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SWEDENERGY Response to ERGEG Public Consultation Paper on Draft Guidelines of Good Practice on Indicators for Retail Market Monitoring

SWEDENERGY welcomes ERGEG's proposed Guidelines of Good Practice on Retail Market Indicators and is pleased to respond to this consultation. We support the Eurelectric response but would also stress the following issues.

Objectives

We are aware of the provisions in the Third Package to strengthen the role of National Regulatory Authorities in monitoring the level of market opening and competition in energy retail markets. SWEDENERGY therefore recognizes the value of these good practice guidelines in recommending to NRAs a comprehensive approach on how to monitor these developments on a national level and evaluate if the fundamentals of a well-functioning retail market are in place. However, it should be clear that the objective is not to compare indicator outcomes across Europe, but rather to agree on indicators for NRAs in order to monitor and evaluate progress in the functioning of their own national retail markets.

Approach

We appreciate the importance the text places on evaluating each indicator in conjunction with others rather than in isolation. However, indicators that go beyond the legal basis of the 3rd Electricity Directive should be left out and only considered as a recommendation for each NRA.

As regards the gathering of data, SWEDENERGY agrees with the principle that results should only be made available in an aggregated form. Moreover, we would like to point out that the final indicators proposed should be proportionate and pragmatic and therefore should strike a balance between the aims, the desired quality of results and resources necessary to provide the data. Wherever possible the data used should already be collected and publicly available. For the same reason the monitoring exercise should normally be carried out annually, leaving the option open for information to be collected more frequently depending on the availability of the data. Since it is the trend of the market development that is of interest, it should be met by annual reporting.



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Suggested improvements

Indicators beyond the legal basis of the 3rd Electricity Directive (2, 3, 7, 8, 9, 10, 13 and 15)

SWEDENERGY is concerned about the scope of indicators 2, 3, 7, 8, 9, 10, 13 and 15 as they go beyond the legal basis of the 3rd Electricity Directive. Therefore, these indicators should be left out and only considered as a recommendation for each NRA.

Customer complaint (1) and Customer enquiries (2)

Regarding the category Customer Satisfaction, indicator 1 and 2, it is most important for a market actor to meet the customers' requirements; otherwise the customer is likely to leave for another supplier. It is important to consider what is of interest for analyzing the retail market functioning and what is of interest for a market actor to improve, in order to be competitive. In light of this the extent of the suggested reporting is too ambitious. Furthermore, the data source should be relevant 3rd party bodies rather than directly from the suppliers themselves.

Retail Market outcomes (4, 5, 6 and 7)

In the category Retail Market Outcomes, indicators 4, 5, 6 and 7 it should be taken into account that a contract may include additional services for the customer, besides the pure energy product.

Retail Margin (5)

SWEDENERGY is firmly convinced that using the retail margin as an indicator is not a reliable indication of retail market functioning. It is far from clear that examining the retail margin will help to see if consumers are being priced fairly for their energy. To add to this, the collection of data and calculation of the retail margin poses challenges for gathering consistent and comparable data. Suppliers will account for this margin very differently, especially as the apparent profits from the retail business will depend greatly on the actual or deemed hedging policy. Consequently, SWEDENERGY is of the opinion that the combination of the other retail market indicators listed is sufficient to give a good indication of retail market functioning, without the inclusion of the retail margin.

Additional indicator to consider

SWEDENERGY believes that consideration should be given an indicator which would assess the situation within member states (level of fragmentation). Several of the Nordic countries are, or will be, divided into price areas and we are concerned about the implications this may bring in respect of competition in the retail market in these areas.



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