Energy Investment Forum
Building Green: Consumer Viewpoints on the Smart Grid

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The Need for Smart Meter Consumer Protections

• In August 2010, Public Citizen, AARP, Consumers Union, National Consumer Law Center and the National Association of State Utility Consumer Advocates released a sweeping overview of needed improvements for smart meters to better serve the needs of working families. Available online www.nclc.org/images/pdf/energy_utility_telecom/additional_resources/adv_meter_protection_report.pdf
Overview of Problem

• Mandatory installation of smart meters into homes is premature – smart meters are being used in profoundly dumb ways

• Optimizing smart meters requires seamless and automatic communication with “smart” appliances and heating/cooling systems - but working families (and renters) have little incentive or opportunity to afford such appliances

• As a result, households are using the $200-$500 meters to respond to price signals manually – and the tiny loads used by most families won’t allow them to recover in energy savings the cost of the meter
Overview of Problem, Cont’d

• Smart meter installations have thus far prioritized *utility* budget efficiency – not *household* budget efficiency.

• Poring through utility dockets, utilities make it clear that the vast majority of projected savings from smart meters is from laying off utility workers – and not from consumers’ lowering their energy use and bills.

• Utilities highlight savings from remote disconnection – mainly for nonpayment. This raises serious consumer safety and health issues.
Public Citizen Recommendations

• Smart meter proposals must be cost-effective & utilities must share the risks associated with the new technologies & the benefits used to justify the investment. Investments in Smart Grid need to be verifiable & transparent and the utilities need to be held accountable for the costs they want customer to pay and the benefits they promise to deliver. Costs must reasonable and prudent.
• Time-of-use or dynamic pricing must not be mandatory; consumers should be allowed to opt-in to additional dynamic pricing options.
• Regulators should assess alternatives to smart meters to reach the same load management goals, particularly direct load control programs.
• Smart meter investments should result in enhanced levels of consumer protections, especially relating to the implementation of remote disconnection.
• Privacy and cyber-security concerns must be addressed prior to a smart meter rollout.
• Utilities & policymakers must include comprehensive consumer education & bill protection programs in any evaluation or implementation of smart meter proposals.
• System reliability, and integration of distributed renewable generation and plug-in electric cars do not yet require mandatory smart meter installation in every household. Roll them out on an opt-in basis for those households on the “smart” end of the digital divide – and let’s invest in the corresponding infrastructure incentives to allow working families to “catch up”