



Brussels, 19 September 2012

TO THE MEMBERS OF THE TASK FORCE FOR SMART GRIDS

Subject: Meeting minutes from the 13th meeting of the Steering Committee of the Task Force for Smart Grids

The 13th meeting of the Steering Committee (SC) of the Task Force on Smart Grids took place on 19 September 2012, from 14:00 to 17:00, at the Conference Centre Albert Borschette.

Main Conclusion:

The four Expert Groups reported on the work achieved and their planning for the coming period. The work is progressing in line with the expected tasks for 2012.

Planning: Next SC meeting – 29 November 2012, from 14:00 to 17:30

The meeting was opened by Mr Vinois.

A copy of the list of participants in this meeting is enclosed.

1. Approval of Meeting Agenda and of the Minutes of the 12th SC SG TF meeting

The proposed agenda was approved with no modifications. The minutes of the last meeting distributed to the SC members were adopted with no changes. All actions from the last meeting were completed.

2. EG1 - Reference Group for Smart Grid Standards: Deliverables and initial Programme of Work for 2013-2014. Presentations by CEN/CENELEC/ ETSI (Dr. Ralph Sproer) and the Commission (Mr Manuel Sánchez, DG ENER).

Mr. Vinois introduced the first speaker, Mr. Ralph Sproer, chairman of the Smarts Grids Coordination Group (SGCG) for the Commission mandate M/490.

Mr. Sproer started his presentation by giving a brief background on the scope of the SGCG. The Group was formed by the three European Standardisation Organizations (ESOs) CEN, CENELEC and ETSI, approximately 40-50 organizations are participating. Main tasks include the coordination and manage of the whole work progress concerning the smart grid mandate, and to keep and drive contact to other regional and international activities.

Originally joint work of the ESOs began in May 2010 in order to come up with a status report. The report was delivered in mid-2011 and included several recommendations for further development of technical standards.

The group received a mandate from the commission (M/490) and transformed into the SGCG. The M/490 was accepted by the ESOs in June 2011 with a scope of developing reference architecture for Smart Grids, delivering a first set of standards (FSS) and sustainable standardization processes by the end of 2012.

Mr Sproer explained the structure of SGCG, in which approximately 200 experts are participating. The context of deliverables was briefly explained, will include among else a list of mature standards and recommendations on how to close the gaps in standards. At the 1st of October the SGCG will deliver the draft report on FSS. As explained the FSS support the implementation of Smart Grids and cover interoperability issues.

Regarding the work programme for standardisation, Mr Sproer said that opening of a new work item must stick to existing rules, take advice from technical committees and use dashboards into individual gaps. As explained dashboards is a tool of monitoring and manage gaps.

The mandate covers also the definition of the Smart Grids reference architecture to bring together IT and energy attributes of the Smart Grids. Purpose is to come up with a model in different layers which will hierarchize the different systems according to functionalities and business models that need to be satisfied.

In concluding Mr Sproer proposed the extension of the mandate for two more years. The extended work programme is being discussed with the Commission under the EG1 and should be ready for adoption in November.

On a question from ENTSO-E if SGCG is confronting demand response in a coherent manner and if the set of standards contradict with other regulations, Mr Sproer replied that the grid code has a major influence on the work undertaken by the SGCG, also R&D and pilot programmes as well as regulatory practices may call for adaptation, but the largest part of standards are in the same side.

Mr Sanchez announced that that on 24th of January the Commission will be organizing a conference and briefly described the topics that will be covered, i.e. achievements under mandates for standards on smart grids, smart meters and chargers of electric vehicles. He invited the Steering Committee members to participate and disseminate the date to their partners. A draft agenda will be distributed in October and the registration will be opened in November.

Mr Vinois concluded that the initial targets of the mandate seems to be deliver by the end of the year and thanked SGCG for the work undertaken so far. The SC took note and supported Mr Sproer's proposal for an extension of the mandate. Final proposal will be submitted at the next SC meeting for formal adoption.

3. EG2 – Expert group for Regulatory Recommendations for Privacy, Data Protection and Cyber-Security in the Smart Grid Environment: (a) Proposal for a Regulation on the protection of individuals with regard to the processing of personal data and on the free movement of such data, and (b) DPIA template. Presentations by the Commission (Mr Laurent Beslay, JRC – Mr Nicolas Dubois, DG JUST).

Mr Dubois gave a brief report on the key issues of the Data Protection Reform package, proposed by the Commission in January 2012. The reform package consists of a

Regulation and a Directive, which aim to update Directive 95/46 which was adopted before the widespread use of internet. The proposed Directive focuses on the police and justice sectors, so it is the Regulation that is of main interest for EG2. The choice of a Regulation as preferred legislative instrument will allow the harmonization of data protection rules across the EU. This will represent a huge improvement for individuals and companies, compared to the previously fragmented state of implementation of Directive 95/46. Mr Dubois explained the challenges that have to be met such as not to prevent companies from collecting data, but instead control the collection process from a data protection point of view. The main changes introduced by the Regulation are the following: some burdens of proof making it easier for individuals to exercise their rights will be pushed from the individual to the industry, introduction of the notion of data portability, of the right to be forgotten, of industry-wide codes of conducts and of data protection impact assessments (article 33). The current provisions are of course subject to possible further modifications throughout the negotiation process of the Regulation.

Ensuring the transition between the two presentations, Mr Sanchez underlined that the Recommendation on smart metering roll-out was clearly streamlined with DG JUST's data protection reform package, namely with regard to the definitions, the concept of privacy by design and privacy by default, the best available techniques, DPIAs, data security and the obligations of the data controller. He also highlighted the strong spirit of collaboration between both DGs in this process.

Mr Beslay presented the work undertaken within 2012 by EG2. The last EG2 meeting took place in Ispra at the JRC premises from 25 to 26 June. The next meeting is scheduled on 20 September in DG JUST premises. It is probable that one last EG2 meeting will be necessary and will then be scheduled for end of October. Deliverables for 2012 include: (a) Data Protection Impact Assessment (DPIA) template, (b) Cyber-security (BATs for smart metering and smart grids, and evaluation of available methodologies for a trustworthy network). The relevance of the Recommendation C(2012)1342 with the areas of work covered by EG2 was presented. Mr Beslay explained the DPIA template structure which must not be viewed as a "check-list", but really aims to trigger a true assessment process. During WS2 (25-26 of June) the DPIA was presented and discussed among members of the Group. There were also presentations on cyber-security issues and a visit of the JRC Experimental Platform for Internet Contingencies (EPIC). Furthermore, there was a discussion and identification of BATs, for the 10 common minimum functional requirements.

The participants were also informed about the agenda of WS3 and next steps of work in EG2. By end of November a validation of the final version of the DPIA template is envisaged and in December a formal consultation of the WP29 on the final version of the DPIA template will be launched, with expectations for final approval of the template at the plenary session of Article 29 WP end of January. An adoption of a report on available methodologies for a trustworthy network for sharing vulnerabilities and threats analysis and a report on BATs for the 10 common minimum functional requirements is foreseen for January 2013.

Mr Vinois encouraged members to provide more input to the cyber-security assessment framework. He also informed the participants of the possible implementation of the DPIA template through a Recommendation in 2013. Mr. Dubois from DG JUST welcomed this possibility providing it does not negatively affect the negotiation of the reform package and noted that a Recommendation would be a useful tool.

4. EG3 – Expert group for Regulatory Recommendations for Smart Grids Deployment: Progress and next steps for the definition of the market models and

regulatory recommendations. Presentation by the Commission (Mr Manuel Sánchez, DG ENER).

Mr Sánchez informed the participants that in the 4th EG3 meeting (18th of September), it was concluded that EG3 will further refine the descriptions of the proposed "models" considering the running of key processes and ensuring minimum harmonisation and quality in the final EG3 report in 2012. It was confirmed once again that there is no single model fitting all and, defining one reference model will be an impossible task given the different starting energy market conditions in the Member States and the inherent complexity of the issue.

Key deliverables of EG3 were reminded, namely the definition of a few reference models as options for viable business models and examine the potential implications for the regulatory framework.

Mr Sánchez explained in brief the different business models which include the Business As Usual model (BAU) and three other models,

- DSO as a market facilitator: DSO is responsible for collection and share of data.
- Data Hub operated by a third party: New Data Facilitator to access control and integration of sharing data.
- Data Access Point Manager (DAM): New parties for distribution, transaction, providing services.

Regarding the outcomes of EG3, a contribution to the Communication on the Internal Energy Market on some reflections about these models and the needs to develop a deeper analysis with Member States is expected. Also, a contribution to the London Forum in mid-November has been planned, in order to achieve consensus among different actors on potential market models. The aim is to create a specific Working Group within London Forum ensuring the continuation of these activities.

A final report with the main Group's findings will be issued by end 2012 and will include a description of BAU model and the three models, focus on advantages and issues related to the consumers, technical and regulatory implications, while it will investigate financial implications and include recommendations for regulatory incentives for the implementation of the models. A draft report will be ready by end November, with the final report to be envisaged for end December.

CEDEC pointed out that reference models have to foster deployment of smart grids and not necessarily also smart metering and this should be appropriately reflected in the respective deliverable.

EDSO commented that a more simplified analysis on different models and a more thorough analysis of the potential benefits for consumers may be required. Mr Sánchez replied that the Group is working on defining in a more detail way which are the potential benefits/issues and on a "didactic" description of the market models for the London Forum. Also an effort is being made to control the complexity of different models.

Other questions and comments were grouped as following: EURELECTRIC commented that the DSO model could provide the most benefits for the consumer and the market. CEER commented that the key deliverables are not a goal itself, but must be part of a broader vision of how to better empower consumer and provide him with reliable energy services. CONSUMERFOCUS stressed that it is important not to simply identify benefits for the consumer but to also discuss the challenges to ensure the consumer engagement.

In replying, Mr Sánchez noted that there are no model better than other till the analysis is concluded by the end of the year. He explained that an effort is being made to provide best practices and identify which country is closer to which model. Furthermore, he pointed out that smart meters are not a goal itself but an element to be used to in the process, but reminder that the formulation had already been agreed in the Work Programme back in February. Finally, he clarifies that the "models" represent the way in which information will be disclosed and thus, how services will be available to the consumers.

Mr Vinois called the participants to provide more input in the EG3 in order to clear possible misunderstandings. The aim is to have an open discussion in London Forum regarding the issue of business models, the outcome of which will be communicated to the Steering Committee in the next meeting at the end of November.

5. EG4 – Expert Group for Smart Grid Infrastructure Deployment. Presentations by the Commission (Mrs Marija Mrdeza, DG ENER - Mrs Stantcheva, DG CNECT - Mr Giordano Vincenzo, DG JRC)

The basis for the work performed under this Expert Group is the proposals for Regulation on guidelines for Trans-European Energy Infrastructure (COM (2011)658), and for Trans-European Telecommunications Networks (COM (2011)657).

Mr Vinois updated the Steering Committee on the status of the negotiations of the Regulation on guidelines for Trans-European Energy Infrastructure (COM (2011)658), The Industry, Research and Energy (ITRE) Committee of the European Parliament voted on the amendments proposed by its members and adopted, on 18 September, its first reading report for the energy Regulation guidelines. This is the basis for the first trialogue meeting with the European Commission and the Council scheduled on 15 October. It is expected that the regulation will enter into force in 2013., allowing for a smooth adoption of the first list of energy Projects of Common Interest (PCIs) by mid-2013. Concerning the Connecting Europe Facility, the umbrella programme to award funding to the respective PCIs, the very first debate was held also on 18 September at the ITRE and TRAN (transport and Tourism) Committees.

Mr Vinois noted that the regulations are still subject to a trialogue, and the Institutional process is not yet completed. The coming weeks will bring more clarity on the criteria Mr Vinois stressed that the work needs to be done by the EG4 as it is important to see what kind of projects are coming out of this process with the specific criteria in place. He also encouraged the participants to come forward within the indicated deadline of 30th of September with their proposals for energy Projects of Common Interest.

Mrs Mrdeza presented the overall deliverables of EG4 for 2012:

- Identify a first preliminary list of projects by end of 2012.
- Union-wide list to be adopted after Regulation enters into force, in line with modifications of the draft Regulation.

All milestones of the process during 2012 were presented. A call for project proposals - Request for Information - is published online with an extended deadline of 30/09/2012 as requested by potential proposers. This is the cut-off date for submission of project information under the draft energy regulation in order to be considered in the first list of Projects of Common Interest, and later in the first Union-wide list. A PCI list for the High Level Steering Group is envisaged by the end of 2012.

A brief analysis on the evaluation criteria for Smart Grid projects was given. As explained, evaluation criteria are laid down in the proposal on Guidelines for Trans-European Energy Infrastructure (COM(2012)658) and include minimum technical requirements, policy objectives (functions and criteria) and key performance indicators.

Mrs Stantcheva presented the CEF implementation stream of PCIs under COM(2011)657. She briefly explained the different types of projects of common interest which include broadband infrastructure, digital services (smart energy services) and combination of both..

Mr Giordano presented the recent developments with respect to the JRC database of smart grid projects namely the set-up of an on-line visualization platform, showing the main information of collected projects and a revised on-line form for collecting such information. The database will serve as one repository for different users on a European and international level. Till the cut-off date of 31 July 2012 for submission updated information on smart grid projects was collected. Seventy eight new projects were received, bringing the total number of projects in the catalogue to around 300. JRC is now processing all the received information and intends to publish jointly with the Directorate for Energy a new report in January/February 2013 revising their 2011 report on the inventory of Smart Grid projects in Europe.

Information on smart metering projects will be assessed separately possibly at aggregated national level. ESMIG offered to forward to JRC their recent report on smart metering roll-outs. In view also of the discussions at the next London Forum on this subject, EDSO informed the Members that an FP7 project "METER ON" networking of national R&D and demonstration projects on smart metering infrastructure and data processing, that kicked-off in July 2012, will be ready to provide related input.

Replying to a question on whether Member States must notify the Commission on their smart metering plans, Mr. Sanchez clarified that the Electricity Directive 2009/72/EC¹ and Gas Directive 2009/73/EC² do not oblige the Member States to report to the European Commission their economic assessment of the long term costs and benefits (CBA) or outcomes for the roll-out of smart metering systems, but to undertake such an assessment by 3 September 2012. The Commission is, however, monitoring the exercise in an informal manner and in close collaboration with the Member States and will proceed with a comparative evaluation of the respective CBAs and the Member States' roll-out plans. The aim is to assure an aligned approach as regards the methodology of assessing costs and benefits.

6. Any Other Business & Closing Remarks.

Next SC meeting –29 November 2012 from 2:00 PM to 5:30 PM.

**Manuel SANCHEZ JIMENEZ
Constantina FILIOU
Valerie LORGE
Konstantinos STAMATIS**

¹Directive 2009/72/EC of the Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC, OJ L211, 14.08.2009

² Directive 2009/73/EC of the Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC, OJ L211, 14.08.2009