



Brussels, 13.11.2009

TO THE MEMBERS OF THE TASK FORCE FOR SMART GRIDS

Subject: Meeting minutes from the 1st meeting of the Steering Committee of the Task Force for Smart Grids

The first meeting of the Steering Committee of the Task Force on smart grids took place on 11 November 2009. The Steering Committee will guide the work of the Task Force and consists of representatives of the Commission, ERGEG, and industry associations. For the list of participants see Annex 1.

Main conclusions:

1. The invited associations that form the Steering Committee welcome the establishment of the Task Force and agree that (lack of harmonised) regulation is a bottleneck to the realisation of smart grids. The mission was discussed and the Steering Committee members are invited to send their comments in the form of concise bullet points by the 23rd of November. The contributions will be used as input for the draft vision and work programme.
2. The Steering Committee agreed to establish 3 Expert Groups; 1) Functionalities of Smart Meters; 2) Regulatory recommendations for data safety, data handling and data protection; and 3) Roles and responsibilities of actors involved in the Smart Grids deployment. The participation of Steering Committee members in the WGs was discussed, as well as the chairmanship. Steering Committee members will communicate to the Commission their interest in participation in the different Expert Groups. The Steering Committee agreed that all Groups should be chaired by members that are the most neutral.
3. The Commission will distribute a vision and work programme, as well as a proposal for the composition and chairmanship of the Expert Groups, to the Steering Committee in advance of the next meeting, that will take place on 16 December in the afternoon.
4. The Steering Committee agreed to meet every two months, and agree on dates for these meetings at the next meeting.

1. Goal and set-up of the Task Force

The implementation of a more active transmission and distribution systems through deployment of the Smart Grids is central to the three goals of the European energy policy, namely combatting climate change, establishing an internal market, and ensuring supply.

The European Commission established a Task Force to advise the Commission on policy and regulatory directions at European level and coordinate first steps towards the implementation of Smart Grids. The Task Force's goal is to identify regulatory actions to make smart grids happen.

The Task Force is set up following discussions in various Forums, such as the Citizens Energy Forum of London and the Bucharest Energy Forum on energy efficiency and renewable energy sources, and combines all regulatory efforts with respect to smart grids. The Task Force is chaired by the Director of the European Commission's DG TREN directorate C.

In practical terms, the Task Force will take stock of the technology visions and recent developments, working closely with other related work on smart grids, such as European Technology Platform, Smart Grids Forum and European Electricity Grids Initiative (EEGI). The Task Force is established for the duration of 20 months. The Task Force activities are to be guided by the Steering Committee composed of the main stakeholders (currently 16 Europe-wide associations, regulators and market actors), and Expert Groups will be set up to elaborate specific issues.

2. Summary of the comments on the mission

Representatives of 16 Europe-wide associations working actively with the development and deployment of the Smart Grids and representatives of 6 DGs took part in the discussion. Below an overview of the comments is presented.

Focus of the Task Force

All participants agreed on the Task Force focus on the internal market and regulatory aspects. However, the creation of export market through the development of Smart Grid/Metering standards should not be neglected and reflected in the activities of the Expert Groups. The new rules should respect the Directive on Better Regulation, and should be a light-touch Regulation. Among core issues for the task Force is the contribution to standardisation, primarily on smart metering and related communication infrastructure as well as on the functionalities and services that Smart Grids are expected to deliver to all the network users. Past and ongoing work of CENELEC on standardisation, as well as international standardisation work, should be taken into account. In this line, it was remarked that standardisation should not only address meters or grids, but also the connection of meters to grids.

Other comments regarding the focus stated that the following should also be addressed:

- intelligence in the networks, in particular in the communication between TSOs and DSOs;
- rules or standards on payment flows and clearing house requirements;
- roll-out of smart meters;

- policy to ensure that the investments are made;
- avoidance of stranded costs;
- how to incorporate new technologies and not exclude them through (too) detailed rules;
- how to ensure effective participation of consumers;
- the creation of a market model for smart grids (that should build on the experience with the creation of a market model as being prepared in the framework of the Florence Forum);
- coordination and information exchange with other smart grids initiatives elsewhere in the world concerning best practices on policy, regulatory and standards issues .

Quantification of the future investment need

Several participants expressed the need for an assessment of how much investment will be needed for the transition towards the Smart Grid, and to analyse criteria to assess if a transition from the current network to a smart grid is justified.

It was concluded however that such work has already been done and has led to the conclusion that smart grids are needed. The Steering Committee agreed that a brief overview of the conclusions of such studies shall be incorporated in the vision and work programme to be distributed, such as the information from the Electra report¹ and the SET-plan².

Costs and benefits of smart grids

Members of the Steering Committee agreed that the Task Force will need to ensure in its work that the benefits of smart grids are transferred to society. Smart grids will impact consumer lifestyle and consumer's views and possibilities to benefit from smart grids is an issue that needs attention in all activities of the Task Force.

Benefits should not only address consumers but also grid operations and safety, as smart grids and the envisaged stimulation to distributed generation is also beneficial to the ability to manage large scale centralised fluctuating generation, such as wind.

Functionalities of the Smart Meters

The Steering Committee agreed that as a basis for all work on smart grids, an agreement on the minimum functionalities of smart meters is needed. It was suggested to come up with a definition of a smart meter that would define these minimum functionalities, and possibly a common communication protocol, as a priority in the work of the Task Force. For the implementation of smart meters, Member States may undertake a Cost-Benefit Analysis. To make such analysis valuable and comparable a common definition is needed. ERGEG informed that it is about to finalise in December its position paper on minimum requirements for the Smart Grids. The paper also looks at possible regulatory challenges for its implementation.

¹http://ec.europa.eu/enterprise/sectors/electrical/documents/electra_comm/electra_comm_2009_0594_en.pdf

²http://ec.europa.eu/energy/technology/set_plan/doc/2009_comm_investing_development_low_carbon_technologies_en.pdf

DSO Club pointed out that Smart Grids are a broader concept that includes Smart Meters, but Smart Grids development needs to be undertaken in parallel with Smart Meters implementation.

Consumer participation/data privacy

The BEUC appreciated very much of being invited to the meeting. It is important to address the data privacy issues (several references made to the "NL case") as extensively as possible as these issues will be at the heart of the Smart Grids deployment.

3. Establishment of Expert Groups

The European Commission proposed to establish as soon as possible three working groups that would elaborate the (urgent) tasks identified. These Expert Groups should reflect the regulatory issues and therefore are proposed as follows:

- 1) Functionalities of Smart Meters;
- 2) Regulatory recommendations for data safety, data handling and data protection;
- 3) Roles and responsibilities of actors involved in the Smart Grids deployment.

Compared to the 5 tasks in the mission, the Commission stated that task 1 is the general outline that should be addressed in the vision and work programme, whereas task 5 with respect to funding and investment is included in Expert Group 3.

Participation and chairmanship in the Groups was discussed, all participants will communicate their interest to participate to the Commission by 23rd November. The Commission will chair Expert Group 3. ERGEG was invited to chair the 2nd Expert Group and will check this internally.

Regarding these Expert Groups, the following was noted:

- CENELEC proposed to present an overview of the standardisation work that is relevant for smart grids, as an input to the work of Expert Group 1;
- Network safety and safety of Distributed Generation is addressed in Expert Group 3;
- Standardisation is needed both for communication and connection to the grid;
- The work of Expert Group 1 is the priority as work in other groups depends on it; as a first step, ERGEG proposed to identify the services that Smart Grids are expected to deliver to the different network users and customers;
- To come to a definition, an analysis is needed of what services need to be provided through a smart meter;

Expert Group 2 should take into account the EU rules on data protection.

The Steering Committee agreed that these 3 Groups are good to start with, but that it is possible and even likely that new Expert Groups will be formed as new issues will be found or some issues need special attention.

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