

CEER Hearing

Draft GGP on Retail market design
with a focus on supplier switching and billing

Cont(r)act and billing models

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CEDEC Missions

- **Represent** the interests of 2000 local energy companies in the European Union,
with companies' turnover of 100 billion €
& 75 million customers (connection points)
- **Exchange** know how and experience on the processes of electricity and gas markets
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Question 1 : « The supplier should be the main point of contact »

- OK if the supplier is the **main** point of contact, but with increased interaction between customers and grids as anticipated in the smart grids environment, a review of the current contact models might be necessary, with a more (inter)active role for the DSO.
- Depending on the national market design, single or dual contract models and single and dual point-of-contacts models exist.
 - Cont(r)act models determine the rules and processes in the market model
 - Depending on the national market design, the customer shall directly contact the DSO/metering operator for a new connection, the adaptation of metering systems or for network problems.
- Related questions 9 (switching) and 10 (moving in/out) : cf. question 1

Question 11 : « Combined billing should be the standard »

- Insofar it adds to transparency for domestic customers to have a single bill (depending on successful national experience with separate billing), combined billing provided by the supplier (mandatory or voluntary) can make sense.
- The ‘soft version’ of the “standard combined billing by supplier” shifts the risk of non-payment of the grid fee to the DSO !
 - Not an acceptable alternative:
 - the (grid) service has been delivered, the payment is due;
 - the DSO has no influence on the market policies and on the efficiency of the incasso policy of the supplier, and therefore should not bear the financial consequences of it.
- The “voluntary combined billing by the supplier” model makes the DSO dependent on the supplier’s decision on whether to offer combined billing or not. This creates uncertainty for the DSO on the efficient use of his billing infrastructure and process.
- Quid in a future smart grid environment where DSOs offer demand services ?

Question 15 : « The customer should always have a choice in the frequency for billing »

- Yes, as already foreseen in the 3rd package
- Depending on the chosen billing methodology : yearly bill for DSO, regular bill for supply ?
- Higher frequency → higher cost → higher bill
- Monthly billing → higher gas/heating bill in winter → financial risk for vulnerable consumer

Question 16 : « The supplier should always be the first point of contact for issues regarding the bill »

- The first point of contact depends on the national market design (with single or dual point-of-contact models) and on the chosen billing methodology (seperate or combined billing). See also question 11.

General remark on the scope of the GGP

„The purpose of these guidelines is not to define one fully harmonized retail market model for the whole of Europe“ (page 10).

Clarification is needed on the „binding“ and „final“ character of the recommendations, given diverging statements in the consultation paper :

- Conclusions on page 36 : „The above recommendations should be taken into account when implementing a national retail market design”
→ **binding** character ?
- At the same page 36 : ”They should be seen as a prospective outlook towards the future of electricity and gas retail markets”
→ an indicative, **non-binding** character ?
- Page 19 : ” It is expected that with the increased interaction of customers and grids as anticipated in the smart grids concept a review of the existing contact models in Europe, in particular with regard to the role of the DSO, might be necessary”
→ A review of the current recommendations (with supplier centric model) already to be foreseen ? ↔ “a prospective outlook towards the future” ?