To the kind attention of
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Increasing freedom of choice for consumers: the role of Dedicated Measurement Devices and Sub-Meters in both the EMD revision and Network Code on Demand Response

Brussels, 6 December 2023

Dear negotiators for the revision of the Electricity Market Design (EMD),

Dear System Operators drafting the Network Code on Demand Response,

A cost-effective decarbonisation is possible only with empowered consumers and prosumers that can actively contribute by consuming, storing, as well as generating and trading or sharing clean electricity in a flexible and efficient way. Dedicated Measurement Devices (DMD) and Sub-meters, contemplated in both the revision of the Electricity Market Design (EMD) and the Network Code on Demand Response, are enabling a truly consumer-centric transition, but crucial features and requirements must be clarified.

All end-users shall be able to decide which of their assets can be activated to unleash their flexibility and what kind of services they wish to provide. It can be with all behind-the-meter (BTM) decentralised energy resources (DERs) or just with some of them, and it can be through explicit demand-side flexibility activations (i.e. incentive driven activations usually managed by suppliers or independent aggregators) or implicit demand-side flexibility activations (i.e. price-driven like dynamic pricing tariffs).

The EMD revision lays out these possibilities for consumers and aims to further increase their freedom of choice. Both DMD and sub-meters should be intelligent assets to allow for an accurate, reliable, and granular measurement of flexible activity for individual BTM DERs, while ensuring a fair flexibility revenue redistribution to consumers. DMD and sub-meters can support and complement smart meters working in parallel and accelerate the use of demand-side flexibility where smart meters have not been deployed yet.

Recent developments in the EMD revision have introduced compliance requirements found in the Measurement Instruments Directive (MID) that would apply equally to both sub-meters and DMDs without consideration of the differences in capabilities nor type of activity they engage with. Some of these requirements inappropriately applied could result in creating unnecessary barriers in the development of demand-side flexibility services.

In light of this evolution, smartEn supports the distinction between DMD and Sub-Meters and recommends using:

- **DMD** linked, attached, or embedded in a BTM DER Control Unit only to measure volumes of flexibility delivered for flexibility transactions (which can be incentive based or transactive control activities[1] performed by the service provider). If desired, market parties should be responsible for deploying them. DMDs should be compliant with appropriate MID requirements related to metering class accuracy certification and aligned with device type testing and quality assurance methods. To ensure reliability and reduce unnecessary and cumbersome processes, DMDs provided should be type tested, backed up by independent audits similar to those widely accepted for certain devices such as inverters for residential PV and home storage. Type tests should consider the activity of a DMD and provide the possibility for the manufacturer to certify its device for a particular number of flexibility products, based

[1] Transactive control activities refer to activities where a flexibility service provider sends a price signal profile to a DMD for the purpose of controlling the device. It is used for settlement of flexibility service transactions between the consumer and the flexibility service provider, not for the settlement of the energy consumed.

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on the level of accuracy requirements needed for them and established in an EU-wide Table of Equivalency developed in the network code for demand response. This will simplify the process of verification and certification of DMD which should not have to comply with unnecessary and burdensome requirements on dedicated factory and metering manufacturing processes that were designed a decade ago for standalone metering devices like boundary (smart) meters. In addition, there is no reason for DMD to comply with the requirement to include a physical display on the device as it may not be suitable for all DMD embedded in a BTM DER. Rather, consumers should be allowed to access the measurement data by other means, such as through an app or website. Likewise, self-calibration and remote update of DMD should be explicitly allowed. This is a state-of-the art practice in demand-side flexibility management worldwide, and this has been historically forbidden for smart meters through the MID and is not compatible with the very nature of most DMDs.

- **Sub-meters** to measure volumes of energy consumed and/or generated per asset, as well as flexibility delivered for flexibility transactions from BTM DERs participating in both price-driven (implicit) retail dynamic tariffs and relevant explicit activations (subject to their flexibility measurement accuracy). Grid operators should be entitled to deploy sub-meters, along with market parties. Given the possibility of retail services to be measured with sub-meters, the appropriate MID requirements should apply to sub-meters.

We urge co-legislators on the EMD revision to clarify this distinction and application of MID requirements. The Network Code on Demand Response shall in a second step define the detail conditions for certification and accuracy definition according to each flexibility product. These conditions should be harmonised at EU level to foster the integration of mass produced DERs into flexibility markets.

Yours sincerely,

Michael Villa

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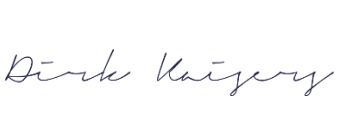

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