



Customer-Centric Retail Market Design

The European electricity industry perspective

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Introduction

“The integration of I-RES into the power system will require an evolution towards “smart energy systems” [...] This implies the development of new market models which should have customers at their very heart”

(EURELECTRIC, October 2011)

Retail market design should facilitate customers’ awareness and active participation in the market

A Customer-Centric Retail Market Model implies:

1. Clear roles and responsibilities for market actors
2. The supplier as major point of contact for customer, especially for switching
3. Combined billing, including both commodity price and grid fee
4. Clear and concise information to customers, including on complaints



1. Clear roles and responsibilities

Clear roles and responsibilities for market players and system operators to ensure high quality of retail market processes

- Suppliers' activity focuses on designing attractive products and services and offering them to customers on a competitive basis
- DSOs' activity focuses on ensuring the local grid balance and playing the role of "neutral market facilitators" by providing information to market players in a non discriminatory manner



2. Supplier as major point of contact for customers

Customer interface is essential, as it defines how market actors and processes appear from a customer perspective

We agree with CEER that supplier should be the major point of contact for the customer, to make all retail market processes easier from a customer perspective:

- Customer awareness and participation in the market
- Model already adopted in most EU Member States
- Model's rationale will be strengthened by the increased complexity of demand response markets with smart meters
- DSOs remain responsible for network-related technical aspects



2. Supplier as major point of contact for customers

- EURELECTRIC agrees with CEER that in a Customer-centric retail market model supplier should be the first point of contact especially for supplier switching processes
- DSOs should provide the necessary information to market players in a timely, efficient and non-discriminatory way
- Interoperability will benefit customers and should be implemented (minimum set of data to be exchanged, compatible formats and functional open standards)
- Supplier switching should be executed within three weeks, as prescribed by the Third Package



3. Combined billing as a logical consequence

- We agree with CEER that combined billing including both commodity prices and grid fees should be favourable (simplicity and awareness; increased complexity of ‘smart energy systems’; model already most diffused)
- Different payment methods should be available to customers (e.g. direct debt, electronic payment), according to offers provided by suppliers (as part of their commercial strategy)
- Once smart meters are rolled-out, information on actual consumption on a frequent basis through other means, e.g. internet, mobile
- Bills based on actual consumption, possibility to opt for equally spread payment schemes or monthly bill where choice of customer

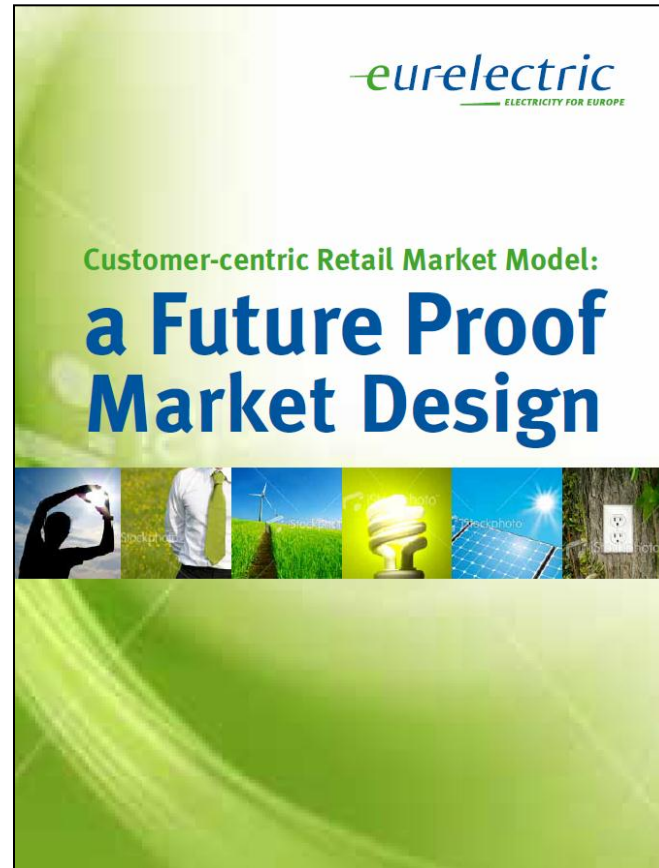


4. Clear and concise information to customers

- To ensure customers are well-informed about their rights and offers available on the market, reliable sources of information (as ‘single point of contact’ prescribed by Third Package) are crucial
- In addition, customers can choose not only on price, but also on e.g. billing type and frequency, level of detail of information, type of electricity (green, grey) etc.
- Information on how to launch a complaint should be displayed on supplier contract:
 - Complaint should first be handled by suppliers and then - when not satisfactorily resolved - escalate to a third party body (e.g. ADR)
 - Neither ADR schemes nor their suggestions should be binding, as it would contradict the rationale of the ADR

The Report “Customer-Centric Retail Markets: A Future-Proof Market Design” will soon be available on our website

www.eurelectric.org



Thank you for your attention !