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## Cover note for the public consultation of the ERGEG Best Practice Propositions on

### a) Transparency of Energy Prices, Bills and Contracts

### b) Supplier Switching Process and

### c) Customer Protection

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On **1<sup>st</sup> March 2006**, the European Regulators Group for Electricity and Gas (ERGEG) launched a public consultation on three (3) Best Practice Propositions respectively dealing with Customer Protection, Supplier Switching Process and Transparency of Prices. These relatively short texts bring forward a number of recommendations in conjunction with the above-mentioned issues, and the opening of retail markets (household customers and small enterprises) to competition in July 2007. The Propositions identify strategic priorities, highlight best practice, make recommendations and establish basic principles for each subject.

The Propositions are aimed for helping with the implementation of the Electricity (2003/54/EC) and Natural Gas (2003/55/EC) Directives as well as for applying the national legislation in practice in the energy companies. Both the Electricity and Gas Directives include a separate annex (Annex A), which includes measures on consumer protection to be applied at least to household customers

ERGEG invites stakeholders to comment on issues raised in these texts and in particular to the items highlighted in the summary of each Proposition. Following the termination of the public consultation period, ERGEG will publish all comments received from stakeholders.

If a respondent would like ERGEG to treat their contribution with confidentiality then this must be explicitly mentioned in their reply.

Any comments should be received by **28th April 2006** and should be sent by email to [customerbestpractice@ergereg.org](mailto:customerbestpractice@ergereg.org). Any question to this document should in the first instance be directed to:

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A brief description of the main issues in each of the Best Practice Propositions follows.

#### **Customer Protection**

This Best Practice Proposition aims at setting recommendations and principles for customer protection in the electricity and natural gas markets. It addresses both supply and network activities and the related services provided to customers. The Proposition includes recommendations on the way that electricity and natural gas suppliers as well as distribution network operators should provide and guarantee a high level of customer protection in electricity and natural gas markets.

The Proposition identifies three strategic priorities for customer protection. 1) Through a timely connection to a distribution network to provide the customer with energy at reasonable prices; 2) To ensure reliable and continuous supply; and 3) To help the customer effectively redress the conflict with the energy company

#### **Supplier Switching Process**

The aim of this Best Practice Proposition is to set recommendations and basic principles for the supplier switching process in the retail electricity and gas markets. The proposition focuses on the easiness of switching from the customer's point of view. Furthermore it is important that the procedure is manageable

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and efficient for all parties involved. The proposition also contains elements concerning the significance of market monitoring for the efficiency of the market.

The paper puts forward two strategic priorities for the supplier switching process. These are 1) to promote easy, cost efficient and standardised switching and activating/deactivating procedure; and 2) to ensure customer confidence and sound monitoring systems.

The source to the detailed definition of a supplier switch, which is used in paragraph 3 in the Best Practice Proposition on Supplier Switching Process, is "A Universal Indicator of Customer Switching Activity" written by Dr. Philip E Lewis at VaasaEMG.

### **Transparency of Prices**

This Best Practice Proposition aims at setting recommendations and principles for the publishing and presentation of price information in the electricity and gas markets. The Proposition includes recommendations on the way that electricity and gas enterprises should provide the customers with relevant price information both before entering a contract and during the contract period. Accordingly, as regards the pre-contract phase, the Proposition will focus on the accessibility and availability of price information as well as the accuracy and reliability of the said information. During the contract period, focus is additionally paid to the manner the price information is presented in the contract and the related bills.

The paper puts forward three strategic priorities for transparency of prices, bills and contracts. They are 1) Creating conditions for customers to make an informed choice; 2) Transparency of price elements in the bill including accuracy of the bill; and 3) Update information on changes in prices during the contract period.