

Empowering Consumers – First Citizens’ Energy Forum

- **London Forum – a “voice” for consumers, an “ear” for policy makers**
- **Implementing and reinforcing consumers rights helps empower consumers**
- **Energy regulators put energy consumers first**

Energy Commissioner Piebalgs and ERGEG¹ Chair, Lord Mogg, opened today the first Citizens’ Energy Forum² (dubbed the London Forum because of its location). The Citizens’ Energy Forum is akin to the Florence Forum³ in electricity or the Madrid Forum in gas, but with a focus on energy consumer issues.

The Commission has included the Citizens’ Energy Forum as one aspect of the European Commission’s campaign to improve consumer rights – others include the reinforcement of consumer rights in the 3rd package as well as more powers given to national energy regulators and the creation of an EU Agency for their co-operation.

London Forum – a “voice” for consumers, an “ear” for policy makers

ERGEG Chair, Lord Mogg said *“It is naive to expect ordinary consumers to come to us regulators. This is why we have encouraged the European Commission to set up the Citizens’ Energy (or London) Forum. It gives a voice to consumer associations and an ear to the EU policy makers on the real issues which matter to energy consumers.”*

Implementing and reinforcing consumers rights helps empower consumers

A key theme of the first day was about putting consumers in the driving seat (e.g. ensuring retail markets deliver for consumers, implementing existing consumer rights and protecting vulnerable consumers).

ERGEG’s (2008) monitoring of Member States’ compliance with transposing consumer rights shows a high level of consumer protection in terms of information on supply contracts and prices changes, but a need for improvement in other areas⁴.

A clear message from ERGEG was that strengthening the consumer’s position is not just about implementing existing customer rights; new measures are needed in the 3rd energy liberalisation legislative package⁵.

Energy regulators put energy consumers first.

Lord Mogg said *“The first priority of the EU energy regulators is to ensure that consumers get the best possible deal. The best way to do this is through a single, competitive EU market in electricity and gas and by empowering consumers to participate in the market. This is what lies at the heart of ERGEG’s core work and of the 3rd energy package proposals.”*

An ERGEG public consultation on implementing the 3rd package has just opened and will run until 31 December 2008.

Other topics of the first Citizens’ Energy Forum include vulnerable consumers, Ofgem’s probe on retail market functioning, smart metering, billing, facilitating entry of new suppliers, energy efficiency and supplier switching. This last one includes a presentation by ERGEG on the obstacles to supplier switching in electricity and gas⁶.

The Forum will close tomorrow with a speech by EU Consumer Commissioner, Mrs. Kuneva.

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Ends
(see Note for Editors on next page)

Notes for Editors:

1. The European Regulators Group for Electricity and Gas (ERGEG) was established by the European Commission in 2003 as its advisory group on internal energy market issues in Europe. The Council of European Energy Regulators (CEER) was set up by regulators themselves in 2000 on their own initiative and is, based upon the voluntary cooperation of the Europe's national energy regulators. See www.energy-regulators.eu.
2. ERGEG encouraged the European Commission to set up the Citizens' Energy Forum (or London Forum) as part of its 3rd package proposals. The participants to the Citizens' Energy Forum are national energy regulators, Member States, the European Commission, some MEPs, consumer organisations, and industry (energy industry and industrial consumers). It is co-chaired by ERGEG and the European Commission. Responsibility for energy consumer issues within the European Commission is shared between DG TREN and DG SANCO. The Citizens' Energy Forum is akin to the Florence Forum in electricity or the Madrid Forum in gas, but with a focus on energy consumer issues.
3. The regulators were instrumental in setting up the Florence Forum in 1998 as a platform for structured dialogue between regulators, the European Commission and the relevant stakeholder community on internal electricity market issues. It convenes once a year and is co-chaired by ERGEG and the European Commission. Based on the success of the Florence Forum, the Madrid Forum (gas) was set up in 1999 – it convenes bi-annually. Other fora include Athens (on electricity issues in the Energy Community of South East Europe), Maribor (on gas issues in the Energy Community of South East Europe), Amsterdam (on sustainable energy), and Berlin (on fossil fuels).
4. ERGEG's (2008) monitoring of Member States' transposition of consumer rights shows a high level of consumer protection as regards being informed about supply contacts before signing and information on price changes. However, there is room for improvement:
 - 50% of energy consumers might have difficulties with price comparisons because of a lack of standardised procedures for access to consumption data – more transparency and comparability of offers is required;
 - ⅓ of Member States have alternative dispute boards – however customer positions would be strengthened if quick resolution mechanisms were available in all countries;
 - ⅔ of the Member States who replied have legal provisions to help customers avoid disconnection – this is needed in all countries;
 - Obligation to offer a wide choice of payment methods needs to be applied more widely.

ERGEG (2008) also found that artificially low regulated end-user prices (i.e. where the consumer has the possibility to remain with the incumbent on a regulated price which is kept artificially low when compared to market prices) are a big obstacle to supplier switching.

- In 15 countries, more than 85% of electricity and 90% of gas household customers are still supplied under regulated prices;
- The provision of information, and therefore customer rights levels, is higher in markets without regulated prices;
- Price calculators (which help consumers compare offers) are more prevalent in Member States without regulated prices; and
- Transparency of bills is better in markets without regulated prices.

For all CEER/ERGEG publications on consumer issues visit

http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_ERGEG_PAPERS/Customers

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5. The 3rd package proposals (currently under negotiation in European Parliament and Council) include a number of consumer-welfare enhancing elements:
 - **New measures for increased consumer information** (e.g. free access to consumption data, frequent information on actual energy consumption, supplier switching at any time of year with no unnecessary burden from previous supplier and access to a single contact point in case of disputes);
 - **Reinforcing and harmonising the powers** and independence of **national regulators**. All regulators have the duty to **ensure customers are protected** and that (consumer rights) measures (in Annex A of the Directives) are effective and enforced; and the duty to monitor the level of market opening at retail level (including household prices, switching rates, disconnection and household complaints and the distortion or restriction of competition);
 - Creating a new EU **Agency** for the cooperation of energy regulators, acting in the **public interest**;
 - **Effective unbundling**.
6. In 2006, ERGEG recommended principles for improving the supplier switching process. ERGEG's monitoring identified obstacles to supplier switching in gas (2007) and electricity (2008). Despite many similarities in the switching process across countries, some key differences relate to:
 - the time it takes to switch (from 15 days – 60 days in electricity, from 15 days – 75 days in gas);
 - the number of parties that the customers must contact (in 1/3 of Member States, customers are required to have more than one point of contact to switch supplier); and
 - the information the customer needs in order to switch (in 1/2 of Member States the process customers must follow to access consumption data is not standardised).
7. Responsibility for energy consumer issues within the European Commission is shared between DG TREN (energy and transport) and DG SANCO (health and consumers).