

ERGEG Workshop
Obstacles to supplier switching

Paris, 23th September 2008

## Offers, Information and Redress

BEUC's contribution

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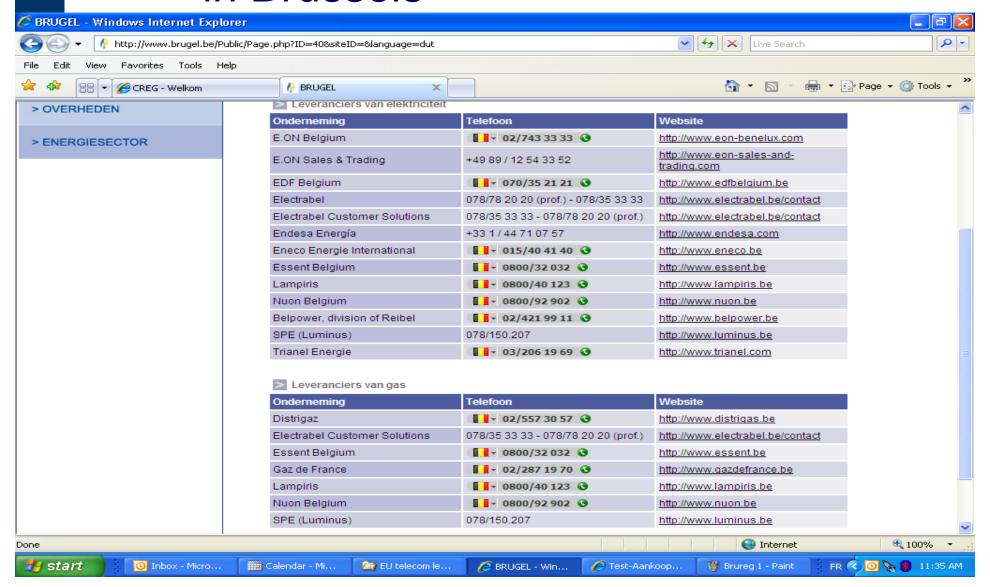




General information	<ul><li>□ National and regional regulator</li><li>□ Consumer organisation</li></ul>	□ 1.5 h.
Analysis	☐ Discussion at home	□ 2 h.
Current contract	<ul><li>□ Time consuming</li><li>□ Questions on metering</li></ul>	□ 3.5 h.
Price comparison	☐ Different presentation of prices: VAT, yearly vs. total period, unclear bills	□ 5.2 h.
New contract	<ul><li>□ Price calculator: Necessary</li><li>□ Conclusion of contract: Easy</li></ul>	□ 6 h.



### List of energy suppliers in Brussels

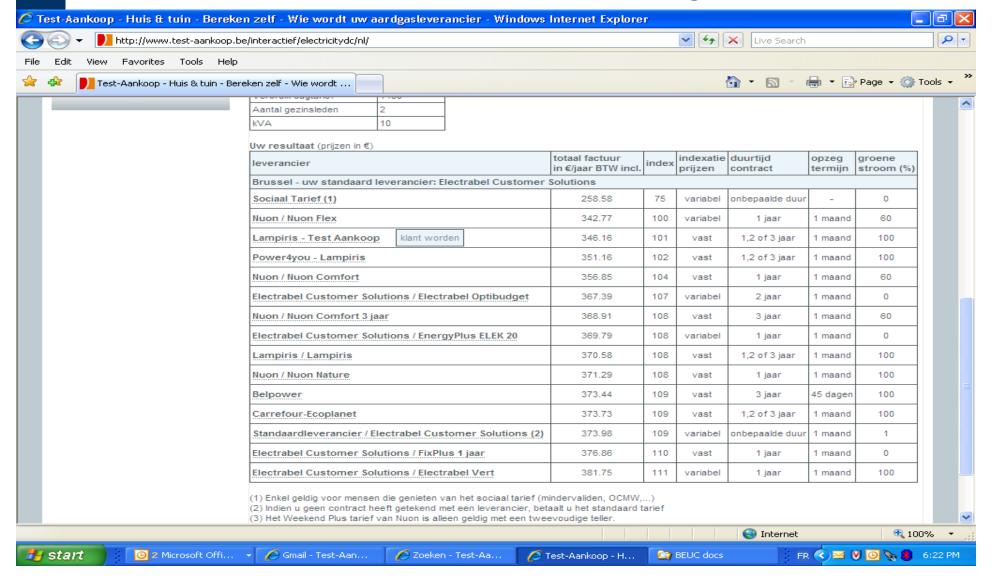




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# Price Comparison Tool: Example from Test-Aankoop (Belgium)





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- Overall:
  - Not easy to find detailed information
  - Very difficult to compare offers
  - Price comparison tools are very valuable
  - Concluding contract was easy
  - ⇒ Stage 1 according to ERGEG document of April 2008
- Switching procedure and execution of the switch still to be performed



#### Members views

- ERGEG good practices for switching: BEUC members concentrate mostly on Stage 1:
  - Information on suppliers and offers
  - Information on costs and consumption
- Attention should also be on:
  - Information on terms and conditions
  - Complaints handling and redress
  - Representation





# Information on suppliers and offers

- Number of suppliers vary considerable
  - Greece and Portugal vs. Czech Republic and Norway
- Households currently unlikely to switch every year
- Information on offers only slowly improving:
  - ¼ of members find information readily available, rest partially or not
  - Many consumer organisation provide information





# Information on costs and consumption

- Information on cost and consumption
  - Consumers receive more information, especially with the roll out of new meters
  - Still half of our members see no clear improvement
  - Bills remain complicated for consumers





## Information on terms and conditions and complaints handling

- Information on terms and Conditions:
  - Considerable variation: Finland and Slovenia vs. Spain and Poland
- To feel confident, complaint handling and redress should be easy
  - Customer service as a pillar of a well functioning market
  - In many Member States, consumers need to go to court to have claims being resolved
  - Out of court procedures:
    - □ Present in 2/3 of Member States
    - At many instances through a single body which also provides advice





#### Representation and dialogue

- To ensure consumers are taken into account, representation and dialogue is needed
  - Consumers are not officially represented in many countries
  - Many of our members are in contact with their national regulators informally
  - Changing focus for regulators?





#### Switching process

- Members do not make a distinction between Stage 2 and 3
- Switching seems to have become easier:
  - In 2003, BEUC members reported many difficulties with switching
  - Now, switching seems to have become easier
  - But, problems persist: Switching Campaign of VZBV (Germany)





# Case study: switching campaign VZBV (Germany)

- ☐ Run in 2007
  - 2000: Liberalisation without a proper functioning switching process
  - 2005 2006: Legal framework implemented to facilitate switching
  - 2007: Consumers to be informed about switching
- ☐ Very successful:
  - Message: save energy by changing and using less
  - 2 mio consumers changed in six months





# Case study: switching campaign VZBV (Germany)

- VZBV informed consumers on offers and procedure (stage 1)
- VZBV encountered problems with switching process:
  - Delays even when deposits were paid
  - Faulty business processes of new entrants
  - Delays with tariff changes: the old supplier was not fully ready/committed
- Way forward
  - Improve technical switching process
  - Promote contracts which stimulate trust and competition





#### Conclusions

☐ Stage 1: Information on offers, suppliers, consumption and costs: ☐ Considerable variety in Europe ☐ Slowly improving Consumer organisations provide information A need to address also ☐ General information Complaints handling and redress Representation and dialogue





#### Conclusions

- ☐ Stage 2 and 3:
  - Members find that that the process has become easier
  - Switching campaign in Germany showed a need to improve the switching process
- Contracts which ensure trust and competition



