

# Smart Meters + Smart Competition = Smart Energy Policy

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## What Are Smart Meters?

Since the inception of electricity deregulation, electricity suppliers have been looking for better ways to match customer demand with generation supply.

Traditional electricity usage meters only measure total electricity consumption and don't provide any information on when the energy was consumed.

Smart meters are part of the solution.

These automatic, advanced devices measure electricity consumption more precisely, providing information on exactly what time and day the electricity was used. It can then be relayed through a secure network to the local electric company and the customer's chosen generation supplier for monitoring and billing.

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## Why Smart Meters?

Smart meters allow consumers to better manage their electricity use. They also enable electric companies to set different prices for electricity consumption based on the exact time, day and season it was used.

Electricity prices at the wholesale level usually peak at certain predictable times of the day and the season. For example, during high-peak times – like a hot summer day -- prices rise significantly because more expensive sources of power are purchased and more costly generation is brought online.

Precise measuring using smart meter allows suppliers to offer customized pricing arrangements and energy purchasing options to customers based on their unique consumption patterns. Customers can then see exactly when electricity is cheapest and most expensive, and adjust their buying habits accordingly.



“Competitive market forces are more effective than economic regulation in controlling the cost of generating electricity.”  
*The Electric Choice Act of 1996*

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#### Smart Meter Customer Advantages

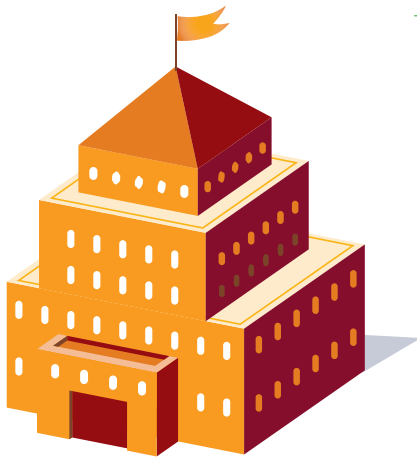
Smart meters can virtually eliminate the need for reading meters in person. That saves time and reduces costs, as suppliers gather usage information more efficiently.

Also, power outages can be pinpointed easily, therefore allowing electricity companies to restore power faster.

But most importantly, once consumers start adjusting their usage based on demand, there will be less peak period usage, therefore resulting in less overall electricity usage - and lower cost to the consumer. Some studies estimate that as little as a 5 percent reduction in demand during peak times would save

To take advantage of these price savings, consumers will have to consult an Internet site or an in-home display on a daily basis to gauge when the peak usage times will be for the next day.

Experts estimate that the cost to install smart meters will be between \$150 and \$250 per home. They will be an investment that pays big dividends to Pennsylvania energy consumers.



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#### Smart Meters & Competitive Options

Smart meters alone won't make a difference if customers can't use them.

But smart meters coupled with new and innovative services from competitive suppliers will allow customers to better manage their energy consumption and costs.

Traditional utilities typically offer “one size fits all” rates. But competitive suppliers will give customers a wide array of service and pricing options. For example, competitive suppliers will give customers with smart meters the option of buying just a portion of their energy through a time-of-use rate, while fixing the price for the rest. With more flexible options in a competitive market, more customers will be willing to utilize smart meters to achieve savings and reduce consumption.

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*Electric Competition... it's working for Pennsylvania.*