

Digital meters force Italians to pay bills

Italy is one of the countries in Europe that is furthest ahead with the implementation of smart meters. Market leader Enel introduced them primarily to make customers pay their bills.

| by Maarten Veeger

I just couldn't figure it out. While spending a weekend in a holiday villa in the beautiful hills of Piemonte, the light in the kitchen worked fine until I switched on the lamp in the lounge at which point the power would fail. The other way around worked fine, too: I could turn on the lamp in the lounge provided the kitchen light was off. But both lights on at the same time... no way. Not to mention together with the water kettle or the television. Because then the whole house would shut down. The electrician didn't have a clue, either. So I got onto the power company. 'That's because you haven't paid your energy bill, sir. So we have reduced your capacity. No, nobody need come by for that. We can simply change it from here.'

The digital meters Enel introduced in large numbers during the past few years have improved its customers' payment discipline, because as soon as payment is six weeks overdue, the power is reduced to around 20%. No heated discussions at the customer's door nor people left in total darkness. They have one lamp left by which to fill in a payment slip. An old-fashioned necessity, as there is not

enough power left for internet banking. To date, Enel has installed 28 million digital meters. The company is almost done now with only 2 million more to go. These meters should produce considerable cost-savings for Enel. Meter readers no longer need to trudge from house to house. Enel connects to the meters by means of a mobile network. Three million customers can be served from one power station. Digital meters also make it easier to respond to demand. There are also major advantages for the

customers with a digital meter. The new meter allows customers to slightly exceed their power limit. A 10% tolerance is taken into account. But those who use the basic capacity of 3 kilowatts can temporarily have their limit increased to 4 kilowatts for a maximum period of three hours. Enel provides this service, because consumer groups requested it.

Enel started the digital meter project in 2001 and is still a frontrunner in Europe. Enel will not, however, lower its electricity rates, despite its savings. Competitors are also starting to replace their meters. Roman electricity distributor Acea-Electrabel has started to install the new meters. All 1.5 million meters should be replaced by the spring of 2009.

The Italian Energy Authority has now decided to make digital meters compulsory for households and small companies. At least 65% of all customers

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customers, says Enel. They can see their rate on their meter and also choose from several rate options. 'We can now charge separate rates for holiday homes or for houses that are never occupied during the day,' explains an Enel spokesperson. Enel also says that flexible rates encourage customers to run their high-energy usage appliances during off-peak hours, such as during the weekend. Enel now offers seven different rates to 20 million

of each of the 100 energy distributors in Italy must have had a new meter installed by the end of 2009. That number must have risen to 90% in 2010 and at least 95% in 2011. The Authority believes that if it were to leave the installation decision to the distributors themselves, only the large distributors would opt to do so. In the opinion of the Authority the new meters stimulate competition between energy companies. ■