



Retail market design, with a focus on supplier switching and billing

Draft Guidelines of Good Practice

A CEER Public Consultation Paper

**Ref: C11-RMF-31-05
05 July 2011**

INFORMATION PAGE

Abstract

This document (C11-RMF-31-05) is a CEER document on Retail market design, with a focus on supplier switching and billing.

This public consultation document outlines draft recommendations on retail market design and questions to stakeholders, in order to further the discussion for the development of the final Guidelines of Good Practice for supplier switching and billing.

Target Audience

Energy suppliers, traders, gas/electricity customers, gas/electricity industry, consumer representative groups, network operators, Member States, academics and other interested parties.

How to respond to this consultation

Deadline: **14 September 2011** (login request to be performed by **9 September 2011**)

This public consultation, launched on 14 July 2011, is carried out through a **dedicated online questionnaire** on the European energy regulators website. To participate in the consultation please go to the following link:

http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_CONSULT/OPEN%20PUBLIC%20CONSULTATIONS/Retail_market_design/BG

and fill in the login request form by 9 September 2011. You will be provided with a login and technical instructions for the questionnaire.

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All responses except confidential material will be published on the website www.energy-regulators.eu.

Treatment of Confidential Responses

In the interest of transparency, CEER

- i) will list the names of all respondents (whether confidential or not) or, alternatively, make public the number (but not the names) of confidential responses received;
- ii) requests that any respondent requesting confidentiality submit those confidential aspects of their response in a “confidential appendix”. CEER will publish all parts of responses that are not marked confidential.

For further information on CEER’s rules, see CEER Guidelines on Consultation Practices.

Related Documents

CEER/ERGEG documents

- GGP on Regulatory Aspects of Smart Metering for Electricity and Gas, ERGEG, February 2011, Ref. E10-RMF-29-05, http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_PAPERS/Guidelines%20of%20Good%20Practice/Other/E10-RMF-29-05_GGP_SM_8-Feb-2011.pdf
- GGP on Indicators for Retail Market Monitoring for Electricity and Gas, ERGEG, October 2010, Ref. E10-RMF-27-03, http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_PAPERS/Guidelines%20of%20Good%20Practice/Other/E10-RMF-27-03_final%20GGP%20IRMM_12-Oct-2010.pdf
- Status Review of the Implementation of EC Good Practice Guidance for Billing, ERGEG, September 2010, Ref. E10-CEM-36-03, http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_PAPERS/Customers/Tab1/E10-CEM-36-03_EC%20billing%20guidance_8-Sept-2010.pdf
- GGP on Customer Complaint Handling, Reporting and Classification, ERGEG, June 2010, Ref. E10-CEM-33-05, http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_PAPERS/Guidelines%20of%20Good%20Practice/Other/E10-CEM-33-05_GGP-ComplaintHandling_10-Jun-2010.pdf
- Status Review of DSO Unbundling with Reference to GGP on Functional and Informational Unbundling for DSOs, ERGEG, September 2009, Ref. E09-URB-20-05, http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_PAPERS/Cross-Sectoral/2009/C09-URB-20-05_DSO-Unbunling_09-Sep-09.pdf
- GGP and Status Review - Obstacles to Supplier Switching in the Electricity Retail Market, ERGEG, April 2008, Ref. E07-RMF-06-03, http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_PAPERS/Customers/2008/E07-RMF-06-03_switching%20electricity%20GGP%20status%20review_10.pdf
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- Supplier Switching Process – Best Practice Proposition, ERGEG, July 2006, Ref. E05-CFG-03-05, http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_PAPERS/Customers/2006/E05-CFG-03-05_SupplierSwitchingProcess_BestPracticeProposition_07-Jul-06.pdf

regulators.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_PAPERS/Customers/2006/E05-CFG-03-05.pdf

External documents

- Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC, <http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:211:0055:0093:EN:PDF>
- Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in gas and repealing Directive 2003/54/EC, <http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:211:0094:0136:EN:PDF>
- EURELECTRIC Reference 'Retail Market Model': Bringing the Benefits of Competitive Electricity Markets to the Customer, 2007, <http://www.eurelectric.org/Download/Download.aspx?DocumentID=22565>

Table of Contents

EXECUTIVE SUMMARY	7
1 INTRODUCTION.....	9
1.1 Scope.....	10
1.2 Current situation.....	11
1.3 Questions for Public Consultation	12
2 RETAIL MARKET MODEL DESIGN.....	13
2.1 The role of the retail market design	13
2.2 Customer interface model	14
2.3 Examples of customer interface models.....	16
2.3.1 Current situation.....	17
2.4 Recommendation for customer interface model	18
3 SUPPLIER SWITCHING	20
3.1 Introduction	20
3.2 Background.....	20
3.3 Current situation.....	22
3.4 Recommendations on supplier switching	23
3.5 Roles and responsibilities of DSOs, suppliers and metering operators in supplier switching	25
3.6 Enquiries and complaints	26
3.7 Moving	27
4 BILLING PROCESS MODEL.....	28
4.1 Introduction	28
4.2 Background.....	28
4.3 Current situation.....	29
4.4 Billing regimes.....	30
4.5 Recommendation on Enquiries and complaints.....	34
5 CONCLUSIONS.....	35
ANNEX 1 – CEER	37
ANNEX 2 – LIST OF ABBREVIATIONS	38
ANNEX 3 –10 POINTS OF GOOD PRACTICE GUIDANCE FOR BILLING PUBLISHED BY THE EUROPEAN COMMISSION IN 2009:.....	39

**ANNEX 4 - GGP ON REGULATORY ASPECTS OF SMART METERING FOR
ELECTRICITY AND GAS.....41****Table of Figures**

Figure 1 - Market design	13
Figure 2 - Key components when designing a customer interface model	15
Figure 3 - Dual and multi point-of-contact model.....	16
Figure 4 - One point-of-contact model.....	17
Figure 5 - Dual or one point-of-contact Electricity.....	18
Figure 6 - Current regulation on switching period.....	22
Figure 7 - Questions on market design	23
Figure 8 - Billing regimes	29
Figure 9 - Timeframe for sending a final bill	30

EXECUTIVE SUMMARY

This public consultation document addresses the roles and responsibilities of market players in the European electricity and gas retail markets, including the DSOs' role as neutral market facilitators. The work will in its final version also complement the handbook on market design developed by the EC's working group as presented on the 3rd London Forum in 2010.

CEER believes that, in order to reach a harmonised European energy market, there needs to be a step by step approach.

In this respect, the present report begins with a basic approach to retail market design, trying to find out what the preferred retail market model should be. This initial choice then guides the design of the processes that enable stakeholders to act on the energy markets. CEER recommends that the market model should be supplier-centric.

Thereafter, CEER has looked at the different processes in the markets and chosen to focus on two of them: supplier switching and billing. CEER believes that these are the most relevant processes, as they imply the most frequent customer interaction with the energy market. If these processes are well designed and well-functioning, the customer can engage in the energy market in a positive way, with the result to build customer trust and greater customer engagement. There are also huge benefits for the suppliers, DSOs and metering operators in having processes that enable efficient and reliable day to day business activities.

CEER puts forward seventeen draft recommendations: one recommendation on retail market design; eight recommendations on switching; one recommendation on moving; and seven recommendations on billing.

All draft recommendations are presented in the table below:

Reference	Number	Draft Recommendation
Chapter 2 Retail market model design	1	As an overall principle, the supplier should be the main point of contact for the customer.
Chapter 3 Supplier switching	2	The contract should always be offered in a written form.
	3	A switch should be executed within less than three weeks.
	4	A supplier switch should be possible any day of the week.
	5	There should be a regulated framework for meter value management, meaning a standardised electronic format and timetables for data exchange.
	6	The supplier should give information on offers in a clear and concise manner.
	7	The number of possibilities to stop a switch from being completed should be very limited.

	8	Information on how to make an enquiry and on how to launch a complaint specifically regarding supplier switching should be clearly displayed on the contract with the new supplier.
	9	The supplier should always be the first point of contact for questions regarding supplier switching.
Moving	10	The supplier should be the main point of contact for the customer when moving in or moving out of his/her own residence.
Chapter 4 Billing	11	Combined billing, to be provided by the supplier, should be mandatory.
	12	The final bill should be sent out by the old supplier within less than six weeks after having received the necessary data from the DSO.
	13	When advance payment is used, the customer should be clearly informed about the methodology used to calculate the advance payment.
	14	The customer should be offered different payment methods, including payment methods which can be easily accessible to vulnerable customers.
	15	The customer should always have a choice in the billing frequency
	16	The supplier should always be the first point of contact for issues regarding the bill.
	17	Information on making an enquiry or launching a complaint specifically about the content of the bill should be clearly displayed on the bill.

Regarding the first recommendation, CEER would like to point out that the majority of the twenty-two countries answering the CEER internal questionnaire on retail market design – which also represent the majority of the energy customers in Europe - have a supplier-centric model.

CEER would like to underline that the recommendations in this draft GGP are in some cases an outlook towards the future of energy retail markets and beyond the obligations imposed by the present European legislation and the framework suggested by the European Commission DG Energy Retail Market Design Working Group.. CEER suggests that to these recommendations are applied as soon as up-to-date IT-infrastructure is put in place and not necessarily on a standalone basis.

1 Introduction

A well-functioning retail market is an essential element in liberalised energy markets. It links wholesale markets to customers and should provide a choice of commercial offers at fair and transparent prices, a satisfactory quality of service and enable innovative services.

It requires low barriers for new entrants and a free choice of a sufficient number of suppliers for customers across all Member States.

The active participation of customers requires trust by the customer which can be achieved if there are clear and reliable rules in place and access to information is easy to obtain for the customer. Empowered customers are as essential as competitive suppliers for the development of competition in energy retail markets. Having efficient retail markets in place will foster the underlying energy efficiency and use of renewable sources.

Energy retail markets encompass a set of collaborative processes. The definition of "market design" in this report is the following:

"Clearly defined roles and responsibilities of different market actors, the processes between them and the framework for empowering customers"

Efficient market design, including a level-playing-field and a customer-friendly approach, is an important contributor for bringing the benefits of competition to the customer. The existing European legislation is not extensive with regard to retail market design and necessary elements of retail markets. However, one single internal energy market is impossible to attain without a common understanding of well-functioning retail markets.

The 3rd Citizens' Energy Forum (London, 21-22 September 2010) examined results of the DG Energy Retail Market Design Working Group which was set up by the European Commission. The Working Group report¹ identified key elements of retail markets that should serve as a guide for further work. The Forum invited CEER to work on additional recommendations and guidance to complete this handbook.

The social importance of energy as an essential or critical service for households places particular responsibilities on suppliers and DSOs, especially with regard to the supply of vulnerable customers and also related to energy savings and sustainable energy use. In general terms, vulnerable customer groups should primarily be addressed through national social policy frameworks but can also be supported by energy policy.

In the context of customer empowerment, there are different stakeholders acting in the market. Customer organisations are an important stakeholder assisting the customers, as well as National Regulatory Authorities (NRA). The roles and responsibilities of NRAs are discussed in detail in the upcoming Benchmarking report on the roles & responsibilities of NRAs in customer empowerment and protection².

¹ Retail Market Design, report from the EC Working Group for the 3rd Citizens Energy Forum, http://ec.europa.eu/energy/gas_electricity/forum_citizen_energy_en.htm

² CEER 2011 Work Programme

Retail market design defines common rules and procedures that all market players have to follow in order to operate in the market. Roles and responsibilities of the different market actors, business processes between them and corresponding data exchange should provide a level-playing-field, be binding in nature and streamlined to efficiency. Furthermore, customer empowerment and well-functioning retail markets require that adequate market regulation is also in place. It is important to ensure that the regulation empowers and protects the customer without creating unjustified barriers for market entry. Legal barriers for market entry and engagement, e.g. conditions of possible supplier licences, should be analysed carefully and with respect to the unhindered development of competition. That being said, the question of supplier licences is not within the scope of this report.

From a wide range of necessary processes there are two particular processes where the customer has frequent and direct contact with the stakeholders of the energy markets. These processes are billing and supplier switching. Therefore, the focus of the recommendations in this report is on these processes.

1.1 Scope

The purpose of this public consultation report is to provide suggestions for Guidelines of Good Practice on retail market design, with a focus on supplier switching and billing for both electricity and gas. In addition to the detailed guidelines on supplier switching and billing processes, this report also provides guidance on other aspects of retail market design.

This consultation document is directed towards Member States, national regulators and market actors when designing and acting in national electricity and gas retail markets. However, the purpose of these guidelines is not to define one fully harmonised retail market model for the whole of Europe.

This document is written with a customer perspective. The recommendations concerning customer empowerment are of great importance if the customer is to feel confident when acting in the energy market. In order for customers to become active in the energy market, basic information of the markets' functionality and customers' rights should be available and easy to understand. The interface to the customer should be easy and intuitive for customers; a customer needs to be enabled to contact the relevant market actor depending on his/her request. Especially suppliers need to provide transparent, comprehensive and easy to understand information to customers and deal with enquiries and complaints promptly and efficiently. CEER will soon issue a Status Review on the implementation of the GGP on Complaint Handling.

Where this report refers to 'customers' they are to be understood as 'household customers' and those customers that are deemed to be protected by Annex 1 (and Article 3) of the 2009 Electricity and Gas Directives³, when implementing the 3rd Package. Each individual Member State may in addition choose to enlarge the scope from only household customers to also include small and medium-sized businesses. The national definition should be used when applying the recommendations.

³ Directive 2009/72/EC and Directive 2009/73/EC

1.2 Current situation

During the spring of 2011, CEER carried out an enquiry among its members to see what kinds of market designs currently exist and if any changes are planned in future. The enquiry was answered by the NRAs. The following questions were posed:

1. What kind of market design do you have?⁴
2. Do you see new stakeholders emerging in your energy market in the future?
3. Do you have one of the following billing systems in your country?
 - *Combined billing by the supplier, mandatory.* This option means that it is the supplier who provides the customer with one bill, containing both the cost for electricity and for the network. This would mean that the DSO should not invoice the customers directly, but via the supplier.
 - *Combined billing by the supplier, voluntary.* This option means that it is the supplier who chooses to provide the customer with one bill containing both the cost for electricity and for the network. The analysis of this billing option should focus on a system where the supplier has the right to demand that the DSO facilitates combined billing.
 - *Mandatory separate billing.* This option means that the supplier must always invoice the electricity cost directly to the customer and that the DSO must always invoice the network cost directly to the customer. Combined bills are not allowed.
4. Do others besides the incumbent supplier offer combined billing?
5. Within what timeframe does the supplier have to send the final bill/invoice?
6. Do you have a regulation for meter value management processes when executing a switch?
7. Do you have a national hub or database to which the metering operator/DSO sends meter values used for billing and/or switching?
8. Within what time period do you have to execute a switch?
9. Is it possible for any stakeholder to stop a switch from taking place? If yes, which stakeholder?
10. Do you plan to change your market design, billing or switching processes due to the deployment of smart metering?

These questions were answered by the following twenty-two countries; Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Great Britain, Hungary, Iceland, Ireland, Italy, Luxemburg, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden and the Netherlands.

The answers from this enquiry are reflected in tables or text throughout the report, under *Current situation* in chapters two, three and four.

Furthermore, the answers regarding billing and switching practices have been included in the CEER document “Summary of national practices in retail market design, with a focus on billing and switching (as of 1 July 2011)”.⁵

⁴ One, dual or multi point-of-contact

⁵ CEER, July 2011, Ref. C11-RMF-35-03

1.3 Questions for Public Consultation

In this document, CEER has tried to define retail market design for billing and switching. The questions to interested stakeholders are embedded within the report itself. There are a total of 17 consultation questions to be answered through the on-line tool.

Among other things, we would welcome views on the following questions: do you agree to the proposed recommendations? Do you believe that we have pinpointed the relevant roles and responsibilities with regards to switching, moving and billing? Have we chosen the most important factors that need to be addressed for stakeholders – including the customers – to bring the full benefits of the retail market model?

2 Retail market model design

2.1 The role of retail market design

Market design is the key issue in the development of national electricity and gas retail markets. The market design process should clearly define the roles and responsibilities of the market actors; thus, the market design plays an important role in obtaining a well-functioning retail market. A well-defined set of roles and responsibilities for market actors is also crucial when integrating retail markets for gas and electricity across Europe.

During the market design process, decisions and definitions are made with respect to issues on different levels. Market design has three main layers:

1. Definition of the market model;
2. Definition of the market processes; and
3. Offers between the market participants and customers

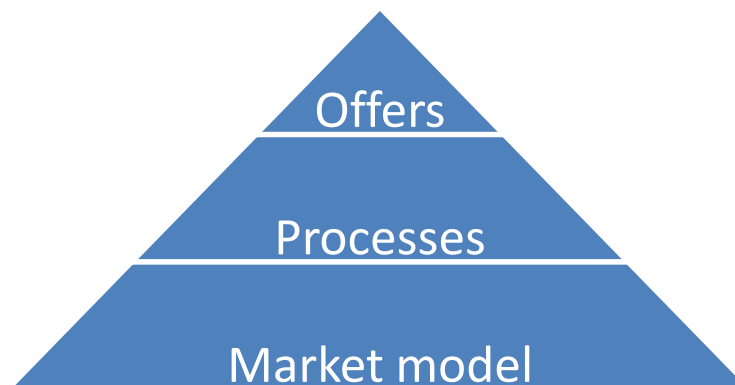


Figure 1 - Market design

The basis of the electricity and gas markets will be defined by the selection of a certain retail market model. The market model defines the roles and responsibilities of the different market actors⁶. For example, if the responsibility for the quality of supply lies with the DSO, this implies that any failure or accident - relating to this responsibility - would make the DSO the relevant market actor for the customer to turn to regarding questions on quality of supply.

The definition of the market model also determines the interface through which customers interact with the retail market. The interface can be based on a strictly one point-of-contact model, a strict multiple point-of-contact model, or an approach that combines features from both models.

Thus, when choosing a market model it is important to take into consideration both the interaction between the market actors and the interaction between the customers and the actors on the retail market.

⁶ CEER recognises that the market model entails more aspects than the roles and responsibilities but sees these as the core aspects when focusing on market processes.

At the next level of market design are the processes. In order to have well-functioning electricity and gas markets there have to be reliable and transparent definitions for the processes which define what each market actor should do and when. Customers will also benefit from well-defined, biunique and efficient market processes. Such processes are, for example, billing, moving, supplier switching, meter reading, etc. The definition of these processes has to take into consideration what kind of interface model has been chosen. Thus, if the retail market model is based on a one point-of-contact model, the customers face supplier-oriented processes. Conversely, in a multiple point-of-contact model the customer faces different market actors in the processes. Should the market model be somewhere between these extremes, the customer would face the supplier when this is considered most efficient and the DSO, metering operator or other market actor when this is considered most efficient.

Finally, at the top of the pyramid, are the offers which result from a well-functioning market. By offers, CEER means the products and services which suppliers and/or ESCOs provide to customers. These offers need to be sufficiently numerous and diversified for the market to be functioning well and transparently. Once we have defined the market model and processes, the field for competitive action is created. It is important to stress that competitive action can develop best on a level-playing field. Offers and products are not extensively regulated but rather defined by marketing rules and contractual law. However, regulators should implement mechanisms to ensure that suppliers comply with national requirements regarding key fields - i.e. consumer protection issues - essential to obtain a well-functioning retail market. Regulators are also required to monitor the market to ensure that customers are benefiting from competition.

As a conclusion, the market design process covers the definition of the retail market model and the processes, but only partially contracts and products.

2.2 Customer interface model

The main characteristic describing the structure of the retail market is the customer interface model: the focus should be on how the customer engages with the different market actors in each process. The interaction between the market actors is also of key importance.

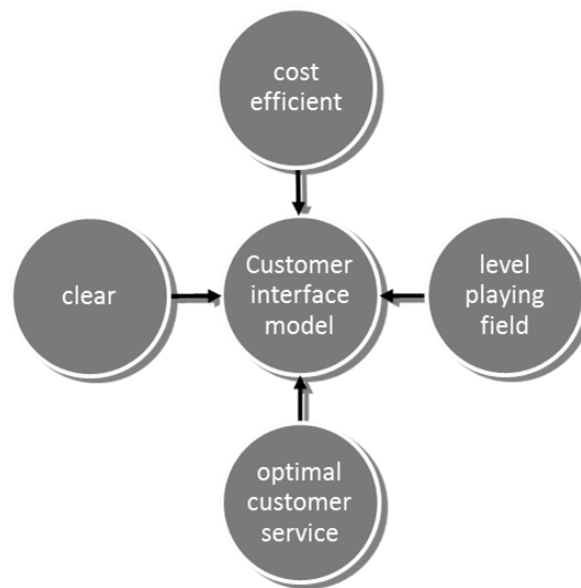


Figure 2 - Key components when designing a customer interface model

CEER recommends that the four objectives listed below should be considered when designing customer interface and processes in energy markets. These objectives should be taken into account in the chosen customer interface model in a balanced way, as shown in figure 2. The objectives are therefore not mentioned in a prioritised order.

(a) **The customer interface model should be intuitively comprehensible for the customer.** The customer should understand without great efforts which market actor he/she should be in contact with whenever he/she has questions related to electricity or gas. This requires that the roles and responsibilities of each market actor towards customers are well-defined and customers are properly informed about them.

(b) **The customer interface model should enable optimal customer service.** This means that there should be several easy ways/channels to reach the relevant market actor and the request/question should be dealt with without delay. The customer should have easy access to customer service and get answers correctly and as quickly as possible.⁷

(c) **The customer interface model should provide a level playing field to ensure competitive retail energy markets.** It is important to ensure that the chosen interface model does not give any structural advantages to any market player and thus hinders competition.

(d) **The customer interface model should ensure cost efficiency.** When designing a customer interface model, the costs of each process within this model should be considered, as the costs will be paid by the customers.

⁷ This recommendation is also mentioned ERGEG GGP on customer complaint handling, reporting and classification, June 2010, Ref. E10-CEM-33-05

2.3 Examples of customer interface models

The basis of a retail market today is the relationship between the customer and supplier, the customer and the distribution system operators (DSO) and the customer and the metering operator or other market actor. There is no EU-legislation⁸ on how roles and responsibilities should be divided between suppliers, DSOs and metering operators or other market actors. Therefore, the retail market models applied in Europe differ.

The two extremes for the customer interface model are the one point-of-contact model and the dual or multi point-of-contact model. The basis of the one point-of-contact model is that the customer has a contract with only one market actor (usually the supplier). In the dual or multi point-of-contact model, the customer has a contract with both the supplier and the DSO (and metering operator, if applicable). The processes related to the customer contacts cover for example making and ending contracts, customer service and billing. However, in practice the retail market models usually have some features from both models. The customer can also have contracts with other market actors, depending on the national market design, level of competition and if smart metering is in place. These market actors include metering operators, energy service companies (ESCO), etc.

A strict dual point (multi-) contract model would mean that all communication from/to the customer goes to the contracting parties only. In this case, the customer would be in contact with all the market actors. This situation is depicted in figure 3.

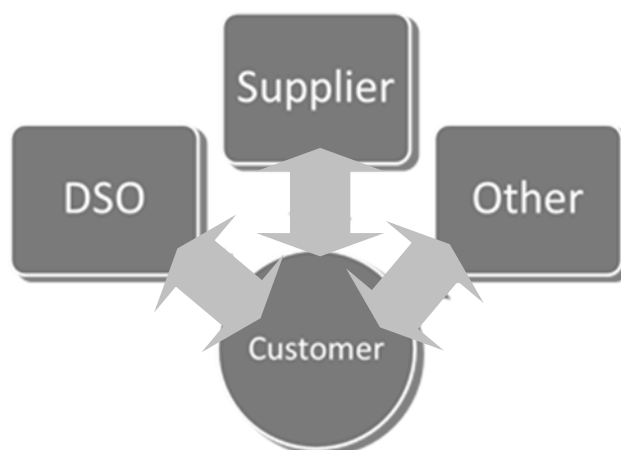


Figure 3 - Dual and multi point-of-contact model

A strict one point-of-contact situation would mean that the customer would only be in contact with one market actor, as shown in figure 4. In this case the stakeholder communication would be only between the market actors without the customer being aware of this.

⁸ Apart from unbundling rules which deal with production, network management and supply.



Figure 4 - One point-of-contact model

This contractual relationship can be made visible in the customer interface model chosen, but that is not necessarily always the case. In the case of a so called 'supplier centric model', the supplier is the main point-of-contact for customers. This means that customers should mainly have contact with the supplier.

Exceptions to this might occur when the customer needs a new connection, has interruption problems, and for questions with respect to the network connection. Then the DSO and/or the metering operator would be the relevant market actor for a customer to contact. However, it is expected that with the increased interaction of customers and grids as anticipated in the smart grids concept a review of the existing contact models in Europe, in particular with regard to the role of the DSO, might be necessary. Also, new developments with respect to smart metering may mean that new market actors such as metering operators or ESCOs emerge.

2.3.1 Current situation

Regarding electricity, eleven⁹ of the twenty-two countries that responded to the enquiry indicated they have a one point-of-contact model while nine countries¹⁰ indicated they have a dual point-of-contact model. Two countries¹¹ have another model. In fifteen of these countries the customer needs to be in contact with the DSO on issues such as new connection, technical issues, etc.

A closer look at the eleven countries having a supplier-centric model reveals that they represent Europe's most populated countries. This implies that a very large number of the energy customers today are used to dealing with the supplier, mainly as regards processes in the energy market.

Greece and Hungary indicated to have a different market design for gas customers compared to electricity customers. In both countries, a one point-of-contact is applied for gas, while a dual point-of-contact model is applied for electricity.

⁹ Belgium, Czech Republic, France, Germany, Great Britain, Iceland, Ireland, Italy, Luxembourg, Portugal and Spain

¹⁰ Austria, Finland, Greece, Hungary, Norway, Slovak Republic, Slovenia, Sweden and The Netherlands

¹¹ Denmark and Poland

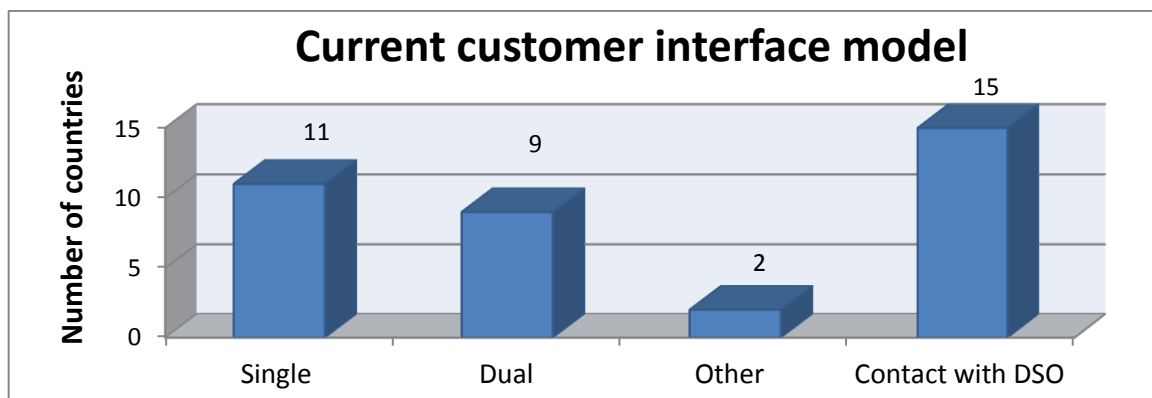


Figure 5 - Dual or one point-of-contact Electricity

2.4 Recommendation for customer interface model

When developing customer interface models, it should be remembered that the basic structure of open electricity and gas markets is that suppliers, independent metering operators and ESCOs are acting under competitive circumstances, whereas the DSO is operating in a monopoly. Thus, the market actors and the DSO have different kinds of roles and responsibilities. Unbundling rules¹² foster this separation by requiring vertically-integrated DSOs to develop their own communication and branding which differs from the communication and branding of the supply branch of the vertically-integrated undertaking. These measures are to be respected in order to create a level playing field among energy suppliers and to assure sound development of the retail market.

CEER finds that a supplier-centric model is preferable, since it is crucial that participating in the energy market is as easy as possible for customers. Since the supplier acts on the competitive part of the retail market, the supplier would be the relevant actor in this level. Suppliers will need to find ways to keep their existing customers and to gain new customers. There are a wide range of opportunities for the supplier to do so, for example through developing products and defining competitive contracts which are appealing to the customer. Moreover, given the expected developments with respect to smart metering and automated processes, it is important to ensure that processes are intuitively comprehensible to customers. Since the supplier is the market actor with whom customers traditionally have the most contact, the supplier would be the most intuitive market actor to contact for a customer.

Nonetheless, the roles and responsibilities of other market actors should be clear to customers, since, in the absence of a strict one point-of-contact model, it is important for the customer to know which market actor to contact in what situation.

¹² Article 26(3) in Directive 2009/72/EC and Article 26(3) in Directive 2009/73/EC

CEER believes that the customer interface must be defined at each process, in order to exercise the flexibility offered by the supplier centric model. In the supplier centric model the supplier is the standard interface. However in the following processes another stakeholder could be the customer interface: when the customer needs a new connection, has interruption problems, and for questions with respect to the network connection. Then the DSO and/or the metering operator would be the relevant market actor for a customer to contact. Nevertheless, it is expected that with the increased interaction of customers and grids as anticipated in the smart grids concept a review of the existing contact models in Europe, in particular with regard to the role of the DSO, might be necessary. Also, new developments with respect to smart metering may mean that new market actors such as metering operators or ESCOs emerge.

CEER considers that the customer should be clearly informed about which market actor must be contacted for solving specific issues. The appointed single point of contact¹³ should provide information on and contact details of the relevant market actor responsible for those issues.

Question 1: The supplier should be the main point of contact for the customer.

Agree

Disagree

Comment

¹³ Article 3(12) in Directive 2009/72/EC and Article 3 (9) in Directive 2009/73/EC

3 Supplier switching

3.1 Introduction

By 2007 at the latest, the electricity and gas markets in all EU Member States had to be opened up to competition and all customers have had the possibility to switch supplier in both electricity and gas markets. A well-functioning market needs well-informed, active and empowered customers who are in the position of switching supplier in an uncomplicated, protected and risk-free way. It is important that the markets are organised in such a way that customers have easily accessible information about suppliers and their offers. It is also important that the actual switch is simple to carry out for both for customers and all market players involved.

In 2006-2008, CEER published four reports focusing on supplier switching in the gas and electricity retail markets.¹⁴ CEER developed Guidelines of Good Practice (GGP) for the supplier switching process for electricity and gas in order to promote well-functioning retail markets.

3.2 Background

General principles and recommendations

In its previous work, ERGEG listed a number of general principles for electricity and gas that should be taken into account when considering supplier switching. The following principles for the supplier switching process for electricity and gas are based on the previous CEER reports “GGP and Status Review – Obstacles to Switching in the Gas Retail Market”, “Obstacles to Supplier Switching in the Electricity Retail Market - Guidelines of Good Practice and Status Review”, “Final GGP on Indicators for Retail Market Monitoring” and “GGP on Regulatory Aspects of Smart Metering for Electricity and Gas”. They include recommendations that have been mentioned in CEER’s previous reports but are still of utmost importance as they have not been implemented Europe-wide and/or are also mentioned in the 3rd Package.¹⁵ Smart metering is not a prerequisite for an easy and consumer-friendly switching process. However, it can be seen as a market facilitator which helps to simplify the process by assuring quick and correct data transfer.

The recommendations stated by CEER/ERGEG in previous reports are the following:

- **In order to promote switching, customers must be confident of the benefits of switching supplier.**
- **Customer confidence can be improved by providing easy access to relevant information. DSO neutrality should be enforced.**

¹⁴ Supplier Switching Process – Best Practice Proposition, ERGEG, July 2006, Ref. E05-CFG-03-05; GGP and Status Review – Obstacles to Switching in the Gas Retail Market, ERGEG, April 2007, Ref. E06-CSW-05-03; Obstacles to Supplier Switching in the Electricity Retail Market - Guidelines of Good Practice and Status Review, ERGEG, April 2008, Ref. E07-RMF-06-03; Status Review Supplier Switching Process Electricity and Gas markets - Five case studies, ERGEG, September 2008, Ref. E08-RMF-10-04.

¹⁵ CEER will not include recommendations made in previous reports in this public consultation. However, strong reference is made to the documents mentioned above

- **The process of switching supplier has to be easy from the customer's point of view and the customer shall not pay any direct fees¹⁶ for changing supplier.**
- **A load profile system should be in place to manage settlement of customers who are not metered hourly (or more frequently than that, depending on the dissolution in the specific market).**
- **The switching period should be as short as possible within technical and organisational limitations.**
- **The restriction regarding the dates of switching should be minimised, meaning that a switch should be able to take place as often as possible.**
- **Every metering point should have a unique identification number (e.g. based on the EAN standard Global Service Relation Number, GSRN) to facilitate data exchange and avoid misunderstandings.**
- **All customers must be well informed of price changes and have the right of withdrawal from the contract before new prices enter into force.**
- **Smart meters which are automatically read should not be a prerequisite for the customer's eligibility to switch.**
- **To create conditions for customers to make an informed choice, three issues are of utmost importance: i) the ability of customers to get comparable price information has to be ensured; ii) relevant and applicable price information has to be publicly available and iii) customers should be able to compare new price offers with their existing contract.**
- **To ensure the availability of comparable price information, generally agreed principles are needed in the first instance at national level to define the way the prices are communicated to customers via marketing.**
- **Clear roles and responsibilities among actors are of vital importance throughout the entire procedure.**
- **The number of delayed switches and the number of failures in relation to the total switching rate has to be minimised.**
- **There shall not be any fees for withdrawing from non-fixed term contracts.**
- **The customer should only need to be in direct contact with one party (one point of contact), when initiating the switch. This party should be the new supplier.**

In order to foster the supplier switching process, there should be in addition public and transparent indicators that will be used in monitoring competition in retail markets and especially the functioning of supplier switching process. In the GGP on Indicators for Retail Market Monitoring, "ERGEG suggests that data on the number of switches is collected on at least a quarterly basis from DSOs or suppliers [...]" and that "the nature of switching is considered in greater detail [...]".

¹⁶ Paragraph 1 (e) Annex A of Directive 2009/72/EC and Directive 2009/72/EC. The customer shall not be charged for switching supplier

3.3 Current situation

Among the twenty-one respondents to CEER's enquiry about the current regulation on the timeframe for a switch to be carried out, the time period varies from six days to three months. Two countries¹⁷ have a switching period of around one week, this without smart meters being in place. Five countries¹⁸ have a switching period of around two weeks. Another seven countries¹⁹ have a switching period of around one month and six countries²⁰ have a switching period between one and two months. One country has a switching period up to three months²¹.

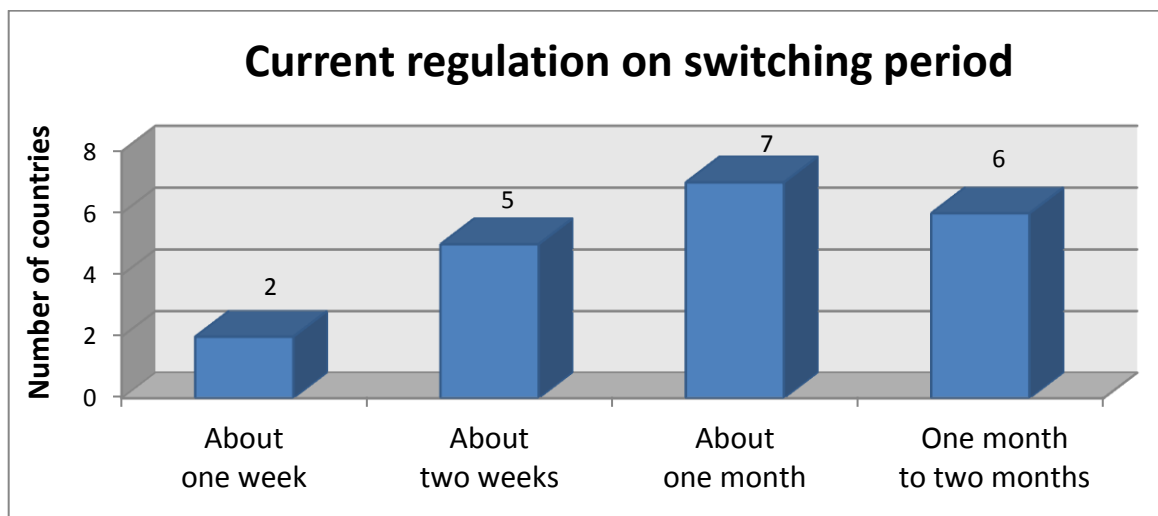


Figure 6 - Current regulation on switching period

It seems that fourteen countries²² have regulation on meter value management processes when executing a switch, while one²³ does not and for another one²⁴ the question is not applicable. Seven countries²⁵ have a national hub or database where the DSOs send meter values etc., and other stakeholders can access this data. CEER has previously stated that there should be no obstacles to supplier switching and that the possibility to stop a switch

¹⁷ Ireland (switching period for electricity is one week; switching period for gas is twenty-one days) and Norway (between six and twenty-one working days)

¹⁸ Finland (two weeks), France (ten working days; maximum six weeks), Portugal (on average less than ten working days), Spain (two weeks) and Sweden (two weeks)

¹⁹ Belgium (three weeks with new legislation), Denmark (one month), Italy (one month), Lithuania (one month), Poland (four weeks for the first switch, two weeks for following switches) Slovenia (three weeks) and The Netherlands (one month)

²⁰ Austria (between four and six weeks; three weeks with new legislation), Germany (between four and six weeks; three weeks in future), Great Britain (between five and six weeks) and Hungary (switch effective as from the first day of the second month after data transfer to DSO), Iceland (between one and two months), Luxembourg (between one and two months)

²¹ Czech Republic (between seventeen days and three months)

²² Belgium, Denmark (market rules), Finland, Germany, Great Britain, Hungary, Iceland, Italy, Luxembourg, Portugal, Slovenia, Spain, Sweden and The Netherlands

²³ Austria

²⁴ France

²⁵ Belgium (not centralised), Denmark, Great Britain, Luxembourg (for gas), Norway, Portugal and Spain

from taking place should not be possible. In eight²⁶ countries, it is possible for either the old supplier and/or the DSO to do this. In nine²⁷ countries it is not possible for the stakeholders to stop the switch. Looking at the move towards a smart metering world, it is interesting to see if CEER members are planning to make changes in their market design, billing processes and/or switching processes. Six²⁸ countries are already planning to make changes while seven²⁹ countries either have made changes recently or are not planning to make any immediate changes.

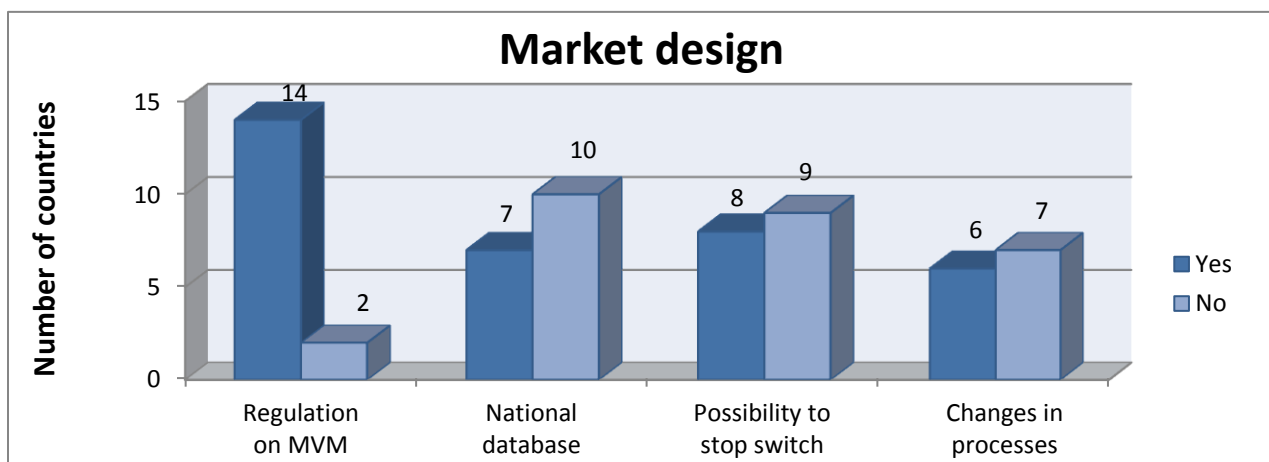


Figure 7 - Questions on market design

3.4 Recommendations on supplier switching

Contract

There should be a written contract between the customer and the supplier. Contracting should be possible electronically, e.g. through the internet, in order to further facilitate switching. There should be rules on the information needed to be able to switch, for instance name, address, date of birth, organisation (VAT) number, meter value and metering point identification number. One point of contact does not mean that the customer cannot have several contracts (one with the supplier, one with the DSO, one with a metering operator where applicable).

Question 2: The contract should always be offered to the customer in written form.

Agree

Disagree

Comment

²⁶ Austria, Finland, Germany, Great Britain, Hungary, Ireland, Luxembourg and Portugal

²⁷ Belgium, Denmark, France, Iceland, Italy, Norway, Spain, Sweden and the Netherlands

²⁸ Austria, Denmark, Finland, Great Britain, Luxembourg, The Netherlands

²⁹ Hungary, Iceland, Norway, Portugal, Slovenia, Spain, Sweden

Time for a supplier switch

The 3rd Package states that a switch should take place within three weeks for both electricity and gas customers. Looking at the current state of play, CEER notes that two countries³⁰ have a switching period of around one week and five countries³¹ have a switching period of around two weeks. Out of these countries, only one³² has smart metering in place.

With the roll-out of smart meters and/or other major changes in the market, market actors need to update IT systems to facilitate data transfer. This will lead to faster, easier and cheaper communication between the relevant market actors. Due to this, CEER is of the opinion that a supplier switch within less than three weeks³³, starting from the successful transfer of all relevant data, should be possible. This timeframe starts when the supplier sends the correct data of the switch to the DSO.

Question 3: A switch should be executed within less than three weeks. The switch should be executed within:

- a) **Under 1 week**
- b) **1 week**
- c) **2 weeks**
- d) **Other, please explain.**

In some European countries, it is possible to switch supplier any day of the week. CEER is of the opinion that a switch can take place any day of the week in all Member States. However it is not the case that smart metering by itself is the solution for having well-functioning switching processes, but it can be seen a very important step in further facilitating and speeding up the data transfer between all relevant stakeholders and making the date of the switch therefore more flexible. Stakeholders must review their communication systems when smart meters are in place. As a consequence, this will lead to faster, easier and cheaper communication between the relevant stakeholders.

From the customer's point of view, the switching process should not be delayed due to the fact that the switch can only take place on a specific day of the week or month. Therefore, the switching date should be as flexible as possible, adapting to the customer's wish on when the switch should take place. CEER would like to get some input on whether the following recommendation might be suitable as a Guideline of Good Practice:

Question 4: A switch should be possible any day of the week.

Agree
Disagree
Comment

³⁰ Ireland and Norway, see above footnote 17

³¹ Finland, France, Portugal, Spain and Sweden, see above footnote 18

³² Sweden

³³ See chapter II article 3(5) a) of Directive 2009/72/EC and chapter II article 3 (6) a) of Directive 2009/73/EC

Electronic data interchange

Electronic data interchange is required to operate the switching process efficiently. The data exchange should be in a standardised electronic format between the DSO, the new and the old suppliers, in order to obtain automatic, cost-efficient, timely and reliable data exchange. Manual work during the data exchange between the DSO and suppliers should be minimised. The standardisation of the data exchange should cover at least data formats and timetables and should be achieved through legal obligations.

If for any reason a Member State does not have the possibility to define a legal obligation, this could also be done via an agreement between NRAs and stakeholders. Defining a fail-safe data exchange can be seen as a very relevant issue, however this has never been mentioned in any legislative context. CEER has highlighted the importance of a standardised electronic format in previous reports as this would facilitate the switching process and avoid misunderstandings. However, many countries have not defined a specified format until now, even though only standardised communication protocols and procedures can guarantee quick, easy and robust processes.

Well defined processes for meter value management within the regulatory framework are of essential importance to obtaining an efficient billing process. Even though the DSO should give all suppliers access to the same information on customer data, CEER recognises that this principle is not yet achieved in most countries, leading to a situation where some suppliers are being favored with regard to meter value access. Even though different systems are allowed, it should be guaranteed that the incumbent supplier does not have any advantage due to for example combined computer systems.

Question 5: There should be a regulated framework for meter value management, meaning a standardised electronic format and timetables for data exchange.

Agree

Disagree

Comment

3.5 Roles and responsibilities of DSOs, suppliers and metering operators in supplier switching

New supplier

Offering transparent and comparable price and product information, which enables the customer to compare offers, lies in the hands of the suppliers. The supplier has to offer various methods of payment. The new supplier should also take into account the regret period (in most countries 2 weeks) if the contract was made in line with distance selling law. To avoid any case of abuse or that customers are switched by mistake, the supplier should confirm that the switch is going to take place and a new contract exists.

Question 6: The supplier should give information on the offers in a clear and concise manner.

Agree

Disagree

Comment

Old supplier and DSO

The old supplier receives a message from the DSO/metering operator notifying that the supplier switch will take place and sends a reconciliation bill³⁴. CEER has previously stated that there should be no obstacles to supplier switching. When looking at the current situation, CEER finds that in several countries there is a possibility for the old supplier to stop a switch from occurring while in other countries this is not possible. CEER believes that there might be circumstances when a switch should be stopped for instance when it is a switch to which the customer has not agreed on.

CEER would therefore like to consult on the possibilities for stopping a switch. Some argue that the old supplier should not be able to stop a switch unless there is a specific directive from the NRA/MS defining in which specific cases this is allowed. Others say that a switch may not be stopped if the customer complies with contractual and/or legal conditions. Finally, it can be argued that a switch could never be stopped by anyone other than the customer even if there was a valid contract between the customer and the old supplier. This last case shall then be solved through applicable contract law.

DSO/Metering operator

The DSO should carry out the switch without delay or discrimination. The new and old supplier should have clear and accurate information regarding the accurate meter reading value by the DSO or an independent meter operator. The meter reading can be either carried out by the DSO, an independent metering operator or the customer. However, it should not be the DSO who decides if a switch finally takes place or is rejected.

Question 7: The number of possibilities to stop a switch from proceeding should be very limited. Which stakeholder should be able to stop a switch?

- a. Customer***
- b. Old supplier***
- c. DSO***
- d. Other***

Please specify under which circumstances you believe that a switch can be stopped.

3.6 Enquiries and complaints

An important aspect of the 3rd Package is complaint handling. Complaint handling has to be transparent, fair and inexpensive.³⁵ Any complaint regarding switching issues has to be treated following quality standards and assuring consumer rights. Extrajudicial conciliation should be reached within a period of three months (if possible). Regarding complaint handling, the customer should be in contact with as few parties as possible, preferable only the supplier. It must be ensured that the customer knows who to contact for complaints regarding the switch.

³⁴ See chapter 4.6

³⁵ Paragraph 1 (f) Annex A of Directive 2009/72/EC and Directive 2009/72/EC

The supplier should have efficient complaint handling procedures with redress schemes in place³⁶.

Question 8: Information on how to make an enquiry and on how to launch a complaint specifically regarding switching should be clearly displayed on the contract with the new supplier.

Agree
Disagree
Comment

Question 9: The supplier should always be the first point of contact for questions regarding switching.

Agree
Disagree
Comment

3.7 Moving

An important business process in the retail market is moving residence. A move could be split into two separate business processes: a move out of a place of consumption and a move into a place of consumption. Normally both business processes follow each other: first a customer moves into a new place of consumption and then they move out of the old place of consumption. When customers move out of a place of consumption and move into another, they will either switch suppliers at the same time, or keep the same supplier they had at the former place.

Moving out and moving in requires an information exchange between the suppliers and DSOs. It is also important to have clear rules as to which market actor the customer has to be in contact with to initiate the moving process. CEER finds that to start the moving out process the default situation is that the customer is in contact with the parties with whom he/she has a contract. Likewise, to start the moving in process the default situation is that the customer is in contact with the party with whom he/she will have a contract. However, if the customer wants (in dual contact models), there should also be the possibility for the supplier to inform the DSO about the move on behalf of the customer, and thus the customer would be in contact only with the supplier.

Question 10: The supplier should be the main point of contact for the customer when moving in or moving out.

Agree
Disagree
Comment

³⁶ ERGEG GGP on Customer Complaint Handling, Reporting and Classification, June 2010, Ref. E10-CEM-33-05

4 Billing Process Model

4.1 Introduction

In 2009, the European Commission together with stakeholders worked on Good Practice Guidance for Billing. This Guidance³⁷ sets out recommendations for customer-friendly energy bills, both in terms of the information provided and the form of communication and design/layout of the bills themselves. In 2010, ERGEG published a Status Review on the implementation of the EC Good Practice Guidance for Billing³⁸ to depict the situation within ERGEG member and observer countries. The Status Review did not constitute ERGEG's opinion of the EC Good Practice Guidance for Billing, neither an assessment of this Guidance. It exclusively dealt with a description of the present situation in the ERGEG member and observer countries regarding billing requirements and voluntary measures and the changes were already in progress or decided.

4.2 Background

In the following draft recommendations regarding billing, CEER defines the roles and responsibilities of the relevant stakeholders with regards to billing issues. CEER will address the billing process model - CEER will also address the process behind establishing the bill. Some of the recommendations are partly based on the EC Good Practice Guidance for Billing and 3rd Package³⁹ requirements. These recommendations do not address the layout and detailed content of the bill.

Billing is considered to be one of the main communication channels between customers and stakeholders, thus the organisation of the billing process plays a key role in the design of the retail market. The primary function of the bill is to inform the customer how much he/she would need to pay for a certain consumption of electricity/gas. In addition, the bill also serves as an informative tool to inform the customer about important aspects, such as: energy consumption, energy mix source among others.

When discussing how the billing process should be arranged, it should always be remembered that the basic structure of open electricity and gas markets is that suppliers act within competitive framework, whereas the DSOs operate in a monopoly. Thus, the suppliers and the DSOs have different types of roles, responsibilities and incentives in the market.

³⁷ Representatives from two NRAs participated, together with other stakeholders, in the working group set up by the European Commission's Directorate General for Health and Customers (DG SANCO) to draft the EC Guidance. However, the EC Guidance for Good Practice on Billing, which was not approved by ERGEG, cannot be considered as an ERGEG position. The paper can be found under the following link: http://ec.europa.eu/energy/gas_electricity/doc/forum_citizen_energy/2009_09_29_citizens_energy_forum_reports_and_materials.zip

³⁸ September 2010, Ref. E10-CEM-36-03, http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_PAPERS/Customers/Tab1/E10-CEM-36-03_EC%20billing%20guidance_8-Sept-2010.pdf

³⁹ Directive 2009/72/EC

4.3 Current situation

Twenty-three countries answered the internal survey on what kind of billing regime exists in their retail market today. Twelve countries⁴⁰ have mandatory combined billing⁴¹ and ten countries⁴² have voluntary combined billing⁴³. In one country⁴⁴ two bills are issued if a customer has switched and one bill if the customer still has a contract with the incumbent supplier.

The various types of billing regimes identified by CEER are explained in detail in section 4.4

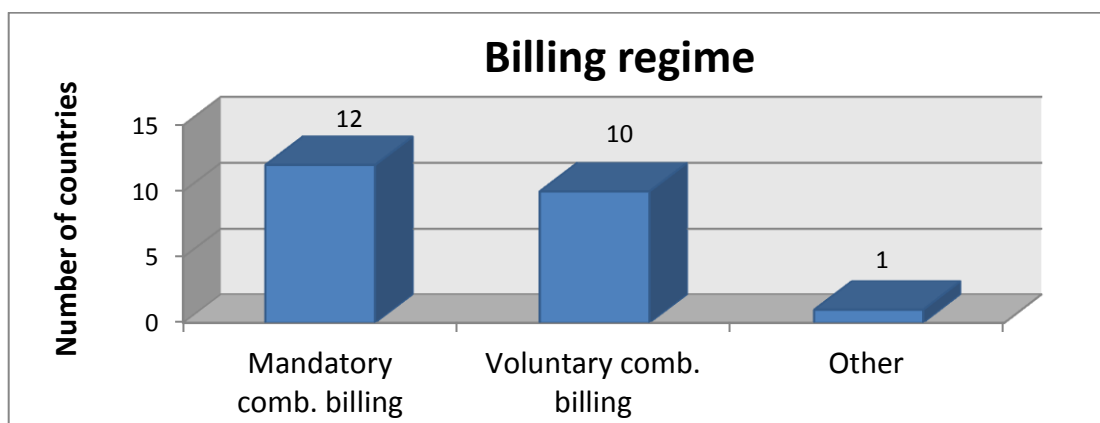


Figure 8 - Billing regimes

Regarding the results from the question on the current situation of the time frame for a final bill to be sent, the answers vary between countries. In total, nineteen countries answered the question. Three countries⁴⁵ have a timeframe of around one month, five countries⁴⁶ have a regulated timeframe of six weeks and nine countries⁴⁷ do not currently have a regulation on when a final bill should be sent. One country⁴⁸ has a timeframe of two months. In one country⁴⁹ the timeframe is set in the contract.

⁴⁰ Belgium, Czech Republic, France, Germany, Great Britain, Greece, Hungary, Ireland, Italy, Luxembourg, Portugal and Slovak Republic

⁴¹ Combined billing by the supplier, mandatory: this option means that it is the supplier who provides the customer with one bill, containing both the cost for electricity and for the network. This would mean that the DSO should not invoice the customers directly, but via the supplier.

⁴² Austria, Denmark, Finland, Iceland, Lithuania, Norway, Slovenia, Spain, Sweden and the Netherlands

⁴³ Combined billing by the supplier, voluntary: this option means that it is the supplier who chooses to provide the customer with one bill containing both the cost for electricity and for the network. The analysis of this billing option should focus on a system where the supplier has the right to demand that the DSO facilitates combined billing.

⁴⁴ Poland

⁴⁵ Czech Republic, France, Hungary (twenty days, following new legislation entered into force as from 1 July 2011)

⁴⁶ Austria, Belgium, Denmark, Germany and Sweden

⁴⁷ Finland, Great Britain (will be six weeks in the future), Ireland (will be six weeks), Italy, Luxembourg, Poland, Portugal, Slovenia and Spain

⁴⁸ The Netherlands

⁴⁹ Lithuania

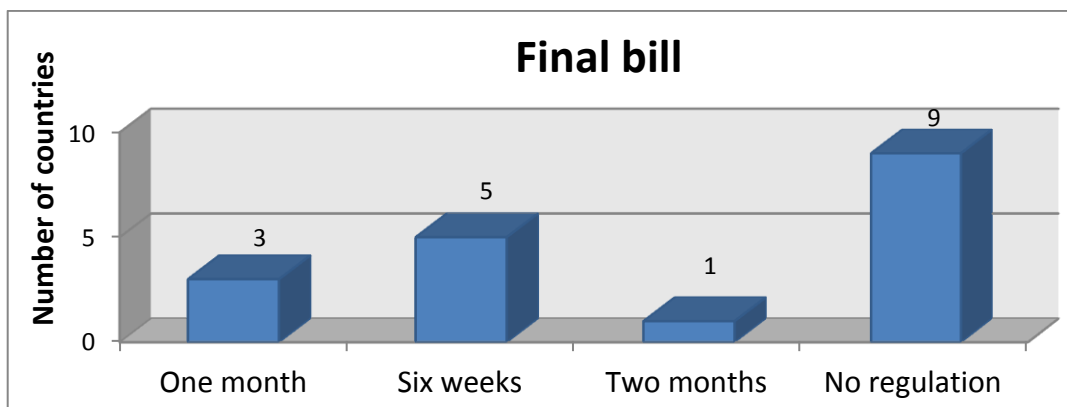


Figure 9 - Timeframe for sending a final bill

4.4 Billing regimes

CEER has identified three different ways to handle billing on the retail market. The following is a short introduction to the three different regimes. In each billing regime, we also address the main implications the regime would have for both DSOs and suppliers.

By combined billing, CEER means that the customer will receive a single bill from one stakeholder (the supplier or the DSO), containing both supply and network charges. The billing regimes are valid regardless of implementation of smart metering.

1. Combined billing by the supplier, standard

This option means that the supplier is the market actor that provides the customer with one bill, containing both the cost for electricity and for the network. This would mean that the DSO does not invoice the customers directly, but via the supplier.

a. Implications for DSOs:

The DSO is obliged to provide the supplier with relevant billing information. The DSO would need to implement IT solutions that ensure that the communication of relevant billing information to suppliers is done in a non-discriminatory and efficient way. In this scenario, the DSO's contact with the customer is severely reduced and limited to technical and network related inquiries.

b. Implications for suppliers:

The supplier is the responsible party for collecting both the electricity cost and the network tariff. In so doing, the supplier faces an additional financial risk associated with the collection of the network tariff, for instance in cases where the customer does not pay the totality of the bill, or the liquidity risk if the supplier has to pay DSOs before being paid by the customers. The financial risk may then be seen as an entry barrier for new suppliers into the retail market, in addition to the costs of setting up efficient customer services systems.

Under this regime, suppliers would be the primary contact point for any enquiry relating to the content of the bill, also including issues related to

the DSO i.e. network costs. In such cases, the supplier could redirect the enquiry to the DSO or other relevant stakeholder⁵⁰.

Mandatory combined billing “soft version” by supplier

The network bill is transferred by the supplier. The supplier forwards the bill of the DSO and the supply bill for the energy consumed in one envelope, document, mail etc. However, the customer pays the whole amount of the network and energy cost to the supplier who forwards the network cost to the DSO. The DSO invoices the network costs via the supplier. The DSO does not send a bill to the supplier. The attached network bill includes relevant contact information of the DSO.

2. Combined billing by the supplier, voluntary

This option means that the supplier who so chooses can provide the customer with one bill containing both the cost for electricity and for the network⁵¹.

a. Implications for DSOs:

If the supplier decides to bill both the electricity cost and the network tariff, the DSO provides the supplier with necessary billing information. In this case, the same requirements for IT solutions as in the mandatory combined billing regime would apply for the DSO. This scenario makes the DSO dependent on the supplier's decision on whether to offer combined billing or not. Thus, the DSO could end up in a situation where their network costs would be charged indirectly via the supplier for some suppliers that offers combined billing, whereas for some other customers the DSO would need to bill the network costs directly if the customer's supplier does not want to offer combined billing.

b. Implications for suppliers:

This option gives the supplier the decision on whether or not to offer combined billing. When deciding whether or not to offer combined billing, the supplier needs to take into account the impact this service may have on their financial risk as they become the collecting party for both the electricity costs and the network costs.

3. Standard separate billing

This option means that the supplier must always invoice the electricity cost directly to the customer and that the DSO must always invoice the network cost directly to the customer. Combined bills are not allowed.

a. Implications for DSOs:

In this billing regime, the DSO always invoices the customer for the network costs. This means that the DSO needs to have billing processes in place. The DSO would also have the same requirements

⁵⁰ CEER recognises that incumbent suppliers might be able to answer more network questions than the non-incumbent suppliers, if the DSO is not fully unbundled. This should not be the case if the business processes and customer service are separated between the DSO and the incumbent supplier.

⁵¹ A “soft version” of this proposal is when the supplier forwards two bills, the one for network services and the one for energy consumed; however, invoicing is only done via the supplier.

towards non-discriminatory communication of meter values to the supplier as in the two previous regimes. The customer contact for the DSO will be higher in this regime than in the two previous ones.

b. Implications for suppliers:

The supplier only invoices the electricity costs. The supplier is still dependent on the correct delivery of meter values from the DSO. The suppliers' contact with customers is reduced compared to the other two billing regimes.

Billing regime

Following the description of the different billing regimes in section 4.4, CEER believes that processes in the retail market should be supplier-centric. This approach would facilitate customer activity in the retail market. Since the supplier acts on the competitive market and thus has incentives to be proactive in customer relations, the natural point of contact should be the supplier. We have applied this reasoning in our recommendations on supplier switching. It is important, however, that the regulatory framework provides for an even spread of financial risk between DSOs and suppliers when facing a non-paying customer.

Looking at the current situation, a majority of the countries surveyed have a mandatory combined billing regime.

Question 11: Combined billing provided by the supplier should be the standard.

Agree

Disagree

Comment

Billing process

In the following section, CEER presents seven recommendations on how billing should be performed. The following recommendations are valid in energy markets with or without smart meters.

Final bill

According to the 3rd Package, the customer should receive the final bill no later than six weeks after the change of supplier has taken place.⁵² By final bill, CEER means the last bill the customer receives from the old supplier after making a switch or moving.

Looking at the current situation, CEER finds that three countries⁵³ already have a regulation on giving the customer a final bill within around one month. Another five countries⁵⁴ already have a timeframe of six weeks.

⁵² Paragraph 1 (j) in Annex A of Directive 2009/72/EC and Directive 2009/73/EC

⁵³ Czech Republic, France, Hungary

⁵⁴ Austria, Belgium, Denmark, Germany and Sweden

In a market with electronic data interchange, CEER finds that the billing process will become easier for the supplier. CEER therefore believes that it is possible to send the final bill quicker than within six weeks. This is applicable not only for a final bill after a switch.

Question 12: The final bill should be sent out by the old supplier within less than six weeks:

- a) *Less than one week*
- b) *Less than two weeks*
- c) *Less than three weeks*
- d) *Other*

Advance payment reflecting actual consumption

Some customers prefer to have contracts which require payment in advance rather than in total at the end of a year or at the end of the contract. For example, if the customer has an estimated consumption of 12.000 kWh per year, the supplier could charge a monthly advance payment for 1.000kWh. CEER recognises that, when advance payment is used, the customer should be made fully aware of the method used by the supplier to calculate advance payments.

Question 13: When advanced payment is used, the customer should be clearly informed about the methodology used to calculate the advance payment

- Agree*
- Disagree*
- Comment*

Payment methods

By payment method, CEER means the medium through which a payment is carried out, i.e. electronic payment, direct debit etc. CEER finds it important that different payment methods choices are available to the customer, including payment methods which can be easily accessible to vulnerable customers. Any additional payment methods should be cost reflective and feasible for the customer. CEER underlines that this recommendation is irrespective of the customer's type of contract or payment.

Question 14: The customer should be offered different payment methods including payment methods which can be easily accessible to vulnerable customers

- Agree*
- Disagree*
- Comment*

Billing frequency

The customer should have the choice of different frequencies for billing and payment. However, with the introduction of smart metering, CEER believes that it should be possible for a customer to be billed according to a frequency chosen by the customer himself/herself.

Question 15: The customer should always have a choice in the frequency for billing

- Agree*
- Disagree*
- Comment*

4.5 Recommendation on enquiries and complaints

The supplier should have efficient customer complaint handling procedures⁵⁵ with redress schemes in place. It is important that the customer knows what channels are in place in order to ask questions or launch a complaint regarding the content of the bill.

Question 16: The supplier should always be the first point of contact for issues regarding the bill.

Agree

Disagree

Comment

Question 17: Information on making an enquiry or launching a complaint specifically about the content of the bill should be clearly displayed on the bill.

Agree

Disagree

Comment

⁵⁵ As defined in ERGEG GGP on Customer Complaint Handling, Reporting and Classification, June 2010, Ref. E10-CEM-33-05

5 Conclusions

This document outlines proposed recommendations for GGPs on Retail Market Design. CEER would welcome feedback on its proposals. There are two particular processes where the customer has frequent and direct contact with the stakeholders of the energy markets. Therefore, the recommendations developed in this report focus on supplier switching and billing. Furthermore, CEER proposes to a recommendation on moving.

By way of conclusion, CEER finds that a combined billing regime performed by the supplier is the most appropriate approach for the billing process, since the supplier is the stakeholder acting in the competitive layer of the retail market. For the customer, it is easiest if there is only one initial point of contact to turn to when there is any issue or question. Nonetheless, the roles and responsibilities of other market actors should be clear to customers.

The draft recommendations can be summarised as follows:

Reference	Number	Draft Recommendation
Chapter 2 Retail market model design	1	As an overall principle, the supplier should be the main point of contact for the customer.
Chapter 3 Supplier switching	2	The contract should always be offered in a written form.
	3	A switch should be executed within less than three weeks.
	4	A supplier switch should be possible any day of the week.
	5	There should be a regulated framework for meter value management, meaning a standardised electronic format and timetables for data exchange.
	6	The supplier should give information on offers in a clear and concise manner.
	7	The number of possibilities to stop a switch from being completed should be very limited.
	8	Information on how to make an enquiry and on how to launch a complaint specifically regarding supplier switching should be clearly displayed on the contract with the new supplier.
	9	The supplier should always be the first point of contact for questions regarding supplier switching.
Moving	10	The supplier should be the main point of contact for the customer when moving in or moving out of his/her own residence.
Chapter 4 Billing	11	Combined billing, to be provided by the supplier, should be mandatory.

	12	The final bill should be sent out by the old supplier within less than six weeks after having received the necessary data from the DSO.
	13	When advance payment is used, the customer should be clearly informed about the methodology used to calculate the advance payment.
	14	The customer should be offered different payment methods, including payment methods which can be easily accessible to vulnerable customers.
	15	The customer should always have a choice in the billing frequency
	16	The supplier should always be the first point of contact for issues regarding the bill.
	17	Information on making an enquiry or launching a complaint specifically about the content of the bill should be clearly displayed on the bill.

It is of the utmost importance to develop a retail market design that helps customers to engage actively in the market by making both the switching process and the billing regime as easy and transparent as possible.

All processes and roles in the market have to be clearly defined in advance to assure that processes run smooth and simple from the customer's perspective. The preferred market model is a supplier-centric model meaning that the supplier should be the first point of contact. Only high level technical questions and specific network problems should be dealt with a contact between the customer and the DSO. Roles and responsibilities of the different market actors, business processes between them and corresponding data exchange should provide a level-playing-field, be binding in nature and streamlined to efficiency.

The above mentioned recommendations should be taken into account when implementing a national retail market design. They should be seen as a prospective outlook towards the future of electricity and gas retail markets.

Annex 1 – CEER

The Council of European Energy Regulators (CEER) is the voice of Europe's national regulators of electricity and gas at EU and international level. Through CEER, a not-for-profit association, the national regulators cooperate and exchange best practice. A key objective of CEER is to facilitate the creation of a single, competitive, efficient and sustainable EU internal energy market that works in the public interest.

CEER works closely with (and supports) the [Agency for the Co-operation of Energy Regulators \(ACER\)](#). ACER, which has its seat in Ljubljana, is an EU Agency with its own staff and resources. CEER, based in Brussels, deals with many complementary (and not overlapping) issues to ACER's work such as international issues, smart grids, sustainability and customer issues.

The work of CEER is structured according to a number of working groups and task forces, composed of staff members of the national energy regulatory authorities, and supported by the CEER Secretariat.

This report was prepared by the Retail Market Functioning Task Force of the Retail Market and Customers Working Group.

Annex 2 – List of abbreviations

Term	Definition
CEER	Council of European Energy Regulators
DG ENER	Directorate-General for Energy (European Commission)
DSO	Distribution System Operator
EAN	European Article Number
ERGEG	European Regulators Group for Electricity and Gas
ESCO	Energy Service Companies
EU	European Union
GGP	Guidelines of Good Practice
GSRN	Global Service Relation Number
MVM	Meter Value Management
NRA	National Regulatory Authority
RMC WG	Retail Market and Customer Working Group
RMF TF	Retail Market Functioning Task Force
WG	Working Group

Annex 3 – Ten points of Good Practice Guidance for Billing published by the European Commission in 2009

1. Bills must be accurate, transparent, readable, thus easily understandable. The bill is the primary means by which consumers obtain information on their consumption and on the price they pay. It is, indeed, an important tool which helps consumers to manage their consumption and, if possible, consumer less.
2. Bills should allow consumers to compare offers and serve as a basis for deciding to switch supplier when appropriate.
3. Consumers should be free to exercise choice in their billing and payment service (frequency, detail, method of delivery). Nevertheless, a guaranteed minimum quality of billing information is needed. In accordance with national legislation, specific provisions should be made for consumers with particular disabilities. The Working Group recognises as good practice to put in place alternative arrangements for them such as having bills available in Braille.
4. All bills should contain information about payment modalities. Where payment of a first bill is overdue, subsequent bills for the same period should contain information about procedures for dealing with payment difficulties and encouraging consumers to make contact with their supplier. Finally, providers should put in place procedures to establish the circumstances of non-payment of bills.
5. Competition and innovation could improve the design of bills. Although suppliers remain free to determine the design of bills, the WG agrees that certain good practices across Europe improve bills to the benefit of consumers. Colour and the use of boxes/frames can help consumers understand bills.
6. Primary information should be the information which is essential for consumers to understand the price they pay for the service they receive. It should be displayed prominently on the bill. Consumers will benefit from information on their electricity and gas supply which is simple, easy to read and facilitates comparison with other suppliers, other users or other consumption periods. Such data could be presented in a "Comparability Box" that should feature prominently in their bill. Secondary billing information, with details about the bill, should also be included in the bill or reach consumers in an additional document.
7. Energy stakeholders (national administrations, regulators, industry and consumer associations) are invited to put in place consumer awareness raising activities such as information campaigns and education tools and involve advice bodies, such as Consumer Ombudsmen. These campaigns should aim to improve consumer understanding of energy bills. Energy consumers could also make use of online price calculators administered by objective third parties or independently verified.
8. Diverse traditions and legal requirements, together with different levels of household energy market development in EU countries, have led the WG to propose a number of options for the implementation of the billing recommendations at the national level. These options include the signature of a Code of Conduct, the possibility of a bill validation process or enactment of new billing legislation.

9. The WG recognises that there needs to be a competent authority in the EU Member States able to lead the billing review process at the national level. The WG invites EU Member States to define the body responsible for this activity.
10. National administrations, regulators, industry, consumer associations and other specialist groups are urged to work co-operatively fostering dialogue and partnerships to ensure the full implementation of these recommendations on the ground.

ANNEX 4 – ERGEG GGP on Regulatory Aspects of Smart Metering for Electricity and Gas, February 2011, Ref. E-10-RMF-29-05

ELECTRICITY AND GAS	
Data security & integrity	E/G 1. Customer control of metering data
ELECTRICITY	
Customer services	E 2. Information on actual consumption and cost, on a monthly basis, free of charge
	E 3. Access to information on consumption and cost data on customer demand
	E 4. Easier to switch supplier, move or change contract
	E 5. Bills based on actual consumption
	E 6. Offers reflecting actual consumption patterns
	E 7. Remote power capacity reduction/increase
	E 8. Remote activation and de-activation of supply
	E 9. All customers should be equipped with a metering device capable of measuring consumption and injection
	E 10. Alert in case of non-notified interruption
	E 11. Alert in case of exceptional energy consumption
	E 12. Interface with the home
	E 13. Software to be upgraded remotely
	Costs and benefits
Roll-out	E 15. All customers should benefit from smart metering
	E 16. No discrimination when rolling out smart meters
GAS	
Customer services	G 2. Information on actual consumption and cost, on a monthly basis, free of charge
	G 3. Access to information on consumption and cost data on customer demand
	G 4. Easier to switch supplier, move or change contract
	G 5. Bills based on actual consumption
	G 6. Offers reflecting actual consumption patterns
	G 8. Remote enabling of activation and remote de-activation of supply
	G 11. Alert in case of exceptional energy consumption
	G 12. Interface with the home
Costs and benefits	G 14. When making a cost benefit analysis, an extensive value chain should be used
Roll-out	G 15. All customers should benefit from smart metering
	G 16. No discrimination when rolling out smart meters

Table 1: ERGEG's guidelines of good practice on regulatory aspects of smart metering