The Role of DSOs as market facilitators

Petter Sandøy
Chairman WG Distribution Customers & Operations

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EURELECTRIC represents the whole value chain of the European electricity industry.

Diagram:
- Generation
- Transmission
- Trading/Wholesale
- Retail
- Distribution
- End-customers
- Networks Committee
- WG Customers & Operations
Competitive retail markets and customer protection

The contribution of DSOs as market facilitator is in line with the market mechanism:

- Giving the customer a choice means putting him into the position to choose his preferred supplier
  - the customer needs to be able to do an informed choice
  - incumbent – vs alternative suppliers might have the same products and terms, but huge service level variations

- Customers has to take action
  - the DSO creates a level playing field for suppliers, acts as a market facilitator and thus contributes to this logic
Facilitating entry of the new suppliers into the local market by enlarging it and removing barriers to entry

• By harmonizing data exchange across distribution areas and country borders suppliers are able to serve several areas at lower cost
  – open compatible solutions in each country based on the same set of defined elements and responsibilities

• Providing data to potential suppliers with prior consent of the consumer removes an information barrier enabling them to offer the right products to the customer
  – Differentiation between:
    • master data, person or business “contracted” to the network (one per site)
    • master data, consumption site
In order to facilitate the market DSOs are working as an information hub

• Retail customers are connected to the DSO
  – retail suppliers work on a local distribution level (strategy might differ)
• DSOs take the role of impartial market facilitators (only way to success)
  – non-discriminative regards the access to the distribution network and information
• Phases of gathering and exchanging information
  1. Managing metering
  2. Providing master data and consumption information to market participants
  3. Smoothing the process of changing supplier (three weeks! (third package)
• Solutions chosen must be cost effective due to the amount of data that have to be exchanged
1. Future development of metering requires immense data handling capacities of DSOs

- Assess careful conditions and specifications before large-scale introduction of smart meters

- Define functionality by improvement of customer service and retail functioning while at the same time keeping costs down
  - highly dependent on single – or double contact point model

- Keep in mind the development of compatible European retail market when rolling out smart metering solutions

- Ensure meters are not tied in any way to benefit from economies and from innovation
  - high level of interoperability
  - minimum technical standards
2. Equal access to market and customer information through DSOs

to Supplier(s):
• DSOs share information
  – with relevant market players in a timely and efficient manner
  – maintain the necessary level of data confidentiality (legal requirements)

to Consumers:
• One contact point is established with the supplier
  – the DSO sends information to the customer only when establishing the connection
  – this includes contact details of suppliers active in the area and information following
    the Commission’s European Consumer Checklist
• Two point contact model
  – might be the solution but requires more focus on detailed information due to
    understanding the different roles and responsibilities
3. Reliable and swift change of supplier is core B2B process between DSO and suppliers

- Related processes are carried out reliably and swiftly to ensure a well-functioning retail market

- Clear operational and organisational rules as the processes necessitate a very high level of coordination between actors

- Data format standards across national regions and Europe

- In a liberalised retail market, network operators and other service providers must be able to interact with, and provide services for, several supply companies
Iberian Case study shows two extremes in data protection that prevent a level playing field for suppliers

<table>
<thead>
<tr>
<th>Requirements to access consumer data</th>
<th>Spain</th>
<th>Portugal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer identification</td>
<td>Free access for registered suppliers</td>
<td>Written consent by the consumer needed</td>
</tr>
<tr>
<td>Protection of data</td>
<td>Not needed – Consumer database is downloadable</td>
<td>• Point of supply code</td>
</tr>
<tr>
<td></td>
<td>Only by written consumer objection</td>
<td>• Supply contract reference number</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Consumers are protected by law</td>
</tr>
</tbody>
</table>
Conclusions

• The Iberian example demonstrates that harmonisation is needed to build a common retail market
  – trade off between facilitation of access to market information and confidentiality restrictions

• Need of common understanding on the role of DSO as market information hub
  – need of harmonisation, at least within regional retail markets, when access to market information is regulated.

• Regarding consumer data protection
  – legal cover for DSOs to facilitate access to market information
In the next steps DSOs, suppliers, regulators and other stakeholders should follow-up on unsolved issues

- Develop (non-proprietary) concepts facilitating the data-exchange between market actors
- Establish unique metering point ID in all countries
  - based on EAN or similar
- Harmonise legal requirements for customer data protection
  - paving the way for cost effective search engine solutions
  - “land” the discussions about who should be responsible for master data
- Allow recovery of net cost from smart metering implementation
Thank you for your attention

Representing the European Electricity Industry