

VITO
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Belgium

13th October 2017

Dear Ana Virag

This letter has been written in follow up to the Preparatory study on smart appliances Stakeholder meeting held on the 14th September.

We sent a letter prior to the stakeholder meeting which still stands with regards to our overarching position. However, a number of issues came to light at the stakeholder meeting which we would like to raise. We have also completed the commenting template provided by VITO which outlines the key strategic decisions presented at the stakeholder meeting.

To summarise from our recent letter:

- UK industry support the proposal to include an 'energy smart' icon into existing Energy labelling under (EU) 2017/1369 for those appliances already covered by the Energy labelling regulation.
- UK industry support the proposal for appliances already in scope of EcoDesign to include an 'energy smart' icon, complying with agreed criteria and 'energy smart' functionality.
- UK industry support the continuation of preparatory studies for EV charging and battery storage.

We have continued to present the position that developing the market for smart appliances should be done through:

- The provision of appropriate information to consumers
- Incentives for manufacturers to develop DSF capability
- A market design that provides the business case and value for consumers to adopt DSF capable appliances which will ultimately drive market uptake.

In support of the commenting template completed by BEAMA we would like to present some feedback related to issues that came to light at the stakeholder meeting. We would invite VITO and the Commission to engage industry in further discussion on these points as we believe they are fundamental to the successful delivery of an 'Energy Smart' labelling scheme.

1. **Storage heaters** - VITO have assumed this is already covered by 'electric radiators with inertia', however, this is not representative of the products on

the market and the range of functionality available for demand side flexibility. There are a lot of products with inertia that cannot usefully be used with off peak tariffs and demand side flexibility, but off-peak storage heating has a significant amount of value with regards to flexibility. It is not acceptable for these products to be bundled together in the context of this study and any associated regulation that may emerge from this, as this would be misleading to consumers. Vertical approaches need to be applied to the range of products, within categories.

VITO have recognised that some appliances provide continued value of benefits to the system and to consumers depending on the type of flexibility applied in the market and the associated appliance parameters (day-night pattern, seasonality and shifting potential) and most of these appliances have been grouped under the heading “Energy storing appliances “. (Table 1, Task 7). Residing within that group are “electric storage water heaters (night storage)”.

We believe that electric storage local space heaters meeting the requirements defined in the Ecodesign regulation 1188/2015 **and** EN60531 should be included under the Group headed “Energy storing appliances” since they share the benefits of the electric storage water heaters, but, for comparison, in the UK at least , will on average, provide around 4 times the connected load per household as compared with the average electric storage water heater

We believe this re-categorisation is crucial to enable a distinction to be drawn between electric radiators with inertia, most of which provide significantly reduced system and consumer benefits as compared with electric storage local space heaters meeting the Eco design and EN standard requirements cited above.

2. **Verification data** - At the stakeholder meeting it came to light that the consultants have made a set of assumptions regarding the use cases and functions required to serve the proposed energy label. This relates to the type of verification data needed for an aggregator or 3rd party to verify a response to a balancing party (e.g. the need to be at the appliance level, therefore recognising the response was provided by a washing machine Vs a tumble dryer). It is our understanding that it is not necessary to derive data at the appliance level for verification to a balancing party. In fact this would open up further data privacy and security issues. If data is being disaggregated to appliance level, then that opens up a much wider attack surface for cyber-security and privacy concerns. This data could be derived from the meter, or even at a street/ regional level, depending on the service requirement. This also assumes contracts with consumers will be by appliance, therefore allowing for the potential of multiple DSF related contracts with individual appliances in

one home. Stacking contracts with potentially different aggregators or 3rd parties would open up the risk of conflicting actions in the home which could lead to more severe impacts at grid level. This would either need to be managed/ regulated in some way, or we need to assume DSF services are managed at the building level therefore allowing appliances and devices in the home to communicate with each other or via a CEM/ HEM (our preferred use case), to determine the best course of action for a property in light of a grid event or tariff. We believe the consultants are making a mistake in some of these assumptions and not considering the longer term development of building services for DSF. This needs to be discussed further and clarified with industry before making any related recommendations to the Commission. We have consulted with manufactures and aggregators in this collated feedback and therefore confidently present this argument.

3. **External Controllers and scope** – We strongly disagree with the decision that *‘from the thermal appliances group, only thermal appliances including a controller can be considered as energy smart’*. We raise this here, as well as in the commenting template provided, because this needs further consideration before final recommendations are presented to the Commission. Given the nature of the functionality this energy smart icon would be determining, it would be a mistake to exclude systems with external controllers as a lot of especially heating and hot water systems are sold today with external controllers. This is likely to be more the case for DSF enabled fixed installations for heating and hot water in the future. This decision would preclude a lot of viable systems from applying the energy smart label, and therefore give them a disadvantage in the market.

In the case of the package label for space heaters and controls under the Energy Labelling Regulation, the issue surrounding packages of products has come up before and has been handled to ensure the efficiency rating of combined products can be evaluated at point of installation, and a label applied to the package. In the case of the Energy Smart Label, the issue is slightly different in that we need to determine which element of the ‘system’ enables the DSF functionality. In this case it is the controller, and we believe this could be labelled at point of sale. This can be supported with clear information to the consumer to understand how the functionality is enabled when installed with fixed installations of heating and hot water systems. We would therefore support the label being applied to the controller.

4. **Definition of a ‘Controller’** - Referring to point 3 the defined scope of the ‘controller’ needs to be clarified. It is important this is defined in line with that applied under the work of TC59X and TC2015 WG18.
5. **Cyber Security** - On the strategic decisions, cyber-security was made out of scope. We would still like to see a reference to security in decision 5 — allowing instructions from a controller outside the home network without strict cyber-security will create some degree of risk for consumer.



6. **Evaluating benefits** - it has come to light that the evaluation of benefits for appliances may not be fully representative. In some cases this undervalues the benefits achievable from some appliances. For example, electric storage water heaters. In this case some are continuously heated and some heated overnight. Values in the report for water heaters seem to only apply for continuously heated appliances. For those heated overnight there would be potential for load shifting of 3 to 4 hours, with no noticeable impact on the consumer comfort. The example given here for electric storage heaters could equally be applied for electric storage local space heaters. We support CECED in raising this issue and the need to revisit some of the calculations made for the benefits achievable from these products.
7. **Voluntary measures** - we maintain the view that the energy smart icon label needs to be voluntary and therefore allow manufacturers to decide whether to apply the label or not. This will therefore allow non-smart appliances to continue on the market.

These points will require further discussion and we would invite VITO to facilitate this. BEAMA are very keen to contribute to this work and hope we can help in ironing out some of these issues in support of a positive result for the energy smart label.

BEAMA have also worked with Orgalime and CECED in the development of their position papers and support the views of these organisations. We also follow and support the views of CECAL and TC 205 WG18.

Kind regards
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