



# **An EREGG Public Consultation Paper on Draft Guidelines of Good Practice on Indicators for Retail Market Monitoring**

**Ref: E09-RMF-14-04  
16 April 2010**

## INFORMATION PAGE

### Abstract

On 21 April 2010, ERGEG launched a public consultation on its draft Guidelines of Good Practice on indicators for retail market monitoring.

This document (E09-RMF-14-04) seeks to initiate discussion on ERGEG's recommendations to National Regulatory Authorities (NRAs) and the Agency for the Cooperation of Energy Regulators (the Agency) regarding effective retail marketing monitoring, in accordance with the requirements of the European Commission's 3<sup>rd</sup> Energy Package.

These recommendations are drawn from the current experiences of NRAs and the input of ERGEG members and observers as well as from ERGEG's Draft Advice on Customer Complaint Handling, Reporting and Classification (E09-CEM-26-03).

### Target audience

NRAs, energy suppliers, traders, gas/electricity customers, gas/electricity industry, consumer representative groups, network operators, Member States, academics and other interested parties.

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### How to respond to this consultation

Deadline: **16 June 2010**

Comments should be sent by e-mail to [retail\\_monitoring@ergereg.org](mailto:retail_monitoring@ergereg.org)

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All responses except confidential material will be published on the website [www.energy-regulators.eu](http://www.energy-regulators.eu)

### Treatment of confidential responses

In the interest of transparency, ERGEG

- i) will list the names of all respondents (whether confidential or not) or, alternatively, make public the number (but not the names) of confidential responses received;

- ii) requests that any respondent requesting confidentiality submit those confidential aspects of their response in a “confidential appendix”. ERGEG will publish all parts of responses that are not marked confidential.

For further information on ERGEG’s rules, see ERGEG Guidelines on Consultation Practices.

## Related Documents

### CEER/ERGEG documents

- “ERGEG Draft Advice on Customer Complaint Handling, Reporting and Classification”, September 2009, Ref. E09-CEM-26-03, [http://www.energy-regulators.eu/portal/page/portal/EER\\_HOME/EER\\_CONSULT/CLOSED%20PUBLIC%20CONSULTATIONS/CUSTOMERS/Customer%20Complaint%20Handling/CD/E09-CEM-26-03\\_ComplaintHandling\\_2009-09-09.pdf](http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_CONSULT/CLOSED%20PUBLIC%20CONSULTATIONS/CUSTOMERS/Customer%20Complaint%20Handling/CD/E09-CEM-26-03_ComplaintHandling_2009-09-09.pdf)
- “National Reports 2009”, ERGEG, [http://www.energy-regulators.eu/portal/page/portal/EER\\_HOME/EER\\_PUBLICATIONS/NATIONAL\\_REPORTS/National%20Reporting%202009](http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/NATIONAL_REPORTS/National%20Reporting%202009)
- “ERGEG 2009 Status Review of the Liberalisation and Implementation of the Energy Regulatory Framework,” Ref. C09-URB-24-03, December 2009, [http://www.energy-regulators.eu/portal/page/portal/EER\\_HOME/EER\\_PUBLICATIONS/NATIONAL\\_REPORTS/National%20Reporting%202009/C09-URB-24-03\\_ReviewReport2009\\_10-Dec-09.pdf](http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/NATIONAL_REPORTS/National%20Reporting%202009/C09-URB-24-03_ReviewReport2009_10-Dec-09.pdf)
- “CEER 4th Benchmarking Report on Quality of Electricity Supply 2008,” December 2008, Ref. C08-EQS-24-04 [http://www.energyregulators.eu/portal/page/portal/EER\\_HOME/EER\\_PUBLICATIONS/CEER\\_ERGEG\\_PAPERS/Electricity/2009/C08-EQS-24-04\\_4th%20Benchmarking%20Report%20EQS\\_10-Dec-2008\\_re.pdf](http://www.energyregulators.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_ERGEG_PAPERS/Electricity/2009/C08-EQS-24-04_4th%20Benchmarking%20Report%20EQS_10-Dec-2008_re.pdf)
- “ERGEG Status Review of End-User Price Regulation as of 1 July 2008,” March 2009, Ref. E08-CPR-21-05 [http://www.energy-regulators.eu/portal/page/portal/EER\\_HOME/EER\\_PUBLICATIONS/CEER\\_ERGEG\\_PAPERS/Customers/Tab/E08-CPR-21-05\\_End-UserPrices\\_11%20Mar%2009.pdf](http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_ERGEG_PAPERS/Customers/Tab/E08-CPR-21-05_End-UserPrices_11%20Mar%2009.pdf)

### External documents

- Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC. <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:211:0055:0093:EN:PDF>
- Regulation (EC) No 713/2009 of the European Parliament and of the Council of 13 July 2009 establishing an Agency for the Cooperation of Energy Regulators. <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:211:0001:0014:EN:PDF>
- Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009

- concerning common rules for the internal market in gas and repealing Directive 2003/54/EC. <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:211:0094:0136:EN:PDF>
- Interpretative note on directive 2009/72/EC concerning common rules for the internal market in electricity and directive 2009/73/EC concerning common rules for the internal market in natural gas the regulatory authorities, 22 January 2010  
[http://ec.europa.eu/energy/gas\\_electricity/interpretative\\_notes/doc/implementation\\_notes/2010\\_01\\_21\\_the\\_regulatory\\_authorities.pdf](http://ec.europa.eu/energy/gas_electricity/interpretative_notes/doc/implementation_notes/2010_01_21_the_regulatory_authorities.pdf)
  - Interpretative note on directive 2009/72/EC concerning common rules for the internal market in electricity and directive 2009/73/EC concerning common rules for the internal market in natural gas - retail markets, 22 January 2010  
[http://ec.europa.eu/energy/gas\\_electricity/interpretative\\_notes/doc/implementation\\_notes/2010\\_01\\_21\\_retail\\_markets.pdf](http://ec.europa.eu/energy/gas_electricity/interpretative_notes/doc/implementation_notes/2010_01_21_retail_markets.pdf)
  - The Consumer Markets Scoreboard: 2nd edition, European Commission DG Health and Consumers, January 2009,  
[http://ec.europa.eu/consumers/strategy/docs/2nd\\_edition\\_scoreboard\\_en.pdf](http://ec.europa.eu/consumers/strategy/docs/2nd_edition_scoreboard_en.pdf)
  - The Consumer Markets Scoreboard: Monitoring consumer outcomes in the Single Market, European Commission DG Health and Consumers, January 2008,  
[http://ec.europa.eu/consumers/strategy/sec\\_2008\\_87\\_en.pdf](http://ec.europa.eu/consumers/strategy/sec_2008_87_en.pdf)

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## EXECUTIVE SUMMARY

Following full market opening on 1st July 2007, it is important to monitor the development of the EU energy retail markets. Indicators vary across countries and there is currently no comprehensive approach. Furthermore, ERGEG finds that the duty of European Energy Regulators to monitor *the level and effectiveness of market opening and competition at wholesale and retail levels* has been significantly strengthened by the 3<sup>rd</sup> Package<sup>1</sup>.

ERGEG therefore suggests that four areas, covering 19 indicators, be used to monitor the level and effectiveness of market opening and competition. These are summarised in Table 1. ERGEG's recommendations are directed at the national regulatory authorities (NRAs) and the Agency for the Cooperation of Energy Regulators (the Agency).

The purpose of the indicators suggested in this report is to provide an informed basis on which all NRAs can evaluate and assess the development and functioning of their retail energy markets. It should be noted that the focus in this report is to monitor the processes in which a customer interacts with the energy markets. Thus the indicators cover not only areas of the competitive energy market but also those areas of the monopoly market where a customer interacts with a service provider.

Category	No.	Indicator / Measurement
Customer Satisfaction	1	Customer complaint <i>Number of customer complaints by category</i>
	2	Customer enquiries <i>Number of customer enquiries by category</i>
	3	Customer information <i>Is there a reliable price comparison website available for customers?</i>
Retail Market Outcomes	4	End-user prices <i>End-user price for typical household customer</i>
	5	Retail margin <i>Retail margin for typical household customer</i>
	6	Price spread <i>Price spread on comparable products for typical household customer</i>
	7	Diversity of contracts (offers) <i>Number of current offers to typical household customer</i>
	8	Regulated end-user prices <i>Percentage of customers eligible to receive a regulated end-user</i>

<sup>1</sup> The 3rd legislative Package proposals for the European Internal Market in Energy were finally adopted on 13 July 2009 and include 5 legislative acts, which can be viewed at: <http://eur-lex.europa.eu/JOHtml.do?uri=OJ:L:2009:211:SOM:EN:HTML>. In this report, where we refer to Articles in the 3<sup>rd</sup> Package in relation to gas, we are referring to Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and where we refer to Articles in the 3<sup>rd</sup> Package in relation to electricity, we are referring to Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity.

Category	No.	Indicator / Measurement
		<i>price</i> <i>Percentage of eligible customers supplied under regulated end-user prices</i>
Market Structure	9	Number of suppliers <i>Number of active suppliers that are selling electricity and/or gas to household customers across the same market</i>
	10	Market concentration <i>Market shares by consumption and/or number of customers</i>
	11	Branding <i>What percentage of customers is served by a DSO that</i> <i>- has/does not have a separate branding from the supply branch of its vertically integrated undertaking?</i> <i>- is totally separate from the supplier of that customer?</i>
Market Condition and DSO services	12	Switching rates <i>Number of switches for household customers as a percentage of customer numbers</i>
	13	Renegotiations <i>Number of renegotiated contracts for household customers</i>
	14	Delays in switching process <i>Number of delayed switches</i>
	15	Failure to fulfil the switch <i>Number of failures in relation to the total switching rate</i>
	16	Connections <i>Average time until connection</i>
	17	Repairs <i>Average time until repair</i>
	18	Disconnection rates <i>Relative number of disconnections</i>
19	Maintenance services <i>Is there a charge for execution of maintenance services?</i> <i>Average time taken for execution of maintenance services</i> <i>Average charge for execution of maintenance services</i>	

Table 1: Suggested indicators for retail market monitoring



## Background

Full opening of the European energy markets took place in July 2007 and remains a recent event. Across many Member States, retail markets continue to be in a period of development. Consumer confidence might not yet be at a level where consumer behaviour exerts a significant competitive constraint on suppliers, and markets may still be highly concentrated. National energy regulators therefore need effective methods for market monitoring to ensure that competition is developing for the future and providing desirable outcomes for consumers today. Well-functioning, competitive and integrated markets which provide efficient and secure supply of electricity and gas to customers are the ultimate objective of the independent regulators. Proper oversight of the retail markets is therefore critical to this aim.

The first Citizens' Energy Forum took place in October 2008. The aim of the Forum is the implementation of competitive, energy efficient and fair retail markets for consumers. The particular focus of the 1<sup>st</sup> Forum was the protection of the consumer rights and the development of competitive retail markets for the benefit of all consumers. One of the conclusions of the meeting was directed towards ERGEG<sup>2</sup> and invited ERGEG to develop in 2009 indicators for the switching process and to continue monitoring best practices. This report aims at providing a set of indicators, including on switching processes, for use by regulatory authorities in monitoring retail markets in electricity and gas.

Furthermore, the European Energy Regulators' duties to monitor the retail market have recently been strengthened by the 3<sup>rd</sup> Package adopted by the European Council in 2009 which includes new provisions for market monitoring. According to the 3<sup>rd</sup> Package, specifically - Directives 72/2009 and 73/2009 concerning common rules for the internal market in electricity and natural gas respectively, the designated authority shall have the duty to monitor the level and effectiveness of market opening and competition at wholesale and retail levels (Article 37 (electricity) and Article 41 (gas)).

The aim of this report is therefore to provide an informed basis on which all NRAs can evaluate and assess the development and functioning of their retail energy markets. ERGEG also recognises the value of ensuring that, where practicable, data which is useful for comparison across Member States and for the Agency's future monitoring duties is collected in a consistent format.

ERGEG's suggestions have been derived from internal research and exchange of experience among ERGEG member and observer countries. This included an examination of current monitoring exercises, an overview of current national practices<sup>3</sup> and the assimilation of stakeholder inputs gathered at a technical workshop held on 5 November 2009.

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<sup>2</sup> [http://ec.europa.eu/energy/gas\\_electricity/forum\\_citizen\\_energy\\_en.htm](http://ec.europa.eu/energy/gas_electricity/forum_citizen_energy_en.htm)

<sup>3</sup> See ANNEX 3 – Tables and Figures, specifically: Figure 3: Summary of electricity market monitoring (of eleven respondents) and Figure 4: Summary of gas market monitoring (of six respondents).

## Objectives and Contents of the Document

Following the public consultation and evaluation of the responses received, final Guidelines of Good Practice (GGP) for retail market monitoring for NRAs and the Agency will be published. ERGEG emphasises that the purpose of collecting the suggested indicators – measurements - is to monitor the energy retail markets. The information received would, as a rule, be published in an aggregated form. In those cases when the regulator receives confidential information, this information is to be treated as such.

The specific issues addressed in this document include:

- Areas for retail market monitoring and suggested indicators, which include but are not restricted to requirements under the 3<sup>rd</sup> Package<sup>4</sup>;
- Economic and legal justifications for indicators; and
- Examples of current monitoring methods.

Chapters four, five, six and seven contain details of ERGEG's suggested indicators. Each indicator (numbered from one to nineteen) is explained under four sub-headings:

- Background - containing the justification for the indicator;
- Current methods - a review of examples of current practice;
- Measurement - the data ERGEG suggests is collected; and
- Implementation - frequency and sources of collection, plus points for further consideration and ideas for combinations of indicators.

## Public Consultation and Next Steps

This document fulfils the role of the public consultation on these Guidelines of Good Practice, in line with the ERGEG rules for conducting public consultations. The results of this public consultation will be duly evaluated and where applicable integrated into the final version of the GGP.

The final GGP are intended to provide recommendations on future monitoring for use by NRAs and the Agency. These GGP will be an important deliverable for the third Citizens' Energy Forum during the third quarter of 2010.

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<sup>4</sup> Indicators derived from the 3<sup>rd</sup> Package include some (e.g. Connections and Repairs) that relate to the activities of DSOs.

## 1 Introduction

### 1.1 Problem Identification

This document seeks to solve the following problems:

- As identified in the ERGEG work programme: Following full market opening on 1st July 2007, it is important to monitor the development of the EU energy retail markets (e.g. supplier switching, number of suppliers, etc). Indicators vary across countries and some indicators might not have the best theoretical basis<sup>5</sup>.
- Lack of a comprehensive approach to assessing market development, following liberalisation in July 2007.

NRAs would benefit from a toolkit they can use to help them meet monitoring obligations; using best practice and existing experience among regulators.

### 1.2 Summary of Current Experiences

When addressing the subject of monitoring, ERGEG has chosen a number of current practices and experience at both NRA and ERGEG level. ERGEG's annual National Reporting exercise as required by EU legislation<sup>6</sup>, the European Commission's Consumer Market Scoreboard, Ofgem's Energy Supply Probe and the CEER 4th Benchmarking Report are examples of current practice relevant to the scope of this document. Throughout the work on the GGP, ERGEG member and observer countries were asked about current practices in their countries, including through an internal survey. For a summary of the results of this survey, please see ANNEX 3 – Tables and Figures, Figure 3 and Figure 4. Furthermore, for each indicator, a section named 'current methods' provides a summary of these practices.

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<sup>5</sup> European Energy Regulators' Work Programme 2009 Ref: C08-WPDC-16-03

<sup>6</sup> The Electricity Directive 2003/54/EC (Article 23) and the Gas Directive 2003/55/EC (Article 25) require that national energy regulatory authorities (NRAs) publish an annual report on the outcome of their monitoring activities related to the functioning of the electricity and gas markets in their country. Through ERGEG, the content of these National Reports is coordinated with the European Commission (Commission). The National Reports of each EU country and Norway and the overall ERGEG assessment reports, for each year since 2005, can be found on the ERGEG website. [http://www.energy-regulators.eu/portal/page/portal/EER\\_HOME/EER\\_PUBLICATIONS/NATIONAL\\_REPORTS/National%20Reporting%202009](http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/NATIONAL_REPORTS/National%20Reporting%202009)

### 1.3 Questions for Public Consultation

In addition to inviting relevant stakeholders and market participants to respond generally to this consultation and participate in the discussions and the technical workshop on this document, ERGEG seeks the opinion of respondents on a number of specific issues related to the scope and applicability of the document.

The respondents are therefore invited to provide comments on the following questions:

Do ERGEG's suggestions provide a comprehensive approach to assessing market development? In particular, we are seeking views regarding:

- b) if any indicators should be left out of the final recommendations;**
- c) if any indicators you think are insightful are not present;**
- d) if any indicators should be measured differently;**
- e) in the light of national circumstances among other things, if suggested frequencies for collection are appropriate and feasible; and**
- f) if there is any indicator for which the results should be published in an un-aggregated form, thus naming the individual energy company.**

## 2 General Provisions and Objectives

Following the recommendations of this report will support NRAs and the Agency in developing an initial overview of the functioning of energy retail markets. This is because, used together, the indicators are intended to encompass the activities of all stakeholders. This includes customers, suppliers and distribution companies. The combined action of these stakeholders constitutes the market activity which produces the outcomes which either enhance or diminish overall welfare.

Individually, the presented indicators are insufficient to give a reliable picture of the functioning of the market. Together, and provided they are interpreted in light of their context, they will offer valuable insights when monitoring the energy markets.

When applying the suggested implementation guidelines, the NRA is encouraged to:

- Calculate each indicator **separately for electricity and gas**<sup>7</sup>;
- **consider the relationships between the indicators**, and track results over a period of time;
- **collect each indicator at the same time in each specified time period** (e.g. in the same month each year if the indicator is to be collected annually); and
- **develop each indicator for relevant market sectors** as appropriate on a national basis. Typically the market sector will be the gas, electricity and dual fuel domestic<sup>8</sup> retail market. It is up to each NRA to consider the scope of each market, which could be **regional and/or national**.

Where this report refers to ‘**customers**’ they are to be understood as ‘**household customers**’ and those customers that are deemed to be protected by **Annex 1 (and Article 3) of the 2009 Electricity and Gas Directives**, when implementing the 3<sup>rd</sup> Package. Each individual Member State may in addition choose to enlarge the scope from only household customers to also include small and medium-sized businesses. The national definition should be used when applying the indicators.

The scope of the indicators contained in this report is therefore often nationally defined. ERGEG recognises that this limits comparability between Member States, however the results still allow for effective retail market monitoring by each NRA, which is in line with the report’s objective.

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<sup>7</sup> Except where indicated otherwise.

<sup>8</sup> customers who receive gas, electricity, or both fuels from a supplier

### 3 Monitoring the electricity and gas retail market

ERGEG believes that one way to describe the energy market is by looking at the market structure; evidence of how its processes are functioning (market condition); retail market outcomes; and, finally, customer satisfaction. These four related categories are described by Figure 1. Together, these categories provide an overarching view of the market. Chapters four to seven present indicators in each of these categories in turn.

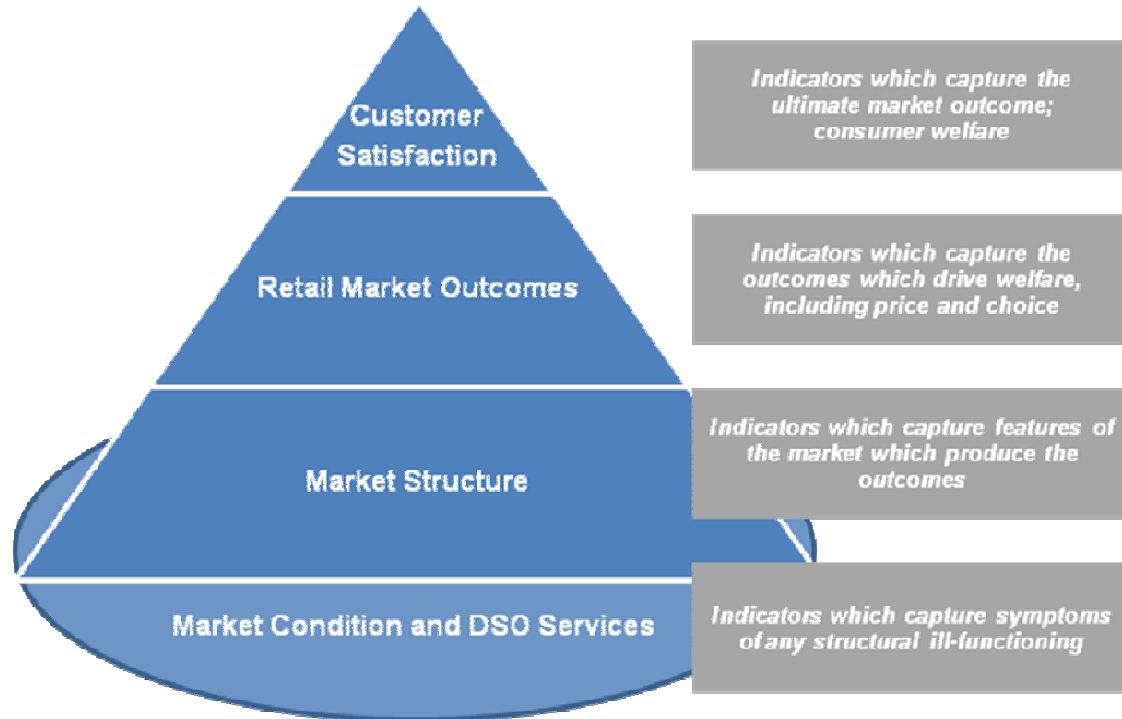


Figure 1: Identified areas for retail market monitoring and how they relate

## 4 Customer Satisfaction

The customer's experience is both a key market output and an indicator of the health of the market overall. It is the customers' engagement with the market that drives the benefits of competition – therefore regulators are encouraged to observe indicators which help build a comprehensive picture of customer satisfaction. Information on customer complaints, customer enquiries and customer information would together give the NRA input on how satisfied the energy customer is.

### 4.1 Customer Complaints

#### Background

Article 37 (j) (electricity)<sup>9</sup> and Article 41 (j) (gas) in Directives 72/2009 and 73/2009<sup>10</sup>, respectively, state that the regulatory authority shall have the duty to monitor the level and effectiveness of market opening and competition at retail levels, including *complaints by household customers*.

Customer complaints is one of the top level indicators for screening markets, since an understanding of the number and type of complaints will provide an indication of the economic and social outcomes for customers in the market, and this understanding will help to identify where intervention may be needed. This understanding further requires that complaints are categorised.

#### Current Experiences

The current approach to collecting information on customer complaints varies between NRAs, but ERGEG has identified two principle models. In the first, the NRA itself acts as the collection body, receiving information on complaints directly from suppliers and/or DSOs. In the second, a third party body with a specific complaints focus (such as an Ombudsman) collects this information. In some cases the NRA might even be the third party complaint body. These approaches are not mutually exclusive, and ERGEG found evidence of blended models in which the NRA collected complaints data both directly from market participants and from the Ombudsman.

Different NRAs classify complaints differently but there are common themes, for example identifying those that relate to billing; to erroneous or disputed change of supplier; to meter error; and to connection problems. The frequency of data collection is also variable, although no NRA appears to collect more frequently than monthly.

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<sup>9</sup> In this report, where we refer to articles in the 3<sup>rd</sup> Package in relation to electricity, we are referring to Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity.

<sup>10</sup> In this report, where we refer to articles in the 3<sup>rd</sup> Package in relation to gas, we are referring to Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas.

Some regulators refrain from including data from courts when analysing customer complaints because this data is often only available in small numbers and can therefore be problematic in statistical use.

In one example, the regulator also collects ad hoc consumer data to inform policy development. For example, surveys and focus groups are used to identify particular market issues, or to gauge customer satisfaction.

The Consumer Markets Scoreboard, put together by the European Commission's Directorate General (DG) Health and Consumers, is a tool to identify where the internal market is not functioning well for consumers across a number of services/goods, and where intervention may be needed. The second edition of the Scoreboard finds that consumers are less satisfied and experience more problems with services than with goods markets. It also finds that consumers empowered by switching help to improve the outcomes for all consumers since consumers are less likely to report price increases in markets with higher switching rates<sup>11</sup>.

## Measurement

### ***INDICATOR 1: Number of customer complaints by category***

- Total number of customer complaints by category

By definition, a customer complaint is the expression of a customer's dissatisfaction<sup>12</sup>. In this report, ERGEG assumes that this expression is addressed to the provider of gas or electricity (supplier or distributor) or any other third party such as NRAs, Competition & Consumers' Affairs Authority/Ministry and Ombudsman, etc.

Every complaint, regardless of the form of expression (letter, email, phone call or in person), should be taken into account.

## Implementation

ERGEG suggests that NRAs collect data **on the number of complaints at least annually from DSOs and suppliers**. DSOs and suppliers are to **specify the month in which the complaint was received** to enable the NRA to identify any correlation with market events. From the NRA's perspective, more than one source might be required to put together a full picture. For example, complaints data from DSOs and suppliers should be considered alongside data from independent consumer bodies.

In parallel to this draft GGP, ERGEG is preparing GGP on Customer Complaint Handling, Reporting and Classification in 2010<sup>13</sup>. ERGEG suggests these GGP are applied to NRA

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<sup>11</sup> [http://ec.europa.eu/consumers/strategy/facts\\_en.htm#CMS](http://ec.europa.eu/consumers/strategy/facts_en.htm#CMS)

<sup>12</sup> ERGEG Draft Advice on Customer Complaint Handling, Reporting and Classification (E09-CEM-26-03)

<sup>13</sup> See Footnote 12.



complaint monitoring activities. In particular, Recommendations 4 and 12 of the above mentioned Draft Advice, which regard statutory complaint handling standards (within service providers and within third-party bodies), include the use of a common classification for complaints, as far as possible, which implies a registration of complaints, each one being connected to a category of complaints.

At the time this public consultation paper is being written, the European Commission (EC) is elaborating a “**Harmonised methodology for classifying and reporting consumer complaints and inquiries**”, with the assistance of a dedicated expert group. This classification, which covers all sectors of the economy, aims to facilitate cross-country comparisons. The ERGEG ***Proposal for Consumer complaints classification*** included in the ERGEG Draft Advice on Customer Complaint Handling, Reporting and Classification could complement the EC’s classification. ERGEG has defined 14 complaint categories, which are structured in two levels. When collecting a complaint, the level 1 category should systematically be filled (among the 14 “level 1 categories”), whereas the level 2 category is optional. Some categories may not be relevant in some countries (e.g. social tariff). Consistency in the definitions of dissatisfaction is a key element to guarantee accuracy of statistical data on complaints.

**ERGEG suggests its GGP on complaint handling are applied to NRA, third party body and industry data collection activities.**

**ER GEG proposal for a consumer complaint classification system**

Update: 7 August 2009

- Energy specific categories of complaints
- Categories of complaints already existing within EC draft classification  
*(not exhaustive, given as examples)*

type of business that may be involved		Level 1	Level 2
DSO	Supplier		
		Connection to the grid	Tariff
			Delay
			Obstacles to connection
			Other
		Metering	Meter reading
			Meter functioning
			Other
		Quality of supply	Voltage quality of supply (electricity)
			Continuity of supply (outages)
			Other
	Unfair commercial practices		
	Pre-contractual information		
	Contractual terms	Unfair terms and conditions	
		Changes in contractual terms	
	Cooling off period / Right of withdrawal		
	Activation	Moving in	
		Reconnection after disconnection	
	Disconnection due to no or late payment		
	Invoicing	Unclear invoice	
		Incorrect invoice	
		Double invoice	
		Non issue of invoice or difficult access to invoice/monthly statement	
		Consumption estimation	
		Other	
	Price / Tariff	Price / Tariff transparency	
		Price / Tariff change	
		Social Tariff	
		Other	
	Redress		
	Provider change / switching	Delay	
		Unwished switch	
		Other	
	Poor or deficient customer service		

Figure 2: ER GEG proposal for a consumer complaint classification system

ER GEG suggests that the regulator, when analysing results, does not consider complaints data in isolation from other indicators. For example, low numbers of complaints coupled with a low switching rate could indicate a lack of engagement with the market. A low number of complaints itself already indicates a lack of engagement.

While complaints data is important to detect malfunctioning, the absence of complaints does not always mean that there are no problems. In some markets, consumers have a low

tendency to complain even though they experience problems.<sup>14</sup>

Finally, it is ERGEG's opinion that one-off research projects, e.g. surveys or focus groups, could add significant value as an addition to the regulators' routine monitoring in this area.

## 4.2 Customer enquiries

### Background

Information on the number and types of customer enquiries is of interest to the regulator, since enquiries by the customer are evidence of active behaviour, and could be a positive sign of engagement with the retail market (akin to switching behaviour). Alternatively, certain types of enquiries could suggest a need for increased efforts in information activities to customers or DSOs/suppliers. In both cases, observing enquiries data would help the regulator to better assess the health of the market.

### Current Experiences

The current approach to collecting information on customer enquiries varies, but we have identified two principal models. These are very similar to the models that we found for considering customer complaints. In the first, the NRA itself acts as the collection body, receiving information on customer enquiries directly from suppliers and/or DSOs. In the second, a third party body with a specific consumer focus (such as a statutory consumer watchdog, could also be the NRA) collects this information. These approaches are not mutually exclusive, and ERGEG found evidence of blended models in which the NRA collected enquiries data both directly from market participants and from a consumer watchdog. Frequency of data collection varies across NRAs.

### Measurement

#### ***INDICATOR 2: Number of customer enquiries by category***

- Total number of customer enquiries by category

By definition, a customer enquiry is any request for information. In this report, ERGEG assumes that this expression is addressed to the provider of gas or electricity (supplier or distributor) or any other third party such as NRAs, Competition & Customers' Affairs Authority/Ministry and Ombudsman, etc. Every enquiry, regardless of the form of expression (letter, email, phone call or in person), is to be taken into account.

By classifying customer enquiries, the regulator can derive more information on their nature. Since customer complaints and customer enquiries are similar data serving an

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<sup>14</sup> [http://ec.europa.eu/consumers/strategy/docs/2nd\\_edition\\_scoreboard\\_en.pdf](http://ec.europa.eu/consumers/strategy/docs/2nd_edition_scoreboard_en.pdf) p.9

understanding of the same aspect of the market, the enquiries could be categorised into the same broad categories as customer complaints.

## Implementation

ERGEG suggests that **NRA**s collect this data at least annually from **DSOs, suppliers and third party bodies**. **DSOs, suppliers and third party bodies should specify the month in which the enquiry was received** to enable the NRA to identify any correlation with market events. From the NRA's perspective, more than one source might be required to put together a full picture. For example, enquiries data from DSOs and suppliers should be considered alongside data from independent consumer bodies.

As mentioned previously, ERGEG is preparing GGPs on Customer Complaint Handling, Reporting and Classification in 2010, which includes a ***Proposal for Consumer complaints classification*** (see Figure 2). Regarding NRA data collection activities for **enquiries**, ERGEG suggests the use of the common classification of complaints, in cases when categories are still relevant for inquiries (e.g.: Connection to the grid, Quality of supply, Activation, Price/Tariff, etc) and, when they are not, the use of the above-mentioned EC classification of complaints and inquiries. When registered, an inquiry should be connected to a level "1 category" ("level 2 categories" are subcategories, in both ERGEG and EC classifications).

ERGEG considers that this indicator is most valuable when combined with others, since the number of customer enquiries does not by itself suggest good or poor functioning of the energy markets. For greater insight, the regulator should consider the type of enquiries being received, alongside other indicators related to the retail market. For example, low numbers of customer enquiries coupled with high switching rates could suggest that the switching process is working well.

### 4.3 Customer information

#### Background

In a liberalised market, it is important that the customer has sufficient information on available contracts to be able to make an informed choice. This will ensure that, collectively, customers impose competitive constraints on suppliers and thereby drive improved market outcomes. An important source of customer information in many Member States is a price comparison website. Monitoring their existence therefore provides an insight into the availability of information and the likelihood that customers are able to be active.

#### Current Experiences

Most regulators are aware of whether or not a reliable comparison website is in operation in their Member State.

## Measurement

### ***INDICATOR 3: Is there a reliable price comparison website available for customers?***

A comparison website is a website where prices and/or offers from electricity and/or gas suppliers are made public. In some cases, these are run by the NRA, in others there are commercial solutions.

## Implementation

ERGEG suggests that the **NRA keep track of the existence of reliable comparison websites annually. By “reliable,” ERGEG means price comparison websites that offer correct and/or non-misleading information when presenting prices and comparisons.** ERGEG suggests that the quality of the information could be looked into for greater insight. This could relate to the number of suppliers represented, number of offers, number of customers visiting the websites, etc.

However, ERGEG believes that customer information by itself is not a sufficient indicator of how well retail markets are likely to function. The provision of customer information should be monitored alongside other indicators of engagement, such as complaints, enquiries and switching rates to build a more complete picture of the extent to which customer activity is likely to be driving competitive outcomes.

## 5 Retail Market Outcomes

The indicators in this chapter are intended to capture the key elements of the customer's experience – i.e. the prices and choices that the market produces. In that sense, these indicators will in part drive those we have seen in the previous section regarding customer satisfaction.

In Directives 72/2009 and 73/2009: Article 37 (j) (electricity) and Article 41 (j) (gas), the following legal obligation is set upon the regulators: The duty to monitor the level and effectiveness of market opening and competition at retail levels including on *prices for household customers including prepayment systems*. ERGEG has identified several possible indicators to fulfil this duty.

ERGEG recognises that Member States currently report national energy prices to Eurostat<sup>15</sup> (the EU's statistical office), however this is based on a standardised methodology which ERGEG does not consider will best reflect the actual price paid by the average household in each Member State.

Therefore, when looking at the conditions surrounding pricing in the Member State the regulator should first of all – when applying the indicators below - *define the typical customer*, as defined nationally under the 3<sup>rd</sup> Package. This could be based on the most typical contract and/or by consumption level. The monitored price should reflect the most common national offer.

In this document, ERGEG refers to end-user price as the energy price the customer pays, excluding network charges and taxes. This section is therefore focused on indicators from the perspective of monitoring competition; however ERGEG recognises that for the customer the total price paid is of key importance.

According to Regulation (EC) No 713/2009 establishing an Agency for the Cooperation of Energy Regulators, the Agency also has a duty to monitor retail prices. Article 11.1 states “The Agency, in close cooperation with the Commission, the Member States and the relevant national authorities, shall monitor the internal markets in electricity and natural gas, in particular the retail prices of electricity and natural gas...” The following recommendations concerning pricing indicators are intended to support this function.

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<sup>15</sup> [http://epp.eurostat.ec.europa.eu/portal/page/portal/energy/data/main\\_tables](http://epp.eurostat.ec.europa.eu/portal/page/portal/energy/data/main_tables)

## 5.1 End-user prices

### Background

Article 37 (j) (electricity) and Article 41 (j) (gas) in Directives 72/2009 and 73/2009<sup>16</sup> stipulate that the regulatory authority has the duty to monitor *prices for household customers*.

It is important that the regulator has an indication of the amount that households are paying for their energy. However, price increases over time do not indicate that competition in the market is failing. This indicator is therefore a key market outcome, rather than evidence, by itself, of the well-functioning of the market.

Additionally, calculating the end-user price for different types of products (e.g. standard vs. prepayment meters) can indicate whether any consumer groups are paying unfair premiums. By investigating price differentials, the regulator can build a picture of the equity of market outcomes.

### Current Experiences

ERGEG's observation is that NRAs currently choose to adopt either an ex post (i.e. backward looking) or ex ante (forward looking) approach to monitoring end-user prices. An ex post model may involve the provision of average unit price data from suppliers to the regulator. The regulator may then use this to infer end-user prices using average consumption figures.

Ex ante models typically involve the regulator regularly monitoring tariff data, either using information received directly from suppliers or from third party providers such as comparison websites or specialist data aggregators. Information on average consumption levels can then be used to calculate an average bill, which may be weighted using information on suppliers' customer numbers.

### Measurement

#### ***INDICATOR 4: End-user price for typical household customer***

End-user prices should be computed separately for electricity and gas, where appropriate. In markets where dual fuel supply is common, this should be measured separately.

Concerning end-user prices for prepayment system users, national regulators need to decide whether they want to include the prepayment systems in the indicator or compute a stand-alone indicator for prepayment systems. This of course depends on the prevalence of prepayment systems for typical household customers in the Member State.

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<sup>16</sup> See Footnotes 9 and 10.

## Implementation

ERGEG suggests that **NRAs monitor end-user price data from suppliers at least every quarter, commencing 1<sup>st</sup> January in each year<sup>17</sup>** and using either an ex ante or ex post model, as outlined above. However, the choice of method should be consistent over time. ERGEG further suggests that the frequency for collection should be seen as a long term goal. NRAs should assess whether quarterly monitoring is appropriate and feasible in the light of national circumstances.

ERGEG suggests that end-user price is considered alongside other important market outcomes (e.g. price spreads, retail margin, diversity of contracts) and indicators of engagement (e.g. customer enquiries and switching rates) to build up a more complete picture of the health of competition.

### 5.2 Retail margin

#### Background

The retail margin indicates the degree of competition reached in the Member State. The economics of competition suggests that high retail margins are obtained if the level of competition is low<sup>18</sup>. According to economic theory, lower<sup>19</sup> retail margins reflect more competitive behaviour and therefore a more active market than high retail margins. More generally, it is expected that in a competitive market there will be a relationship between the wholesale and the retail cost of energy.

Further, more detailed analysis of retail margins can indicate where suppliers might be cross-subsidising between activities. For example, high margins in one part of the energy business, and low margins elsewhere could (alongside further evidence of non-cost reflective pricing) suggest that customers purchasing the high-margin energy are paying an undue premium. In a market where competition is working well, ERGEG would not expect this result since suppliers would be expected to compete to undercut the high margin.

#### Current Experiences

Some NRAs currently monitor this indicator and those that do have adopted differing approaches; the key distinction relates to the assumptions made on the hedging strategy of suppliers, which may reflect differences in the functioning of the wholesale market or the national situation.

For example, one NRA produces quarterly reports tracking retail margins by comparing forecast end-user prices with assumed costs of energy. These assumed costs are time weighted and infer a lead time between wholesale prices and retail prices, i.e. that suppliers

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<sup>17</sup> This would mean that this indicator is calculated also on 1<sup>st</sup> April, 1<sup>st</sup> July and 1<sup>st</sup> October.

<sup>18</sup> High individual retail margin could also be due to supplier efficiency.

<sup>19</sup> Though sufficiently high in order to reward investment adequately.



will purchase energy considerably in advance of using it. The hedging strategy applied was developed following discussions with suppliers on their actual hedging strategies.

An alternative approach applied by another NRA is to estimate wholesale prices based on spot or base-peak prices (i.e. current prices) and then compare these with end-user prices.

There are trade-offs between these two models. Assuming that suppliers purchase energy in advance of its use may more realistically reflect their actual behaviour than simply comparing retail prices to spot markets, although there is a risk that assumed hedging strategies may become outdated or misleading.

## Measurement

### ***INDICATOR 5: Retail margin for typical household customer***

A simplified definition of retail margin is the difference between the wholesale price (purchase price for the retailer) and the pure energy price for the customer (without network charges, taxes and levies).

## Implementation

ERGEG recognises that with good assumptions and/or available data, this indicator is an insightful measure of competitiveness in the market. However, since its basis can be highly theoretical, **ERGEG suggests annual monitoring using NRA research and information from suppliers**. However, ERGEG recognises the difficulties when implementing this indicator, in terms of the different 'prices' and 'products' available on the market.

### **5.3 Price spread**

#### **Background**

This indicator highlights the ability of customers to save money and is therefore an important market outcome. It is also a possible indicator of the strength of competition, since over time a competitive market is expected to minimise price differences between homogenous products. A wide spread might indicate a lack of informed customers, or indicate barriers to switching.

Additionally, calculating the spread between prices offered on *non-comparable* products can indicate whether any consumer groups are paying unfair premiums. Comparing prepayment with direct debit or standard credit tariffs is one example of this; comparing the prices offered in different regions is another. By investigating price differentials beyond the price spread of comparable products, the regulator can build a picture of the equity of market outcomes.

## Current Experiences

A simple approach currently adopted by one NRA is to calculate the spread between the cheapest and the most expensive comparable offer on a quarterly basis. Other NRAs go further. For example, one maintains a record of all live and legacy tariffs offered in the market that it uses to calculate spreads both as a snapshot and over time. Spreads calculated include those between payment types, regions, and between ex-monopolies and new competitors.

## Measurement

### ***INDICATOR 6: Price spread on comparable products for typical household customer***

By definition, a price spread is the difference between the most expensive and the cheapest comparable offer that a household customer can achieve at the same point in time.

However, a price spread can also be calculated on non-comparable products, e.g. if comparing “standard” offers to prepayment offers, fixed term contracts or green tariffs, or when comparing regionally-available offers.

## Implementation

ERGEG suggests that **NRAs compute price spread at least annually using price data from suppliers or an independent source**. However, ERGEG believes it is important to observe the price spread throughout the year, and also to monitor its development over time. Similarly, if there is regional variation in tariff availability, then the price spread should be calculated on a regional basis, and the national average should be weighted accordingly.

ERGEG suggests that the price spread is considered in the context of other factors, such as market concentration.

## 5.4 Diversity of contracts (offers)

### Background

Competition in developed markets should result in product innovation, as suppliers compete by offering different products to their customers. Energy supply offers can differ in many respects. These differences could result from different services or obligations connected to the product.

For the purposes of efficient market monitoring, ERGEG’s recommendations focus on considering the number of offers. However, this indicator is included to support the interpretation of welfare-enhancing innovation in the market – so the regulator is encouraged to consider the results intelligently. A very large number of offers does not necessarily equate to positive innovation for customers – though too few tariffs could suggest a static and under-performing market.

## Current Experiences

The data on the contracts offered to typical household customers can be obtained by the regulator at price comparison websites, where these exist. Regulatory authorities can also obtain the data about different contract offers either from the suppliers. Contract offers could be available both nationwide and on a regional basis. For a reliable picture, all offers need to be included. However, if it is difficult to collect all offers, the regulator could use a relevant sample. This sample could include offers from the biggest cities as well as rural areas. The individual NRA is responsible for defining the appropriate mixture. The derived data should be weighted in an arithmetic average in order to represent the regions according to their relevant connections points.

NRAs currently choose to monitor this indicator directly through either their regulator or through third parties. For example, one regulator actively contributes to the development of materials on switching websites that track the diversity of contracts available in the market. Another takes a more direct approach, itself monitoring all live and legacy tariffs on offer in the market.

## Measurement

### ***INDICATOR 7: Number of current offers to typical household customer***

This should reflect the number of offers that are currently open to customers to sign up to. This should be calculated separately for electricity, gas and dual fuel offers.

## Implementation

ERGEG suggests that **NRAs monitor the number of offers available to the average household customer at least annually and on the same date each year to aid comparability, using data from suppliers or an independent source (e.g. a price comparison website).**

To develop further insights from this indicator, **ERGEG suggests that the NRA monitor the nature of variation among offers.** Further, the diversity of offers should be considered alongside data on customer engagement and satisfaction such as complaints figures and switching rates.

## 5.5 Regulated end-user prices

### Background

Today, regulated end-user prices coexist with market-based prices in many Member States<sup>20</sup>. ERGEG believes that, in the long term, regulated end-user energy prices cannot coexist with well-functioning competition. Regulated prices can not only distort the market, but also hinder the goal of customer protection and participation. Motives for the retention of regulated prices may differ from country to country.<sup>21</sup>

An overview of the situation in Members States concerning end-user price regulation is important for an understanding of whether regulated prices exist after market opening and whether there has been a process towards markets without regulated end-user prices.

### Current Experiences

Currently, regulators are requested to report data on regulated end-user prices to the European Commission through National Reports<sup>22</sup>. If end-user price regulation exists, the collected data should contain an overview of the affected market segments<sup>23</sup>. The approach when analysing regulated end-user prices should be to express the percentage of customers supplied under regulated prices. Currently, the approached used is:

- $\text{Number of customers supplied under regulated end-user prices} / \text{Total number of retail market customers} = \text{Percentage of customers supplied under regulated end-user prices}$

The computation should be done for each relevant market and for both electricity and gas. For example, one regulator collects monthly data from DSOs on how many customers are on regulated tariffs and their level of consumption.

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<sup>20</sup> ERGEG 2009 Status Review of the Liberalisation and Implementation of the Energy Regulatory Framework, Ref. C09-URB-24-03

<sup>21</sup> ERGEG Status Review of End-User Price Regulation as of 1 July 2008, Ref. E08-CPR-21-05

<sup>22</sup> See Footnote 6.

<sup>23</sup> To be taken into account is also the methodology and background for the price regulation and if there are restrictions disapproving regulated end-user prices in the future. In addition, the ability to switch to a regulated end-user price and reversibility should be considered.

## Measurement

***INDICATOR 8: What percentage of customers is eligible to receive a regulated end-user price<sup>24</sup>?  
What percentage of eligible customers is served under regulated end-user prices?***

By definition, an end-user regulated price is a price subject to regulation by a public authority, as opposed to an end-user price set exclusively by supply and demand. However other groups, now mentioned in footnote 24, might be of interest for the NRA to monitor.

For the purposes of this indicator, the definition of end-user price regulation is restricted only to where these prices are available to all customers. In some Member States, prices may be regulated for vulnerable customers only – however the limited access to these tariffs and their specific purpose means that they are not considered here.

## Implementation

Where applicable, **EREGEG suggests NRAs collect information about regulated end-user prices annually and following the existing methodology required for data submission for the National Reports to the European Commission.**

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<sup>24</sup> End-user energy price regulation can refer to

- all customers within a certain customer category (“universal service” supply, “default” supply, temporary emergency supply etc.)
- specific vulnerable customers
- customers who have lost their supplier

## 6 Market Structure

The following indicators are intended to capture the features of the market which are driving the outcomes we have observed in the previous section. In other words, these indicators concern how the market is put together – e.g. how many suppliers are operating, and the market power of each supplier.

### 6.1 Number of suppliers

#### Background

In July 2007, full retail market opening became effective meaning that all electricity and gas customers are now free to choose their supplier. When the market is monitored, the number of suppliers is part of the market that needs to be addressed to verify the structure of the relevant market. The number of suppliers in a market can be useful, to a certain extent, to indicate how well a market is functioning.

Collusion among competitors may arise in any situation but is more likely to occur and endure when the numbers of firms are small, concentration is high and the product is homogeneous. A larger number of firms tends to imply a more vigorous competition between the firms, which affects firm behaviour. To be able to keep their customers, suppliers will need to improve their effectiveness, lower their prices and invent new products, all of which drive consumer benefit. A greater number of suppliers could therefore contribute to a well-functioning market. It should however be noted that it in reality is difficult to determine the number of suppliers that is needed for competition to be efficient.

#### Current Experiences

At present, regulators are obliged to report data to the European Commission under the National Reporting obligation and for ERGEG's annual Status Review. ERGEG's Status Review of the Liberalisation and Implementation of the Energy Regulatory Framework found that across many Member States the NRA is a licence-issuing body. As such, the regulator is able to calculate the number of suppliers from this data. For example, numerous NRAs record the number of active suppliers in the electricity and gas markets separately.

If the NRA is not a licence-issuing body, or does not think licensing data is suitable for the purpose (e.g. if one supplier would require multiple licences), then, as in the case in one NRA, it can maintain this data separately as part of an overall exercise to collect market statistics. Again, electricity and gas suppliers are counted separately.

#### Measurement

***INDICATOR 9: Number of active suppliers that are selling electricity and/or gas to household customers across the same market***

## Implementation

ERGEG suggests that **NRAs collect information about number of suppliers in total and the number of suppliers that supply customers nationwide annually**, in line with the existing methodology required during collection for the NRAs' National Reports. ERGEG believes that it is important to look at the number of suppliers over time to analyse the development of the retail market.

ERGEG does not believe that monitoring the number of suppliers is by itself an insightful indicator of the strength of competition in a retail market. Therefore, this should be considered in the context of a wide range of other indicators including price spreads, market concentration and switching rates.

## 6.2 Market concentration

### Background

In the economic theory of industrial organisation, a basic assumption is that the potential to abuse market power is related to a firm's share of the market. It is assumed that the more concentrated the market is the more likely it is that the market is not functioning well. In the long-term, this implies that an increase in market concentration can lead to higher prices and lower consumer welfare due to the abuse of market power. However, it should be mentioned that there is no consensus about what can be seen as an unacceptable level of market concentration, and further that it is possible for a few firms to compete vigorously. In other words, there is no firm relationship between market concentration and welfare.<sup>25</sup>

### Current Experiences

Currently, regulators are asked to report data on market shares on domestic companies for the National Reports and ERGEG's annual Status Review. The specific data requested is the percentage of the market share of the largest three companies (CR3), and the number of companies with over 5% market share. These figures are calculated as market share by number of customers and also by volume.

ERGEG observes that NRAs are faced with three choices when calculating this indicator. Firstly, what the source of the information should be. One NRA uses monthly data on regional customer numbers from suppliers, and for electricity; it also collects data from DSOs regarding the number of supply points which are registered to each supplier. In another example, only DSOs submit data to the NRA regarding the market share of the five largest suppliers in their grid area.

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<sup>25</sup> Within the European Commission, an investigation on 'the abuse of a dominant position' can be launched if a single firm has a dominant position in the relevant market, which is defined as 40 percent of market share and when the total market share of the three largest companies exceeds 70 percent at the same time, Green et al. (2006).

Secondly, the NRA decides whether to use consumption or customer number data – one NRA ensures that it receives both types of information. The suppliers are obliged to provide customer numbers and total energy supplied for the last 12 months every three months, and further to group this data by type of metering point – so the market share for household customers can be calculated.

Thirdly, NRAs need to decide how to present the data. In the first example above, data is used as the basis of monthly regional and national calculations of the Herfindahl-Hirschman Index (HHI). However, the National Reports require that NRAs are able to also provide a concentration ratio (CR).

## Measurement

### ***INDICATOR 10: Market shares by number of customers and consumption***

There are several ways to consider market share in order to derive insights on market concentration. Principal examples are given in Table 2.

Market Concentration Indicator	Meaning	Calculation
Concentration ratio index (CR)	Summarises the extent to which the largest few suppliers control supply, e.g. C3 is the addition of the 3 largest suppliers market shares.	$CR_n = MS_1 + MS_2 + \dots + MS_n$ <p>Where n is the number of largest suppliers that the CR will apply to, MS<sub>1</sub> is the market share of the largest supplier, MS<sub>2</sub> is the market share of the second largest and so on.</p> <p>Market share could be calculated by energy consumption volume or by number of customers or metering points.</p>
Herfindahl-Hirschman index (HHI)	HHI number indicates the degree of concentration in the market overall. A HHI number is calculated which ranges from 0 to 10,000. If HHI falls towards 0 the number of firms tends to infinity. If a single firm supplied the market, the HHI is 10,000. A HHI between 1,000 and 2,000 typically indicates moderate concentration, with 2,000 indicating a concentrated market.	$HHI = MS_1^2 + MS_2^2 + \dots + MS_n^2$ <p>Where n is the number of suppliers in the market and MS is the market share of each supplier.</p> <p>Market share could be calculated by energy consumption volume or by number of customers.</p>

Table 2: Common measures of market concentration



## Implementation

**ERGEG suggests that all NRAs calculate an annual Concentration Ratio, in line with the requirements for the National Reports.** ERGEG recommends that the NRA calculate market shares based **on the number of customers and consumption.**

**ERGEG also suggests that a Herfindahl-Hirschman Index is calculated at least annually using data from suppliers and DSOs,** and that the two indicators<sup>26</sup> are monitored together to build a picture of market concentration over time.

However, since market concentration alone is not necessarily an indicator of how well the market is functioning, it is important that the results are analysed alongside indicators of customer engagement and overall welfare such as end-user price, switching rate and customer complaints.

### 6.3 Branding

#### Background

According to Article 26.3 (electricity and gas) in the 2009 Directives; where a distribution system operator (DSO) is part of a vertically-integrated undertaking the Member States shall ensure that the activities of the DSO are monitored by regulatory authorities or other competent bodies so that it cannot take advantage of its vertical integration to distort competition. In particular, vertically-integrated DSOs shall not, *in their communication or branding*, create confusion in respect of the separate identity of the supply branch of the vertically-integrated undertaking.

Common ownership in a business and the use of the same brand, logotype, etc could cause market confusion for customers. The degree of neutrality and distinction between brands is therefore a condition that could imply whether the market is transparent or not. If DSOs operate under the same brand as the supplier (or vertically-integrated company) this limits the understanding of the roles of the different market players among customers and may create confusion.

#### Current Experiences

There is no example of current practice for the monitoring of this indicator. Work undertaken by ERGEG has concluded that monitoring efforts should focus on consumers – i.e. NRAs should investigate, perhaps through questionnaires or focus groups, whether customers can distinguish between the two parts of the business. The results of this work would be used to ascertain if a DSO does or does not have separate branding from the supply branch of the vertically-integrated undertaking.

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<sup>26</sup> The CI and the HHI

## Measurement

### **INDICATOR 11: What percentage of customers is served by a DSO that**

- **has separate branding from the supply branch of its vertically-integrated undertaking?**
- **does not have separate branding from the supply branch of its vertically integrated undertaking?**
- **is totally separate from the supplier of that customer?**

## Implementation

This could be done with meter point numbers from DSOs identified as having separate branding on an annual basis. NRAs should consider the results alongside other indicators of effectiveness of competition and overall market welfare. **Furthermore, NRAs will have to evaluate, on a national level, if there is really a different brand or not; this could be done using the results of customer surveys on branding<sup>27</sup>.**

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<sup>27</sup> 3<sup>rd</sup> Package Article 26 par. 3

## 7 Market Condition and DSO services

The following indicators complement those we have observed so far regarding market structure and outcomes. They concern how well the mechanisms of the market are functioning – e.g. are customers switching and are issues such as repairs and connections quickly addressed. Well-functioning mechanisms should help a well-structured market to deliver beneficial outcomes, and therefore high levels of consumer satisfaction.

Where these indicators relate to DSO services (e.g. connections, repairs, disconnection rates and maintenance services) they have been included here because they have been derived from the monitoring requirements of the 3<sup>rd</sup> Package<sup>28</sup> and are considered informative for the purposes of retail market monitoring.

### 7.1 Switching rates

#### Background

The ability to switch supplier is an essential feature of the market. If customers are able to switch supplier, exercise this ability and make good decisions when they do, then collectively they will exert a significant competitive constraint on suppliers and their behaviour will drive innovation in the market.

Article 37 (j) (electricity) and Article 41 (j) (gas) of the 2009 Directives require the regulator to monitor the level and effectiveness of market opening and competition at retail levels, including on switching rates.

Customers will switch if search and switching costs<sup>29</sup> are low and the process is reliable and does not suffer from delays. If these factors are significant, some customers will be deterred from switching their service provider.<sup>30</sup>

#### Current Experiences

Currently, regulators are asked to report data on switching rates for the National Reports. Switching rates (as a percentage) are requested both for total customer numbers and volume switched. Where available, this data is grouped into household, small industrial and large industrial categories.

In line with current National Report requirements, data for the non-domestic sector (i.e. small and large industrial) could also be collected in terms of volume, i.e. the annual consumption of customers who have switched as a percentage of total annual consumption in the sector.

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<sup>28</sup> See Footnote 1.

<sup>29</sup> By which we mean perceived obstacles to switching.

<sup>30</sup> The Consumer Markets Scoreboard

At present, NRAs follow two broad approaches to the collection of switching data. One NRA collects the data from suppliers on a frequent, i.e. monthly basis. The data collected is the number of customers who switched (based on number of meter points), for domestic and non-domestic sectors. Another NRA collects the data, also on a monthly basis, from DSOs.

One NRA calculates monthly switching data as total gross gains by supplier to deliver an insight into the current functioning of the players in the supply market, as well as customer behaviour overall. Currently, this only applies to the domestic market, and data is collected from DSOs. However, the NRA is currently expanding its data collection activities to incorporate meter point switching numbers for the non-domestic sector from suppliers. This NRA has also analysed switching in more depth on an ad hoc basis, and has investigated (using focus groups and survey work) customer's incentives and perceived barriers to switching, and also the result of switches (i.e. whether the outcome reflected why the switch had been made).

## Measurement

### ***INDICATOR 12: Number of switches for household customers as a percentage of customer numbers***

By definition, switching supplier is the action through which a customer acts and changes his/her supplier.

A customer moving residence should only be recorded as a switch if a customer switches to a different supplier. Changes of supplier resulting from a merger are excluded. Also, a change of tariff with the same retailer is not equivalent to a switch<sup>31</sup>.

## Implementation

**ERGEG suggests that data on the number of switches is collected on at least a quarterly basis from DSOs or suppliers.** ERGEG suggests that this frequency should be seen as a long-term goal. NRAs should assess whether quarterly monitoring is appropriate and feasible in the light of national circumstances.

ERGEG suggests that NRAs consider the nature of switching in greater detail – quality as well as quantity is important, since customer decisions will only exert a positive competitive constraint if they are well-informed. However, ERGEG suggests that this is observed on a less frequent basis and could perhaps be investigated using ad hoc surveys.

Further, switching rates cannot be considered in isolation to derive conclusions regarding market functioning. Regulators are encouraged to consider them alongside other indicators of market outcomes (e.g. end-user price) and engagement (e.g. customer enquiries) and other indicators of the well-functioning of the market (e.g. failure to complete a switch).

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<sup>31</sup> This exclusion extends to: changing to a new tariff; changing from a regulated to a non-regulated tariff or vice versa with the same supplier or a subsidiary of the same supplier.

## 7.2 Renegotiations

### Background

All customers in the EU's electricity and gas markets have the right to take part in the free market by switching supplier or renegotiating the contract with the prevailing supplier. Renegotiations are therefore another indicator of the extent to which customers are engaging with the market and therefore collectively exerting a competitive constraint.

### Current Experiences

Currently, this is not a widely-used indicator. However, one NRA collects renegotiation statistics every year from a sample of households on a voluntary basis. The data is divided into subcategories according to consumption, and is published annually.

### Measurement

#### ***INDICATOR 13: Number of renegotiated contracts for household customers***

A customer renegotiation is defined as changing the contractual terms with the existing electricity or gas supplier, following initiation by the customer.<sup>32</sup>

### Implementation

ER GEG suggests that **data on renegotiations is collected at least annually from DSOs, suppliers or customer surveys.**

## 7.3 Delays in switching process

### Background

Customers can only select the most competitive offer in the market if their switching ability is not hindered. Delays in the switching process will potentially act as a deterrent to switching behaviour, and will therefore reduce the extent to which customers are collectively driving competition in the market. Long switching delays may therefore be evidence that the market is not functioning.

According to Article 3.5 (a) (electricity) and Article 3.6(a) (gas) in the 2009 Directives, Member States shall ensure that where a customer, while respecting contractual conditions, wishes to change supplier, the change is affected by the operator(s) concerned within three weeks. However, some countries deem that a switch is delayed after less than three weeks.

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<sup>32</sup> National Reports 2007

## Current Experiences

Current practice in NRAs reveals that regulators face a decision regarding the source of this information. In one example, the timing of key processes is collected from DSOs and TSOs. In another, the regulator receives data on logged delays from suppliers – though it is not clear what timeframe is considered a ‘delay’. In light of requirements in the 3<sup>rd</sup> Package, the relevant time would be a maximum time of three weeks.

## Measurement

### ***INDICATOR 14: Number of delayed switches***

A delay in the switching process occurs where the switching time exceeds the nationally stated time frame for the switching process. However, in future the timeframe should not be longer than three weeks.

## Implementation

EREGEG suggests that the **NRA collect data on the number of delayed switches from the DSOs at least every quarter**. EREGEG also recognises that the length of delays will offer an insight to the NRA regarding the potential severity of any malfunctioning in the switching process. EREGEG recognises that the reasons for delays might, in some cases, be a result of contractual issues. EREGEG suggests that the frequency should be seen as a long-term goal. NRAs should assess whether quarterly monitoring is appropriate and feasible in the light of national circumstances.

This indicator should be considered alongside other indicators of market engagement and customer experience, such as switching rates, failure to fulfil the switch and time taken for connections and repairs.

## 7.4 Failure to fulfil the switch

### Background

Customers can only select the most competitive offer in the market if they are able to effectively switch. If this process is unreliable, and switches frequently fail, then the extent to which customers are able to engage with the market and therefore exert a competitive force on suppliers will be limited for two reasons. Firstly, the number of people practically able to switch will be reduced, and secondly the perception of the ease of the switching process will be damaged. Switching costs will appear high in relation to the price of the service and customers will be deterred from switching their service provider.

### Current Experiences

NRAs currently face two broad options when they collect this data. Several choose to collect data on the number of failed switches from suppliers. In other cases, NRAs receive data on

the number of failed switches from the DSOs.

In both instances, reasons are provided. In one example, a NRA has identified four key reasons why a switch could fail and requires the supplier to provide a figure for each category on a monthly basis. The categories are:

- The customer having outstanding debts above a certain threshold;
- The transfer being in error;
- The customer being in breach of contract if the transfer is processed (ER GEG recognises that such pre-contractual checks are unlikely to be carried out across all Member States); and
- Data errors around the transfer.

In another example, where the DSOs provide the data, this is provided with an open-ended reason for the failure.

## Measurement

### ***INDICATOR 15: Number of failures in relation to the total switching rate***

A failure to fulfil the switch occurs when a switch is not completed.

## Implementation

**ER GEG suggests that the NRA collect data on the number of failures to fulfil the switch at least quarterly from suppliers or DSOs.** ER GEG suggests that reasons are logged and categorised. However, because the legitimate grounds for rejecting a switch vary by Member States, these GGP do not attempt to define these categories, though the examples presented in the Current Methods section are considered broadly useful. ER GEG suggests that the frequency should be seen as a long-term goal. NRAs should assess whether quarterly monitoring is appropriate and feasible in the light of national circumstances.

This indicator is not, by itself, indicative of how well the market is functioning. However it is an indicator of whether the switching process – one of the key mechanisms in a competitive market – is operating effectively, and should therefore be seen as a complement to switching rates and delays in switching.

## 7.5 Connections

### Background

According to Article 37 (m) (electricity) and Article 41 (m) (gas) of the 2009 Directives, the regulator should monitor the time taken by DSOs to make connections and repairs.

Slow connections will have a negative impact on welfare in two ways. Firstly, time without power supply causes harm to customers. Since service is an aspect of quality and is

therefore a variable which suppliers can adjust in order to compete, ERGEG would expect a well-functioning market to produce good service levels – i.e. fast connection times. This data is intended to indicate how effectively the market is delivering good service to customers, and on aggregate, to indicate if there might be issues which are preventing all customers from effectively engaging with the market.

Secondly, if problems persist (e.g. there is evidence of consistently slow connection times) then the affected customers are being prevented from participating in the market – again, ERGEG would not expect this to be a feature of a well-functioning market.

## Current Experiences

In one example, the NRA currently defines quality of service obligations and collects annual reporting information from DSOs. This information covers the number of new connections each year.

In a similar example, an NRA collects data on a quarterly basis from the DSOs to cover the number of new connections and the time taken to issue a quote and then connect the customer.

## Measurement

***INDICATOR 16: Average time between a connection being requested by a customer and completed***

## Implementation

**ERGEG suggests that NRAs should collect information on connection times at least annually from DSOs.** An average time should be calculated, as suggested. However the calculation of ranges could provide useful insight. ERGEG also supports the idea of developing defined quality of service obligations for connections.

Times until connection should be monitored alongside other indicators of the customers' experience, for example complaints data.

## 7.6 Repairs

### Background

According to Article 37 (m) (electricity) and Article 41 (m) (gas) of the 2009 Directives, the regulator should monitor the time taken by DSOs to make connections and repairs.

Similarly to the connection times, slow repairs will have a negative impact on welfare in two ways. Firstly, time without a power supply causes harm to customers. Since service is an aspect of quality and is therefore a variable which suppliers can adjust in order to compete, we would expect a well functioning market to produce good service levels – i.e. fast repair



times. This data is intended to indicate how effectively the market is delivering good service to customers, and on aggregate, to indicate if there might be issues which are preventing all customers from effectively engaging with the market.

Secondly, if problems persist (e.g. there is evidence of consistently slow repair times) then the affected customers are being prevented from participating in the market – again as with connection times, ERGEG would not expect this to be a feature of a well-functioning market.

## Current Experiences

In one example, the NRA currently defines quality of service obligations and collects annual reporting information from DSOs. This information covers the number of points requiring repair and the time taken to repair.

## Measurement

### ***INDICATOR 17: Average time until repair***

This indicator should be calculated where customers' supply has been affected.

## Implementation

**ERGEG suggests that NRAs should collect information on repair times at least annually from DSOs.** An average time should be calculated, as suggested. However the calculation of ranges could provide useful insight. ERGEG also supports the idea of developing defined quality of service obligations for repairs in order to further safeguard the customer.

Times until repair should be monitored alongside other indicators of the customers' experience, for example complaints data.

## 7.7 Disconnection rates

### Background

Article 37 (j) (electricity) and Article 41 (j) (gas) of the 2009 Directives place a legal obligation on the regulatory authority to monitor the level and effectiveness of market opening and competition at retail levels, including disconnection rates.

This is another indicator which indicates the quality of the market outcomes. If there are large volumes of disconnections (regardless of the cause) this is evidence that consumer welfare could be improved.

Further, understanding the cause of these disconnections allows the regulator to highlight possible areas of concern. For example, disconnections for technical reasons indicate that the market is not delivering high quality outcomes, perhaps because competition isn't

working well – but also perhaps because the network is damaged. Disconnections for financial reasons could indicate deeper social issues which the regulator should also be aware of.

## Current Experiences

Currently, NRAs typically source this information from different market participants. In one example, a regulator requires DSOs to submit annual returns reporting their performance against legal requirements to tackle technical disconnections within a given timeframe. This legal provision therefore means that the NRA has good access to technical disconnection data. In parallel, the NRA also requests that suppliers submit annual reports on their financial disconnections.

In a second example, the NRA collects data more frequently – receiving quarterly information on technical disconnections from the TSO, and monthly information on financial disconnections from the DSO.

## Measurement

### ***INDICATOR 18: Relative number of disconnections***

- Total number of disconnections / Number of connection points = Relative number of disconnections.

Disconnection is described as the action of interrupting delivery of energy to a point of supply. This action can be initiated by the supplier or the network operator.

Since there could be various reasons for disconnection, and some fall outside of the supplier / DSO's control (for example financial reasons, customer moving, damage to the network caused by the customer or damage caused by weather), the reasons behind disconnections should also be declared.

A helpful classification could be whether a disconnection was caused by customer or supplier activity, or by the DSO.

## Implementation

ERGEG suggests that **DSOs report at least annually on the total and relative number of disconnections**, divided into those which are initiated by the supplier and the DSO. DSOs should be required to specify the number of disconnections which occurred in each month of the year.

This indicator should be considered alongside others concerning the well-functioning of the market, such as time taken for connections and repairs, and data on maintenance services, as well as alongside indicators of customer experience, such as complaints.

## 7.8 Maintenance services

### Background

According to Article 37 (j) (electricity) and Article 36 41 (j) (gas), the regulatory authority should have the duty to monitor the level and effectiveness of market opening and competition at retail levels, including on charges for and the execution of maintenance services.

Expensive or slow maintenance service in the gas or electricity market is an aspect of low quality market outputs which could potentially lead to reduced consumer welfare.

### Current Experiences

In one Member State, the NRA runs a quality of service incentive scheme for the electricity distribution networks. This sets targets for the number of interruptions and minutes lost on their networks each year. If they out-perform then they receive a financial payment, if they under-perform then they receive a financial penalty (capped at 3% in both directions). To assess performance, DSOs are requested to submit regulatory returns on their maintenance services. A similar scheme is in place for electricity and gas.

In another example, the regulator currently monitors interruptions and the time taken by the TSO to intervene, but will shortly begin monitoring the contracts between TSOs and supplier, with the aim of issuing an annual report on the state of the (gas) network. This could cover the required charges and timeframes for the execution of maintenance services.

### Measurement

***INDICATOR 19: Is there a charge for execution of maintenance services? (Y/N)***  
***Average time taken for execution of maintenance services***  
***Average charge for execution of maintenance services***

The time taken for maintenance services also refers to the duration of interruption, i.e. the clock starts when the service is interrupted.

### Implementation

ERGEG suggests that data on the **existence of charges for maintenance services**, the **time taken for maintenance services** and the **average charge** should be collected **at least annually from the relevant maintenance providers**.

ERGEG also supports the idea of developing quality targets for the time taken to perform maintenance services, since this would help to protect consumer welfare.

This indicator should be considered alongside others concerning the well-functioning of the market, such as time taken for connections and repairs, and disconnection rates, as well as alongside indicators of customer experience, such as complaints.

## 8 Conclusion

In conclusion, ERGEG anticipates that these recommendations will provide a framework upon which NRAs' monitoring activities are to be further developed. The recommendations outlined above and summarised in Table 3, are intended to support effective and insightful retail market monitoring by NRAs. However, there are several points which should be noted:

- Significant benefit is gained from analysing a wide range of indicators; none should be considered in isolation;
- The indicators by themselves are insufficient to derive conclusions about the functioning of the market – the aim is to highlight areas where deeper investigation might be required; and
- The indicators identified are not intended to preclude additional independent monitoring by NRAs.

The results of this public consultation will be duly evaluated and where applicable integrated into the final GGP. The final version is intended to provide recommendations on future monitoring for use by NRAs and the Agency.

Category	No.	Indicator / Measurement	Frequency	Data Source
Customer Satisfaction	1	Customer complaint <i>Number of customer complaints by category</i>	At least annually	Suppliers, DSOs and relevant 3 <sup>rd</sup> party bodies
	2	Customer enquiries <i>Number of customer enquiries by category</i>	At least annually	Suppliers, DSOs and relevant 3 <sup>rd</sup> party bodies
	3	Customer information <i>Is there a reliable price comparison website available for customers</i>	At least annually	NRA research
Retail Market Outcomes	4	End-user prices <i>End-user price for typical household customer</i>	At least every quarter, if appropriate and feasible	NRA research / Suppliers
	5	Retail margin <i>Retail margin for typical household customer</i>	At least annually	NRA research / suppliers
	6	Price spread <i>Price spread on comparable products for typical household customer</i>	At least annually	NRA research / suppliers
	7	Diversity of contracts (offers) <i>Number of current offers to typical household customer</i>	At least annually	NRA research/ suppliers
	8	Regulated end-user prices <i>Percentage of customers eligible to receive a regulated end-user price</i> <i>Percentage of eligible customers supplied under regulated end-user prices</i>	At least annually	NRA research / suppliers
Market Structure	9	Number of suppliers <i>Number of active suppliers that are selling electricity and/or gas to household customers across the same market</i>	At least annually	NRA

Category	No.	Indicator / Measurement	Frequency	Data Source
	10	Market concentration <i>Market shares by consumption and/or number of customers</i>	At least annually	Suppliers / DSOs
	11	Branding <i>What percentage of customers is served by a DSO that</i> - <i>has/does not have a separate branding from the supply branch of its vertically integrated undertaking?</i> - <i>is totally separate from the supplier of that customer?</i>	At least annually	NRA customer research
Market Condition and DSO services	12	Switching rates <i>Number of switches for household customers as a percentage of customer numbers</i>	At least quarterly, if appropriate and feasible	Suppliers / DSOs
	13	Renegotiations <i>Number of renegotiated contracts for household customers</i>	At least annually	Suppliers / DSOs / customer surveys
	14	Delays in switching process <i>Number of delayed switches</i>	At least quarterly, if appropriate and feasible	DSOs
	15	Failure to fulfil the switch <i>Number of failures in relation to the total switching rate</i>	At least quarterly, if appropriate and feasible	Suppliers / DSOs
	16	Connections <i>Average time until connection</i>	At least annually	DSOs
	17	Repairs <i>Average time until repair</i>	At least annually	DSOs
	18	Disconnection rates <i>Relative number of disconnections</i>	At least annually	DSOs
19	Maintenance services <i>Is there a charge for execution of maintenance services?</i> <i>Average time taken for execution of maintenance services</i> <i>Average charge for execution of maintenance services</i>	At least annually	Relevant maintenance providers	

Table 3: Summary of recommendations

## **ANNEX 1 – ERGEG**

The European Regulators for Electricity and Gas (ERGEG) was set up by the European Commission in 2003 as its advisory group on internal energy market issues. Its members are the energy regulatory authorities of Europe. The work of the CEER and ERGEG is structured according to a number of working groups, composed of staff members of the national energy regulatory authorities. These working groups deal with different topics, according to their members' fields of expertise.

This report was prepared by the Retail Market Functioning Task Force of the Customer Working Group.

**ANNEX 2 – List of abbreviations**

Term	Definition
ACER	Agency for the Cooperation of Energy Regulators (the Agency)
CEER	Council of European Energy Regulators
CR	Concentration Ratio
DG	Directorate General (of the European Commission)
DSO	Distribution System Operator
EC	European Commission
ERGEG	European Regulators Group for Electricity and Gas
GGP	Guidelines of Good Practice
HHI	Herfindahl-Hirschman index
MS	Market Share
N	No
NRA	National Regulatory Authority
TSO	Transmission System Operator
Y	Yes

### ANNEX 3 – Tables and Figures

*Electricity references refer to Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity.*

*Gas references refer to Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas.*

Category	No.	Indicator	Legal Obligation (Electricity)	Legal Obligation (Gas)
Customer Satisfaction	1	Customer complaint	2009/72/EC Art. 37 (j)	2009/73/EC Art. 41 (j)
	2	Customer enquiries	...	...
	3	Customer information	...	...
Retail Market Outcomes	4	End-user prices	2009/72/EC Art. 37 (j)	2009/73/EC Art. 41 (j)
	5	Retail margin	2009/72/EC Art. 37 (j)	2009/73/EC Art. 41 (j)
	6	Price spread	2009/72/EC Art. 37 (j)	2009/73/EC Art. 41 (j)
	7	Diversity of contracts (offers)	...	...
	8	Regulated end-user prices	...	...
Market Structure	9	Number of suppliers	...	...
	10	Market concentration	...	...
	11	Branding	2009/72/EC Art. 26.3	2009/73/EC Art. 26.3
Market Condition and DSO services	12	Switching rates	2009/72/EC Art. 37 (j)	2009/73/EC Art. 41 (j)
	13	Renegotiations	...	...
	14	Delays in switching process	2009/72/EC Art. 3.5 (a)	2009/73/EC Art. 3.6 (a)
	15	Failure to fulfil the switch	...	...
	16	Connections	2009/72/EC Art. 37 (m)	2009/73/EC Art. 41 (m)
	17	Repairs	2009/72/EC Art. 37 (m)	2009/73/EC Art. 41 (m)
	18	Disconnection rates	2009/72/EC Art. 37 (j)	2009/73/EC Art. 41 (j)
	19	Maintenance services	2009/72/EC Art. 37 (j)	2009/73/EC Art. 41 (j)

*Table 4: Summary of legal obligations related to the indicators*



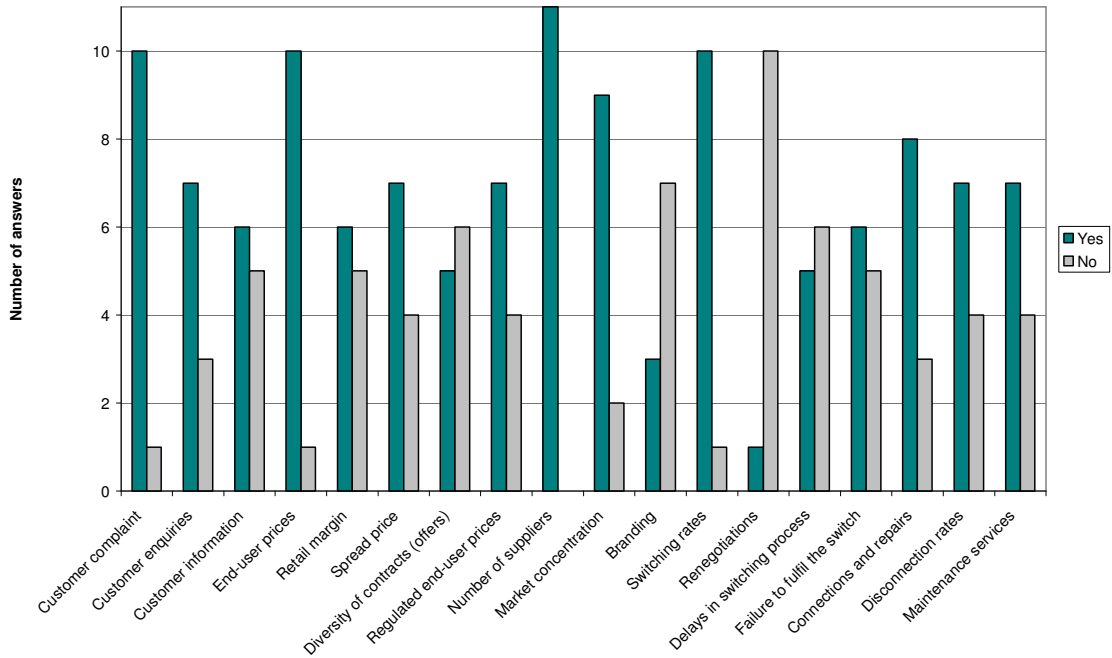


Figure 3: Summary of electricity market monitoring (of eleven respondents)

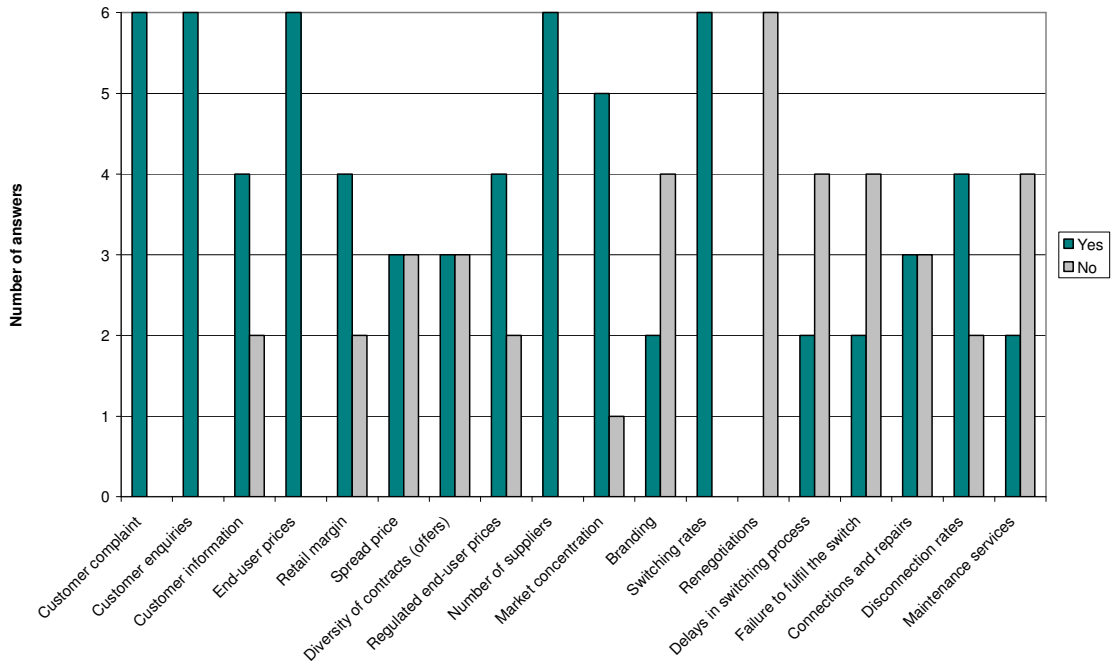


Figure 4: Summary of gas market monitoring (of six respondents)

## **ANNEX 4 – ERGEG member and observer country activities relating to market monitoring**

### **Austria, E-Control**

<http://www.e-control.at/de/publikationen/marktberichte>

### **Belgium, CREG**

<http://www.creg.info/pdf/Presse/2009/compress28042009fr.pdf>

### **France, CRE, Market Observatory**

[http://www.cre.fr/fr/marches/observatoire\\_des\\_marches](http://www.cre.fr/fr/marches/observatoire_des_marches)

### **Germany, BNetzA**

<http://www.bundesnetzagentur.de/media/archive/17368.pdf>

### **Great Britain, Ofgem, Energy Supply Probe Initial Findings Report, October 2008**

<http://www.ofgem.gov.uk/Markets/RetMkts/ensuppro/Documents1/Energy%20Supply%20Probe%20-%20Initial%20Findings%20Report.pdf>

### **Ireland, CER, Quarter 3 2009 Update on the Retail Electricity Market**

<http://www.cer.ie/en/electricity-retail-market-current-consultations.aspx?article=dd5e4819-673c-46d7-90e3-98384cef26bc>

### **Italy, AEEG, Statistical data on electricity and gas markets**

[http://www.autorita.energia.it/it/dati/dati\\_statistiche.htm](http://www.autorita.energia.it/it/dati/dati_statistiche.htm)

### **the Netherlands, Nma Energiekamer**

[http://www.energiekamer.nl/nederlands/actueel/persberichten/Persberichten\\_2009/3\\_5\\_09\\_NMa\\_in\\_onderzoek\\_naar\\_energiemarkten\\_Consument\\_laait\\_geld\\_liggen.asp](http://www.energiekamer.nl/nederlands/actueel/persberichten/Persberichten_2009/3_5_09_NMa_in_onderzoek_naar_energiemarkten_Consument_laait_geld_liggen.asp)

### **Nordic Market report 2009**

<http://www.nordicenergyregulators.org/upload/Reports/Nordic%20market%20report%204-2009%20%20final.pdf>

### **Portugal, ERSE, Monthly report on the liberalised market**

<http://www.erse.pt/pt/electricidade/liberalizacaodosector/informacaosobremercado/beralizado/Paginas/default.aspx>

### **Spain, CNE, Annual report of electricity market monitoring 2008**

[http://www.cne.es/cne/Publicaciones?id\\_nodo=344&accion=1&soloUltimo=si&slcCatt=23&keyword=&auditoria=F](http://www.cne.es/cne/Publicaciones?id_nodo=344&accion=1&soloUltimo=si&slcCatt=23&keyword=&auditoria=F)

### **Sweden, Energy Markets Inspectorate; biannual monitoring report**

[http://www.ei.se/upload/Rapporter/Energimarknadsinspektionens\\_halvarsrapport\\_april\\_till\\_september\\_2009.pdf](http://www.ei.se/upload/Rapporter/Energimarknadsinspektionens_halvarsrapport_april_till_september_2009.pdf)