



GEODE POSITION ON ERGEG PUBLIC CONSULTATION ON DRAFT GUIDELINES OF GOOD PRACTICE ON INDICATORS FOR RETAIL MARKET MONITORING

GEODE the European association representing the interest of **energy distribution companies**, welcomes the opportunity to comment on ERGEG Draft Guidelines of Good Practice on indicators for Retail Market Monitoring.

General Remarks

GEODE shares ERGEG's view that proper oversight of the retail markets is essential to evaluate market functioning and competitiveness. **GEODE** welcomes, in general, ERGEG's proposal.

GEODE would like to highlight that these guidelines should aim for being agreed indicators for NRAs to monitor retail markets functioning and competitiveness. The indicators proposed in the guidelines should not be used to benchmarking or comparison practices between Member States, because of the existing large differences in retail market structures among countries.

Furthermore has to be considered that data collection throughout Europe shall not lead to a misinterpretation of the functioning of the retail electricity market. Therefore it is important that relevant indicators are carefully settled and to set clear definitions for all indicators. **GEODE** appreciates ERGEG proposal to evaluate each indicator together with other related indicators rather than isolated, which could result in a non accurate picture of market development.

Moreover, it should be a principle that the collection of data should not create high administration efforts and/or costs for the market participants. The resources needed for this task should be properly balanced with results. The results of data collection should only become available in aggregated form. The monitoring exercise should normally be carried out annually.

Remarks on retail market indicators

A.- Customer Satisfaction:

Indicators 1 number of customer complaints, 2 number of customer enquiries and 3 customer information

In this section the indicators 1 (number of customer complaints), 2 (number of customer enquiries) and 3 (customer information) are proposed.

GEODE believes it is often complicated to differentiate between the proposed categories. Normally customer enquiries cover more than one categories,



especially when there are enquiries concerning invoice and prices. There must be a clear definition how to categorise such enquiries.

A low number of complaints do not necessarily indicate a lack of customer engagement. It is also an indicator for satisfied customers.

In addition it should be taken into account that any modification introduced by the regulatory authority (e.g. grid tariffs, new general terms of conditions, market rules) leads to an increased number of customer enquiries.

B.- Retail Market Outcome:

Indicator 5 retail margin for typical household customer

GEODE believes that the retail margin is not a reliable indication of retail market functioning. The retail margin will not help to see if consumers are being priced fairly for their energy. The collection of data and calculation of the retail margin will not be consistent and will with difficulties provide comparable data, as suppliers will account for this margin in different ways. Therefore this indicator should not be included and the other retail market indicators proposed are sufficient to provide information about retail market functioning.

C.- Market Structure:

Indicator 11 percentage of customers served by a DSO that has separate branding from the supply branch of its vertically integrating undertaking, does not have separate branding from the supply branch or is totally separate from the supplier of that customer

GEODE considers ERGEG's proposal goes beyond the legal basis of the new Electricity Directive that foresees: "*vertically integrated distribution system operators shall not, in their communication and branding, create confusion in respect of the separate identity of the supply branch of the vertically integrated undertaking*" (Art. 26.3 Electricity Directive 2009/72/EC). The provision assures that customer are not confused, but does not obliged to have total separate branding as suggested by the proposal. Therefore **GEODE** considers this indicator should be deleted.

D.- Market Conditions and DSO services:

Indicator 12 number of switches for household customers as a percentage of customer numbers

GEODE considers that a more clear definition of the switching process is necessary.

Indicators 14 number of delayed switches and Indicator 15 number of failures in relation to the total switching rate



The proposed indicators 14 and 15 do not indicate or show anything about the reason of failure or delay and should be analysed. There can be a lot of reasons why there are problems in the switching process. Has the problem in the switching process occurred because of the DSO, the old supplier, the customer or the new supplier? Typical problems are missing or wrong customer data. Thus these indicators can lead to misinterpretation and are therefore not considered as appropriate by **GEODE**. These indicators should be avoided.

Indicators number 16 to 19 average time between a connection being requested by a customer and completed, average time until repair, relative number of disconnections and maintenance service

GEODE considers that the proposed indicators 16 to 19 are not relevant to determine the degree of well-functioning of retail markets. All these factors are heavily influenced by national regulatory regimes. They don't provide any information if there is competition in the market they rather are indicators related to network operation and service quality. Moreover, there are already in place data collection procedures by National Regulators on these topics such as ASIDI or SAIFI which lead to the same or even better results than the proposed indicators. **GEODE** suggests that ASIDI or SAIFI can replace the proposed indicators 17 and 19.

Indicator number 18 relative number of disconnections

In **GEODE's** view indicator 18 is not an indicator to evaluate the functioning of electricity market either. Normally customers are disconnected because of financial reasons linked to customer payment behaviour. Therefore this indicator should be avoided.

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