option for Ireland and for Irish energy consumers. Are there other ways of achieving the objectives of the NSNP in terms of energy efficiency etc., without incurring this level of cost (which will be borne by customers), potential customer disruption and agitation, and risk to the reputation of the industry?

Response to the Proposed Decisions on Empowering & Protecting Customers

Electric Ireland welcome the opportunity to respond to the Empowering & Protecting Customers proposed decision paper which sets out a range of decisions relating to how best to support and protect customers, given the types of new services being introduced with smart meters and the changes that implies for the customer experience and have set out our response to the CER's questions below.

Q1 – Do you have any views on the CER's Proposed Decision to clarify policy on the Harmonised Downloadable File (HDF) to ensure that updates are incorporated (and hence made available to interested customers) in a timely manner, and frequently?

Electric Ireland supports the clarification on minimum timing/ Service Level Agreement for HDF provision by Networks and Suppliers to customers that the CER has set out in its proposed decision. However we request that the CER stipulate that this requirement should be driven by customer demand / refresh request in the final decision wording. For example only a selection of customers may require an updated HDF on any given day and only those files should be required to be refreshed. We strongly feel that this should be an on demand service to ensure efficiency of system use. There should not be a requirement put on suppliers to automatically update every customers HDF every 24 hours if it is not sought by the customer.

Q2 - Do you have any views on the CER's Proposed Decision for minimum standards for the provision by Suppliers of "at a glance" information to residential customers, to complement the Smart Bill and Energy Statement, and access to a Harmonised Downloadable File (HDF) of their consumption data?

Like all other Programme participants, Electric Ireland's historical opinion has been that there are better, more efficient, future proofed solutions available to present this information to customers than the Mandated IHD that was decided upon in October 2014. We therefore welcomed the move in the CER's previous consultation paper on the mandated IHD and the exploration of alternative options for information presentation in the customers home.

However, it is our view that the proposed decision has evolved from the options set out in the previous consultation paper to a less efficient use of programme budget and resources. The proposed decision puts demands on multiple stakeholders to deliver an IHD to the end user. For example Suppliers are required to develop, procure and deliver both a real time information solution and an IHD free of charge to customers depending on their requirements. It also requires ESB Networks to be able to offer customers an IHD free of charge should it be requested and charge this to the Supplier. The CER is aware that the commercial reality is that all Supplier costs are ultimately borne by customers so customers will pay for the IHD one way or another. If there is not a direct charge to the customers who request it, it will be recovered indirectly through tariffs. Moving the obligation from Networks to Suppliers does not remove the cost burden from the industry or from customers. The NSMP should be very upfront with customers in relation to the costs that will arise from Smart Metering, and not attempt to create an impression of a “free” service when there is an underlying cost involved.

Electric Ireland welcomes the proposed decision that Suppliers can fulfil the information provision obligation by providing Day +1 information to customers in the home via an app etc. We would ask the CER to clarify, as it has done in industry stakeholder workshops, that Suppliers discharge this obligation with Day +1 information in its decision wording. However it has been Electric Irelands historical position that any mandated device or service used to present energy usage information in the home be funded by the Programme. If the CER moves the mandated service provision from Networks to Suppliers there will be a high negative impact on Suppliers CBA inputs for the NSMP.

It is our strong view that if any customer requests an IHD that this device should be provided by ESB Networks. A single NSMP procurement and support of IHD's is a much more efficient resource utilisation than to mandate all Suppliers to individually acquire and install devices for customers who either can not have or do not want a Day +1 information service to their home. In addition if a customer moves Supplier several times there will be a proliferation of devices in the market not to mention waste of funds. We have already seen evidence of this in the UK. If ESB Networks provide the IHD to the customer they can maintain the device if they switch Supplier. To further ensure the efficient use of Programme budget we recommend that there

should be strict eligibility criteria for customers to be able to request and be provided with an IHD, essentially these criteria should be designed so that only those who truly cannot use the other channels open to them would be eligible to get an IHD / ambient device. If customers have access to broadband, 3G etc. they should not be able to also request an IHD/ambient device free of charge.

It is Electric Ireland's opinion that the CER's decision on Time of Use tariffs has evolved in such a way that the CER needs to review the October 2014 decision paper on the minimum requirements for the MIHD that ESB Networks are required to procure. The likely manual process of inputting cost information is not a positive customer experience, even more so now, as the proposed Standard Time of Use tariff will have an option of three peaks, two types of days per week and two seasonal pricing options. We strongly feel that a much more efficient solution would be to change the MIHD requirement to provide ambient feedback based on consumption. This would give customers an immediate indication of their usage. This information coupled with a customer engagement process regarding their TOU tariff and its time bands would be adequate for the customer to manage their usage, should they insist on an IHD. This could be used by any customer on any tariff with any Supplier. We urge the CER to revisit the MIHD requirements in light of their TOU tariff decision paper.

Electric Ireland would like to repeat its strong opinion that a Supplier Protocol for accessing the Utility HAN needs be developed by the NSMP. This should address standards, pairing processes for multiple devices and services, dual fuel implications and other questions that have been raised by NSMP participants on this issue.

Electric Ireland would also ask the CER to reconsider the inclusion of 'all householders' in the final decision wording (see below) due to possible data protection issues in shared premises.

4. The service shall:

- a. Provide immediate, engaging information on energy consumption and cost

to all household members derived from the customer's own data;

Q3 - Do you have any views on the CER's Proposed Decisions on the need to amend and augment the rules on the presentation of tariff information, consequent to the introduction of Time-of-Use Tariffs?

Electric Ireland supports the CER's views on the need to augment the rules on the presentation of tariff information for Suppliers **Standard Time of Use tariffs only and for a specified period of time, for example 2 years**, while customers get accustomed to and educated about Time-of-Use tariffs. It is likely that customers will need additional support to navigate Time-of-Use tariff choices, and as an industry we also need to ensure that data used in quotes and comparisons provided to customers are fair and accurate. Suppliers Standard Time-of-Use tariffs will be of a similar structure which will allow for an ease of comparison.

However it is likely that non standard TOU tariffs which may be part of bundled products tailored to customers requirements will not fit to an industry standard template. It is Electric Ireland's opinion that the CER has put in place adequate protections for these customers in its decision paper on TOU tariffs where it states that the following must take place before alternative tariffs are offered to customers :

- i. Proportionate screening by the Supplier offering the tariff of customers for suitability;
- ii. Accessible, relevant information that a customer screened as suitable might reasonably require to manage their electricity consumption efficiently under the tariff; and
- iii. A level of automation (provided by the Supplier, the customer or a third party) that a customer screened as suitable might reasonably require to enable their electricity consumption to be managed efficiently under the tariff.

We would therefore seek clarity in the wording of the CER decision regarding application to Standard Time of Use Tariffs only and for a specified period of time.

Q4 - Do you have any views on the options set out in section 3.3.4 for giving practical effect to the concept of simple labels and standard metrics to enable customers to understand and compare Time-of-Use tariffs more easily?

As set out in our response to question 3 Electric Ireland see's merit in using these templates to present information and compare Standard Time of Use tariffs but it will not be a suitable tool for other tariffs. For presentation of Standard Time of Use Tariffs we see merit with elements of the guidelines such as the Annualised Cost Estimate, customer details and , seasonal and type of day rate information however other elements such as tariff name inclusion should be at the discretion of the Supplier. We would feel that to facilitate transparency in cost comparison that there should be a further/more detailed breakdown of the charges that do not vary by usage.

To avoid customer confusion Electric Ireland recommend that the CER should agree an 'Average customer usage' so that the same consumption is used by all suppliers for Standard Time of Use tariff comparison or as an alternative the customer should be able to customise the comparison using their actual usage. If this is not implemented comparisons loose any value.

We would ask the CER to confirm that Universal Design has been consulted and applied to the proposed template.

Q5 - Do you have any views on the CER's Proposed Decision to amend the disconnection process in order to maintain comparable levels of customer protection in the context of disconnection (and reconnection) not requiring a site visit in order to undertake physical works following the rollout of smart meters?

Electric Ireland recognise that with the advent of smart metering there may be additional customer protections required however we strongly feel that a robust and effective customer engagement and education plan can mitigate the risks of new services such as remote disconnections.

The proposed decision for this process is set out below;

3. The ESN or GNI site visit to undertake the works necessary to disconnect or isolate a supply shall be replaced with the following procedure in circumstances where a smart meter is installed and in operation, and hence remote disconnection is technically feasible:

- a. A Supplier shall take reasonable and effective steps to speak directly with the customer not more than [48] hours before the disconnection is to take effect;
- b. The purpose of this is to establish to a satisfactory level that (a) the customer is aware of what is happening, and (b) there are no extenuating circumstances that, had they been observed, might make disconnection inappropriate,
- c. If a Supplier has been unable to speak directly with the customer, then a site visit shall be undertaken by ESN or GNI, as appropriate, on the day of the disconnection and before the disconnection occurs.

It is Electric Ireland's opinion that the proposed decision on this process is a retrograde step in the implementation of this smart meter functionality. We understand that the CER will have concerns regarding vulnerable customers, who have not identified themselves as vulnerable to their supplier, being remotely disconnected. However it is important to remember that every customer that is at this stage in the collections process has received four points of contact by their Supplier and if they are vulnerable would have been identified as such and placed on a Vulnerability register. Therefore it is extremely unlikely that customers with extenuating circumstances could be disconnected, Electric Ireland have looked at the practicalities of implementing this process which will involve calling a customer to establish that they are aware of what is happening (when they have been through a dunning process to establish this already). We find it inefficient and are unsure how we will advise the Networks company that a call has/has not been made and of a satisfactory/unsatisfactory result. It is also likely that an awareness will be built in communities that by avoiding a call a householder can avoid remote disconnection.

If the CER is not satisfied with the current vulnerability protections that are in place we would suggest that similar protections to those set out the CER's decision on Smart PAYG prior to disconnection be put in place. i.e. a disconnection warning message to a pre agreed channel 21 hours before disconnection and a disconnection message on the morning of the disconnection. This could also be sent to a person nominated by the account holder.

Alternatively, instead of remotely disconnecting a customer for non payment, a Supplier could change the customer status to Smart PAYG and allow the customer to vend and manage their current electricity costs while allocating a proportion of each vend to reduce their outstanding debt.

Q6 - Do you have any views on the CER's Proposed Decision not to develop more extensive changes to the framework of regulation and access to data for third party intermediaries at this stage – but to keep to issue under review as party of it wider work programme on Retail Policy?

Electric Ireland supports the CER's views on data access for 3rd party intermediaries and we would repeat our historical opinion that it is the customers data and they may send it to whom they wish.

Q7- Do you have any views on the CER's Proposed Decision on different forms of NSMP participation, and the role of policy in respect of customers who do not participate fully?

It is Electric Ireland's opinion that the CER needs to ensure that policy settings are such that the consequences for individual customers of less than full participation are reasonable and proportionate. For example it would be assumed that a customer benefit of having a smart meter is that their meter will be read remotely and that they will no longer have to pay the Networks companies charges to come and read their meter i.e. their standing charges will be reduced, and a customer who refuses a smart meter due to non technical reasons would not see this decrease. This logic would also mean that while those customers that refuse a smart meter will incur meter reading charges they should not incur the cost of the meter replacement. However the CER proposed decision seems to imply that a customers' networks charges will

not reduce if they have a smart meter and they will increase if they don't for non technical reasons. This will be a difficult message for the CER to explain to customers. It is Electric Ireland's opinion that customer choice in accepting/rejecting a smart meter should be accommodated and that an Opt out model be adopted by the NSMP. As we have stated previously the CER needs to ensure that policy settings are such that the consequences for individual customers of less than full participation are reasonable and proportionate.

In looking at the practical implementation of this policy Electric Ireland would question how Suppliers will be notified of additional surcharges or reduced charges that will need applied to customers bills?, how will charges be calculated?, how will technical and non technical cases be differentiated (current proposed market process applies the same MCC code to both)

Regarding data provision options we would clarify that while the proposed decision states that Smart PAYG may not be available to customers who opt out of data provision the fact is that they will not be able to avail of the service because the Supplier will not have adequate data to provide this service. Electric Ireland would also ask the CER to clarify in its decision paper that while a customers data preference is enduring it will be linked to tariff and service choice for a contracted period and cannot be changed mid contract.