

**Eni S.p.a. Gas & Power Division Response to ERGEG Public Consultation on  
“DRAFT GUIDELINES OF GOOD PRACTICE ON INDICATORS FOR RETAIL MARKET  
MONITORING”**

Eni Gas & Power Division recognizes the importance of promoting an effective monitoring of the development and the functioning of EU retail energy markets, in line with the requirements of the Third Energy Package.

We appreciate that the recommendations exposed in this document are based on a previous analysis of surveys currently conducted within the Member States.

In order to produce an efficient and economical survey, we would like to point out that ERGEG proposal of implementing a monitoring process in the energy markets should take into deep consideration first of all existing national data requests.

In our case, as Italian energy supplier, we are already legally subject to provide to our NRA both quarterly and annual data concerning customer satisfaction, market structure and conditions. Since most of them have been included in the EREG proposal, we would be very concerned if the methodology to collect them will change after the "publication" of these recommendations. Therefore, on one hand we are in favour of the ERGEG intention to provide for European guidelines that define main and general principles under which a continuous monitoring process should be established at national level, on the other hand we would avoid entering into detailed evaluation on how indicators should be calculated and which are the ones that fit best in order to draw a picture of national market functioning.

Either any duplication of data or the implementation of new ICT systems would heavily weigh down on energy market suppliers, in terms of costs and human resources, implying strong inefficiencies.

For this reason, we deem obvious that all the requests of data and indicator have to be requested and collected by NRAs, without any duplication of functions by ERGEG.

Following this line, we would welcome EU general directions on which should be the main aims of national retail monitoring, but both the detailed definition of monitoring indicators and the survey periodicity shall be of national concern.

Furthermore, since in every Member State energy regulation has been developed not homogeneously and regulatory provisions related to retail market follow different processes (i.e. delays in the switching process in Italy are not comparable with delays in other Member State), we would like to highlight the difficulty of making comparisons among member states considering single indicators. For this reason, we deem that National Reports, coupling a summary of retail monitoring output with a picture of national and economical circumstances, would be the right and preferable tool to assess the competitive status of EU markets.

In our opinion, all indicators should be published only in aggregated form in order to preserve companies' right of having properly granted privacy on commercially sensitive information. Naming suppliers wouldn't be of any value towards the aim of assessing and monitoring the level of competition of European energy markets.

Here below Eni Gas & Power has made some remarks about each indicator proposed.

## **Customer satisfaction**

### Indicators 1 – 2 Number of customer complaints by category - Number of customer enquiries by category

We support the need to gauge customer satisfaction but we are deeply concerned on the definition and on the categorization of complaints and enquiries.

First of all, a precise distinction between an enquiry and a complaint would be hardly complex to define. Secondly, it would be too onerous for a company to specify a single category by which a complaint or an enquiry can be classified, since in most cases the distinction is not

feasible, also because very frequently complaints are generated by different and multiple causes. We deem a categorization of complaints and enquiries useless and of little interest in fulfilling the aim of protecting customers.

Another serious point of concern is allowing the possibility to identify a complaint or an enquiry independently from how it is communicated. For example telephone calls can be considered as requests of information not as a mean of addressing complaints. Recording and collecting the content of telephone calls would be extremely costly for suppliers, both in terms of technology systems to be adopted and from an organizational point of view, and it wouldn't lead customers to present complaints in the written form, which is certainly the best one to solve the problem. Furthermore, we highlight that this provision contrasts with Italian regulation, since, according to this one, complaints have to be presented in a written form to allow a more efficient resolution and recording.

#### Indicator 3 Customer information

We support the realization of a web page in which commercial offers and prices for retail customers are made public. We would suggest making them available in the NRA website. The advantage of having a place where retail customers can compare different offers and have a complete framework of market options available is that this should allow an active and a well aware households' engagement into the market. Nevertheless this information should be related only to offers towards households.

### **Retail market outcomes**

#### Indicator 4 End user prices.

We would like to remind that this indicator is already provided half-yearly by EUROSTAT and through NRA's surveys both annually and quarterly. In our case, current national data requests on "End user prices" are already deeply detailed and the information gathered enable a comprehensive analysis of market circumstances. For this reason we would suggest ERGEG neither to modify nor to add any further indicator to the national ones currently used by NRAs since they have been introduced in order to reach exactly the same goal. This is in the aim of avoiding any duplication of data and information request.

#### Indicators 5 - Retail margin for typical household customer

We agree with the need of assessing market competition, but at the same time we are deeply concerned on the contractual freedom that should be granted to those parts of the energy chain that have been liberalised. For this reason the most suitable wholesale price to refer to in the calculation of this indicator should be the one formed in the trading processes through market agreements.

Furthermore, we consider the Retail margin indicator of little usefulness in the evaluation of the level of competition into EU markets, since the calculation of it doesn't take into proper consideration the influence on margins of exogenous factors. This doesn't allow possible comparisons among Member States and can produce speculative behaviors in the stakeholders,

#### Indicator 6 – Price spread on comparable products for typical household customer

As stated in ERGEG proposal, NRAs can simply derive this indicator from price data annually provided by suppliers.

#### Indicator 7 Diversity of contracts (offers)

This indicator can be calculated by the NRAs through data already provided by the suppliers.

#### Indicator 8 Regulated end-user prices

This indicator can be calculated by the NRAs through data already provided by the suppliers.

### **Market structure**

#### Indicator 9 Number of suppliers

This indicator doesn't arise any concern and it can be easily provided, i.e. in Italy there is a legal obligation for Suppliers to be certificated in order to operate in the market.

#### Indicator 10 Market concentration

As stated in the Ergreg document, NRAs should be in charge of the calculation of this indicator, since energy suppliers provide them already with all the relevant data.

### **Market condition**

#### Indicator 11 Branding

Obligations on identity separation between the vertical integrated undertaking and the distribution system operator are already determined in the Third Package, thus we deem sufficient following those provisions without any further burden.

#### Indicator 12 Switching rates

We are very doubtful on the added value of calculating this indicator at least quarterly with the aim of assessing market functioning. In order to maintain suitable efficiency in the survey mechanism, it would be worthwhile to calculate and evaluate switching rates with a periodicity in parallel with data requests. In particular, this indicator would be more significant if it refers to data annually provided.

#### Indicator 13 Renegotiations (household)

This indicator makes sense only if the change of contractual terms evaluated is limited to the change of supplier.

#### Indicators 14 – Number of delayed switches

As for the Indicator 12, we deem more useful and valuable calculating it annually.

#### Indicator 15 – Number of failures in relation to the total switching rate

ERGEG proposes a categorisation of the causes that can generate failures of switching process, but it is necessary to specify that most of the times a switching failure cannot be brought back to a single cause. Thus it would not be feasible to fill causes of failure in a comprehensive categorization.

Furthermore the terms of switching process are different among Member States, thus a switching can be considered failed according to national regulatory provisions, not homogenous at EU level.

In conclusion we would like to point out that this indicator can reveal problems or inaccuracies in the system, but it doesn't contribute to the evaluation of the competition in the market.