



## Digitalization Legislation: Quo Vadis?

For many countries, Germany serves as an example when it comes to the development and management of alternative forms of energy. In order to ensure the success of a shift to a 'one hundred percent renewable' energy policy, the Federal Ministry for Economic Affairs and Energy at the Bundestag recently submitted a much-discussed piece of proposed legislation regarding the digitalization of the energy revolution. The aim of this is to sensibly link production, electricity grids and consumption with one another. Yet the comprehensive mandatory use of smart meters remains a controversial topic.

Advances in digital processing and data storage offer significant opportunities for the energy sector: As things stand, digitalization is seen as a foundation for the success of the energy revolution, both in terms of the integration of renewable energies and to help facilitate the development of energy efficiency potential. With the building up of alternative power plant capacities, the once analog world of the energy markets has changed forever.

The increasing decentralization of the electricity system is thereby influencing the role of the consumer. The term 'flexibilization' (i.e. the act or process of making something flexible) is seen as central – both on the production side through active feed-in management, and on the side of the consumer with a demand-side system of charges. Intelligent control mechanisms should thereby guarantee the reliability of supply and grid stability. Parallel to this is the planned across-board mandatory installation of smart meters; the idea being that transparency should ensure a savings effect in terms of consumer behavior and contribute to the use of variable tariff systems.

However, consumer advisors, direct sellers and suppliers of control energy fear that new smart meter systems are less effective than existing devices, from a perspective of technical control. For this reason, the new quality standards should not be allowed to fall below extant levels. Data protection is another area seen as being in need of improvement, as consumer groups see only limited protection within the draft legislation. They urge that the consumer should truly remain in control of his or her own data and that the use of such data, whether for network management or for reasons of billing statements, should only take place with the consent of the individual users. Where exactly the measurement data collected from the devices should be prepared has likewise still to be determined.

### **Smart Meters: Exemptions for small PV-installations still a possibility**

Still under discussion is the extent to which generating plants should be exempted from the mandatory installation of smart meters. Transmission system operators make the case that mandatory installation should only be fixed, at least with small installations, 'beyond a certain critical mass' – which would, above all, affect the photovoltaic sector. According to assessments from leading politicians, private households could face costs of up to 100 Euros per year as a result of the installation of smart meters.



In view of the continuing discussion, we hope that, in terms of the energy revolution, the legislator plays the 'smart' card wisely, so that the digitalization of the electricity market can come into full effect. It would be positive if the energy market as a whole would keep pace with the current dynamic prescribed by the digital transformation. In any case, the legislation currently finds itself before the second reading and should be adopted before the summer break.

Please speak to us if you have any questions. We'd be happy to advise you,

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