



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

January 20, 2011

Tyson Slocum, Director

Public Citizen's Energy Program

tslocum@citizen.org



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 be 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”