

ELEXON Response to the CEER consultation "CEER Draft Advice on the take-off of a demand response electricity market with smart meters"

The consultation required a response to be made into an online questionnaire, with constraints on how the answers could be formatted, so this ELEXON response document does not take the usual form of one of our consultation responses.

As it also makes it more difficult to see the context of the questions and our responses from this document alone, we suggest that, for the full picture, the consultation document and online questionnaire at [Demand response with smart meters](#) should be consulted.

The square bracketed text below was not included in our answers in the online questionnaire, but is included here to give some context to the questions or indicate that we left the response blank.

Steve Wilkin, 16 June 2011

Q1 -Do you agree to the stakeholders chosen as the focus of CEER's advice?

Disagree.

We would add Aggregators to the stakeholder list. Also because demand side response in balancing timescales will need to interface with the balancing arrangements, in Member States where there are one or more balancing and settlement administrators, e.g. ELEXON Ltd for Great Britain (GB), then Balancing Code Administrators should also be included in the stakeholder list. (We give more detail on ELEXON Ltd's role in the answer to Q21.) Note that in GB, meter operators and data collectors are agents of suppliers and separate from the DSOs. Data collectors collect the individual meter readings.

Q2 – Do you agree to CEER's definition for demand response? [no comment]

Q3 – Do you see a need for extra measures in this area? [i.e. market monitoring] [no comment].

Q4 – Do you agree with the above? [supplier offers to customers].

Agree.

Smart metering offers a new means of providing these data to the customer in an easy and timely manner. Requirements (b), (c) and (d) could readily be delivered by the smart metered market but making these universal requirements and thereby imposing them on the declining "dumb" (not smart) metered market could represent a significant and unwarranted burden. Requirements (a) and (e) are not dependent on when smart meters are installed and can apply to both markets. [93 words]

Q5 – Do you agree with the above? [micro generator] [no comment]

Q6 – Do you agree with the above? [metering operator]

Disagree.

The description of the role of metering operator does not correspond with the metering operator role in the GB trading arrangements. Here the metering operator is not responsible for meter reading but rather, another supplier agent, the data collector. In GB consumption is read from half hourly meters or deemed for each half hour by profiling for non half hourly meters. We assume that the reference to hourly metering would not prevent half hourly metering being used. ELEXON Ltd has produced a document on innovative supplier tariffs in a smart metering world - see our answer to Q21 for link.

Q7 – Do you agree with the above? [DSO]

We suggest that DSOs should be asked whether they require an aggregated form of data, e.g. data relating to line and transformer loading, rather than individual metered data.

Q8 – Do you agree with the above? [Supplier]

Agree.

In GB, timely access to customer meter data is also necessary to allow the demand response to be reflected in settlement. This allows the supplier to see the benefit of making demand response offerings to the customer.

Q9 – Do you agree with the above? [ESCOs] [no comment]

Q10 – Do you agree with the above? [NRA] [no comment]

Q11 – Do you agree with the above? [Customer]

Agree.

ELEXON Ltd agrees as a minimum requirement but this should not preclude individual Member States from developing more sophisticated solutions for customers.

Q12 – Do you agree with the above? [Micro generator] [no comment]

Q13 – Do you agree with the above? [Metering Operator] [no comment]

Q14 – Do you agree with the above? [DSO] [no comment]

Q15 – Do you agree with the above? [Supplier] [no comment]

Q16 – Do you agree with the above? [ESCOs] [no comment]

Q17 – Do you agree with the above? [NRA] [no comment]

Q18 – Is there a need for such a national point of contact?

The current GB Smart Metering roll out proposals do not envisage such a central national database, rather data being stored locally at the meter. The proposed GB Data Communications Company (DCC) could however be seen as a national point of contact without a database. But as proposed, the DCC will only provide an access route only to those Smart metering systems that use its services (in the GB market this will comprise all domestic customers but not necessarily others). If a central database were proposed, the costs and benefits and data privacy/security robustness should be assessed.

Q19 – Which stakeholder should be responsible for this?

The appropriate stakeholder may vary from Member State to Member State as a result of the different national arrangements. In Great Britain, ELEXON Ltd as the central settlement system administrator could provide access to aggregated supplier data covering the whole market, but not to individual meter data. As noted in answer to Question 18, the yet-to-be-established Data Communications Company will provide an access route only to those Smart metering systems that use its services.

Q20 – Do you see a conflict between issues of privacy and security of data with regards to demand response?

No, as long as the supplier offerings with regards to demand response are made known to all customers, it is the customer's choice as to whether to take up the offer. Customer agreement to release of data for demand management purposes will come with this should the customer choose to opt in. It will be for the supplier to maintain the confidentiality/security of the data which the

customer has allowed it to use. It will be very important to prevent unauthorised access to demand response functionality in smart meters both from the customer's and ISO's/DSO's network security point of view.

Q21 – Do you think there are any recommendations missing to be able to launch demand side response? If so, please formulate and if possible according to the relevant stakeholders.

1) In the GB market, suppliers and generators are exposed to imbalance payments if their aggregated contracted demand or output, set by Gate Closure (currently set at 1 hour ahead of real time), differs from their actual, metered, demand or output. To facilitate post Gate Closure demand response, i.e. within an hour of real time, the trading arrangements will need to recognise and deal with the potential imbalance exposure of suppliers to the short term demand response.

2) We also see benefits from central market monitoring of the effectiveness of demand side response. This will include monitoring of the delivered response.

3) ELEXON Ltd has produced a document on innovative supplier tariffs in a smart metering world which we hope you find interesting. It can be found at http://www.elexon.co.uk/ELEXON%20Documents/Smarter_Settlement_Final.pdf

What is ELEXON Ltd's role?

ELEXON Ltd delivers the centrally-mandated electricity settlement services that are critical to the successful operation of Great Britain's electricity trading arrangements under the Balancing and Settlement Code (BSC). We manage processes and systems from electricity meter to bank, handling almost £1.5 billion of transactions each year and interacting with over 200 companies in the electricity industry. As part of this we administer the settlement of the Balancing Mechanism and the determination of electricity imbalance prices for generators and suppliers in respect of each half hour of each day. We are independent of any specific interests within the electricity sector.