

Consumers & retail energy markets: empowerment & protection



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*Hearing on CEER Guidelines of Good Practice on retail market
design, 06/09/2011*

Why a Commission Service for Consumers?

- From the Single Market Review (2007) onwards:
 - Reconnecting with citizens
 - Evidence-based & outcome-oriented policies
 - General market monitoring exercise
- EU Consumer Policy Strategy 2007-2013
 - Better monitoring consumer markets and national consumer policies
→ **Consumer Markets Scoreboard, in depth studies e.g. electricity**
 - To empower EU consumers, with real choices, accurate information, market transparency, effective protection and solid rights;
 - To enhance EU consumers' welfare, in terms of price, choice, quality, diversity, affordability and safety;
 - To protect consumers effectively, by ensuring protection against risks and threats that cannot be left to individuals to deal with.

Energy & consumers: a key policy area

- Energy crucial for consumer welfare
- Decisions affect household budgets, environment & national (EU) economy
- Social aspects: vulnerability, fuel poverty & exclusion
→ energy policy is part of the solution

FOCUS

- **Legislation** implementation, market monitoring, competition that works for consumers
- **Empowerment** through information (consumer-centric tools), **education** targeted to both young Europeans & adults & **access to justice**



CEER Guidelines: on the right track

■ Switching & billing

- *Agree*: supplier main point of contact for consumer; but other avenues should be easily available
- Innovation in bills is key; but CEER focus on bill design also needed to achieve transparency, comparability, market information
- **Information:**
 - *Agree*: information on offers in a clear & concise manner, otherwise complexity leads to:
 - more questions, complaints, disputes
 - decreased trust & confidence → political push for heavy-handed regulation
- **Designing retail markets:**
 - *Agree*: clarity needed; but also follow the logic of the consumer



Electricity markets in 2011: action needed

Comparison with 2009-10 retail electricity study & forthcoming Scoreboard

- **Switching**: 13% switched supplier/ tariff plan for electricity
→ higher than 2010: 11%
- **Ease of switching**: perception for 2011 equal to 2010
→ still below average for all services markets
- **Competition**: choice in most MS rather restricted

**EU electricity markets not presenting equal offer
examples:**

- ☺ FI, UK, SE & NL: consumers see some choice
- ☹ CY, BG, PT, LT: almost no choice

Electricity markets in 2011: action needed

- **Billing:** 13% EU consumers contacted supplier in 2009-2010 on bill payment issues
 - BE, MT, HU, more than 20%
- **Trust:** In 2011 consumers' trust less than 2010
 - In general trust far below most service markets
- **Problems:** 13.7% consumers faced problems in electricity (2010 12.2%)
 - average for all services markets 12.5%
- **Complaints:** 81.1% of consumers experienced problems complained
 - average 77.3% for services markets; & increased vis-à-vis 2010, 79.8%
- **Price:** 2010 & 2011 → only slight differences

Steps to take: **do what you have to do**

- Electricity & gas companies: 'up your game'
- Member States: implement Third Package in practice, in letter & in spirit
- Regulators: continue efforts for better surveillance & better markets
- Consumers: get more involved
 - confident attitude needed but also tools e.g. bills, online info, trustworthy independent advice



Information on

Energy and Consumers web -
information on Bills (templates, green energy, energy policy:
http://ec.europa.eu/consumers/citizen/my_rights/energy_en.htm

Report by the Working Group on Billing:
http://ec.europa.eu/energy/gas_electricity/forum_citizen_energy_en.htm
(click on 2nd Citizens' Energy Forum, Reports)

Monitoring markets and the Consumer Markets Scoreboard
http://ec.europa.eu/consumers/strategy/facts_en.htm

The retail electricity study
http://ec.europa.eu/consumers/strategy/facts_en.htm#Energy

DOLCETA: sustainable consumption and services of general interest
www.dolceta.eu

The Europa Diary: consumer education for secondary school students
http://ec.europa.eu/consumers/empowerment/cons_education_en.htm#diary

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