

GEODE view on retail market model design

CEER Hearing on draft guidelines of Good
Practice on retail market design, with a
focus on supplier switching and billing,
Brussels, 6th October 2011

- **GEODE** was founded in **1991**
- **GEODE** represents more than **600 independent electricity and gas distribution companies from 12 European countries**
- Our members are independent public and private owned companies
- Our members supply more than **100 million people**

Some Comments to GGP

- Guidelines of Good Practice for Retail market design shall take all relevant market processes into account
- Roles and responsibilities have to be defined
- Before recommending a certain customer interface model, all market processes have to be analyzed
- New and upcoming events have to be taken into account:
 - Energy Efficiency
 - Smart Meter Roll-Out
 - Deployment of Smart Grids
 - ...

Present situation

- Different Customer interface models in European Countries (e.g. CEER report Fig. 8)
 - Single contact (11)
 - Dual contact (9)
 - Other (2)
- Different types of contractual relationship between customer and supplier and DSO
 - Contractual relationship between customer and supplier (e.g. Germany)
 - Contractual relationships between customer and supplier and customer and DSO (e.g. Austria, ...)
 - Contractual relationships based on national Laws

- **CEER recommendation: supplier-centric model**
- **Geode's view:**
 - In Europe different customer interface models are in place
 - Each of these models has its pro and cons
 - Cost benefit analysis including all costs and benefits for all market participants is missing
 - All models are well functioning models
 - Before recommending a certain customer interface model all market processes have to be analyzed
 - **A fully harmonized model for whole Europe is not very likely to be necessary**
 - Future events have to be taken into account
- **Supplier-Centric model could be one solution, but also other models should be possible**

SWITCHING



- Switching shall be a clear, transparent and stable process for all market participants
- Provisions of 3rd energy package have to be implemented by all MS
 - Switch within 3 weeks
- Supplier should be first point of contact for questions regarding switching
- Regulated framework for meter data management
- Contracts should be offered to the customer in written form. Secure and signed electronic contracts should also be taken into consideration
- Supplier should give information on the offers in a clear and concise manner

Combined billing by supplier can be standard but not mandatory

- There shall be a choice for market participants
- The first point of contact depends on the billing process. The party that sends the bill shall be the first point of contact
- If combined billing is provided by the supplier, it must be guaranteed that there are no financial risks for the DSO
- There must be clear rules what to do in case customers don't pay or suppliers go bankrupt
- In some countries DSO are obliged to levy taxes or charges (e.g. for renewables)

BILLING



- Electronic billing should be promoted
- Final bill within 6 weeks
 - Depends on IT systems
 - Companies normally send their bills as soon as possible in order to get the invoice paid
 - No stricter regulation required
- Frequency for billing
 - No unlimited choices
 - Choices should be economically reasonable

CONCLUSIONS



- It should be always kept in mind that in Europe different customer interface models are in place
- A fully harmonized model for the whole Europe is very likely not to be needed if retail markets are well-functioning despite different models
- Before harmonization clear assessment of cost-benefits is needed

THANK YOU!



**Thank you for your
attention!**

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