



CEDEC POSITION PAPER

ERGEG Best Practice Proposition Transparency of prices

CEDEC – representing local energy companies at European level – considers transparency of prices as an essential and integral part of a liberalized energy market. CEDEC participated in ERGEG's Customer Focus Group in October 2005 and welcomes the integration of several elements it proposed at that occasion, in the ERGEG Best Practice Propositions on transparency of prices.

In its proposition ERGEG has identified three strategic priorities for transparency of prices (prices, price elements and price changes), bills and contracts.

1. Creating conditions for customers to make an informed choice

CEDEC believes that a customer can only make a sound choice of energy supplier if different conditions are satisfied. He or she must be informed about the players (energy retail supplier), the product (grey or green energy; different service levels) and the price (plus accompanying conditions).

A list of all electricity/gas retail suppliers that are active in the market, together with the products and services they offer, should be made available by an independent authority (possibly the energy regulator).

It's important for customers to have correct and up to date price information. CEDEC does agree that a comprehensive and easily accessible price comparison system should be made available, through which the customers can gain comparable up to date information on the energy prices quoted by alternative suppliers. As consumers must have confidence in those tariff calculators, they should preferably be provided by an independent authority. It is necessary anyway to guarantee, in each member state, the existence of an independent regulatory authority.

Suppliers should be obliged to publish their prices and other contractual information (conditions of price changes, contract duration, general conditions,...) on their website.

In certain countries, the energy regulatory authority demonstrates in own reviews that follow up the market, that customers who make an active choice of supplier, get a financial advantage in return, compared to those who stayed with their incumbent supplier.

2. Transparency of price elements in the bill including accuracy of the bill

The minimum information content of a bill must be defined and agreed upon in a code of conduct for suppliers.

The bill should of course provide the customer with up-to-date information on the present price of electricity/gas energy and thus enable the customer to compare with the alternative price offers available.

The bill should clearly mention the different price components, with a split between network access tariffs (transmission and distribution) and commodity prices.

The bill can also inform customers about the environmental impact or contribution of the individual energy sources of the supplier's fuel mix.

The presentation of the bill should also help consumers to better manage their energy consumption. A histogram with energy consumption over the last 3 to 5 years can be included in the bill.

3. Update information on changes in prices during the contract period

Customers shall be informed of price changes well in advance during the contract period. Rules and time frames should be foreseen in the contractual conditions, preferably agreed upon in a code of good conduct for suppliers.
