

Consumers' experience with billing & switching

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A vertical decorative bar on the right side of the slide, composed of 20 small, colorful icons of shopping carts, each with a different background color (purple, red, blue, orange, pink, yellow, green, cyan, magenta, brown, grey, light blue, dark blue, light green, light purple, light orange, light pink, light yellow, light cyan).

**Workshop
on the guidelines of
good practice on retail
market design
with a focus on supplier
switching and billing**

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BEUC ? BERRK ? BEUIK ?

European Consumers' Organisation:

- **1962:** Established by 6 consumer organisations
- **2011:** 44 independent national consumer organisations from 31 European countries (EU, EEA and applicant countries)



Consumers' experience in the imperfect internal energy market

- ❑ **Complaints** - billing, difficulties in switching, non transparent pricing policies, aggressive marketing practices, poor complaints handling;
- ❑ **Comparable information** which could stimulate consumers to switch are often not available;
- ❑ **Energy invoices**, which are the best way to inform consumer about their consumption, remain unclear and complicated;
- ❑ **Very low level of trust in energy suppliers** - difficulties to claim consumer rights;
- ❑ **Limited competition on the market** - lack of choice;
- ❑ **Expansion of fuel poverty** without compensatory measures.



How to deliver benefits to consumers

Focus on the development, protection and promotion of consumer rights in particular transparency, fairness of offers and prices and combat mis-selling.

- Strong and proactive national regulators;**
- Proper implementation of existing legislation and further regulatory interventions;**
- Empowering consumers;**
- Focus on vulnerable consumers.**



Consumer complaints

Total energy related complaints between June 2009 and May 2010:

12456

Clarity and correctness of the invoices

65%

Lack of trust in commercial offers

21%

Other complaints

14%

38% invoice errors
11% transparency of invoices
10% problems with the settlement of the energy bill
6% spreading payments

17% lack of clarity for tariffs and offers
4% aggressive marketing and involuntary switching

Billing

- ❑ Different requirements across Europe:
 - binding legislation setting out the content of the bills; guidelines; recommendations...

- ❑ Energy bill must be:
 - accurate,
 - readable,
 - comparable,
 - transparent,
 - and easy to understand.

- ❑ Consumer testing proving that consumers really understand their energy bills.



Billing

- ❑ **Composition of energy bills**
 - 1st page most important info, then more details, glossary;

- ❑ **Comparability box - an itemised summary box on bills and statements**
 - Enabling consumers to see key information at a glance;

- ❑ **Transparency on bills and meter readings**
 - It should be clear if a bill is based on an estimated reading;
 - Energy suppliers to use the historical consumption and comparison with the actual consumption;

- ❑ **Same terms and definitions.**



Switching (1)

- ❑ Competition in the retail market is essential:
 - to ensure high quality services at the lowest prices;
 - to allow customers to get the best possible deal available;
- ❑ Opening of energy markets:
 - energy consumers very often face misleading information/advertising and aggressive selling practices;
 - While switching became technically easier, information is not always available;
- ❑ 3rd Energy Package – switching within 3 weeks;
- ❑ Smart meters – shorter switching period possible but risks still remain.



Switching (2)

- ❑ Information given to consumers about contractual terms, conditions, general information => Limited number of consumers switching;
- ❑ Comprehensive tariffs (clarity of tariffs, comparability) – Problems with number and complexity of tariffs;
- ❑ Consumer access to comparable information - bills;
- ❑ Other sources of information for comparability of offers (online tools – administrated by regulators and consumer NGOs; commercial comparison websites should be certified and monitored by energy regulators);



Switching (3)

In order to be able to choose, consumers need proper information:

- General information on their ability to change and how to change supplier;
- Awareness of the different existing suppliers;
- General contract information such as the duration of the contract and the tariff structure;
- Information on costs and consumption.



The way forward

Enable consumers to make well informed choice:

- Fair competition, well informed choice, clear & transparent tariffs, easy switch, increased quality of services, effective complaint handling procedure & redress);
- Energy suppliers need to take immediate steps to simplify their bills;
- Bill structure facilitating price comparison;
- Various bill design (innovations, best practices across Europe);
- Not complicated or confusing tariffs;
- Communication tools & channels;
- Single points of contact.



Thank you for your attention

More information on www.beuc.eu



[EC transparency register](http://www.beuc.eu): identification number 9505781573-45

