

Households and businesses benefit from falling EU energy prices

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Electricity and gas retail prices generally fell in the EU for both household and industrial consumers. European households paid 8.4% less for their gas in 2016 compared to 2015, mostly thanks to improved gas markets, while the electricity household prices went down by 2.1% - first registered decrease for households since 2008 - thanks to the steady decline of electricity wholesale prices in recent years.

The [Annual Report on the Results of Monitoring the Internal Electricity and Natural Gas Markets](#)¹ was presented today in Brussels by the Agency for the Cooperation of Energy Regulators (ACER) and the Council of European Energy Regulators (CEER). For the first time, the Report includes some data on the Energy Community Contracting Parties².

Barrier to further EU energy market integration still persist

EU energy prices fell thanks to improved gas market functioning, among other factors, and despite limited capacity available for electricity cross-border trading. Hence, European energy regulators see opportunities for further benefits for EU energy consumers. For example, electricity Transmission System Operators (TSOs) should make a larger share of the existing cross-border capacity available for trading, given that only half of what is technically possible is offered today to the market.

Commenting on this significant barrier to market integration, **Alberto Pototschnig**, ACER Director, called for *“more TSO coordination and the equal treatment of intra-zonal and cross-zonal exchanges of power, so as to deliver additional benefits to consumers”*.

Gas markets are working better in terms of hub functioning and price convergence, with the volume of hub-traded gas increasing by 20% from 2015 to 2016. But, important barriers remain, in particular in South-East Europe, that negatively affect market functioning and liquidity. Whilst the EU gas network codes are making a difference for the better, market conditions, including oversupply and overcapacity, limit their impact. Further TSO and NRA coordination on network codes implementation will enhance market integration.

Switching supplier should be even faster and reliable comparison tools are needed

Consumer protection and empowerment rights are generally well established. Disconnection rate are about 1% (for electricity and gas). The time it takes to switch supplier has improved (now 12 working days), but is still longer than the 24-hour switching period that regulators would like to see, and it takes 5-6 weeks to receive the final bill after switching supplier.

Smart meter roll across Europe is low (25% of electricity households and only 4 countries for gas) and not enough countries have reliable comparison tools (22 in electricity and 18 in gas). **Lord Mogg**, Chair of ACER's Board of Regulators and CEER President, said: *“Consumers’ empowerment is essential. Reliable comparison tools are a must. Switching within 24-hours is the target. Bills must be kept simple and smart meters must have minimum functionalities that deliver benefits for consumers”*.

The Energy Community Secretariat's Director **Janez Kopač** said: “The present report, which for the first time also encompasses Contracting Parties of the Energy Community, brings us closer in the realisation of the pan-European Energy Union. Internal energy market integration efforts must not stop at the EU's borders and this report is a stepping stone in the construction of the Energy Union's governance”.

ENDS (See Notes for Editors below)

Notes for Editors

- (1) The [6th Annual Report on the Results of Monitoring the Internal Electricity and Natural Gas Markets](#) consists of four volumes, focusing respectively on: the Electricity Wholesale Market, the Gas Wholesale Market, the Electricity and Gas Retail Markets, and Customer Protection and Empowerment. The Annual Report on the Results of Monitoring the Internal Electricity and Natural Gas Markets fulfils the Agency's mandate established by Article 11 of Regulation (EC) No 713/2009. It covers retail prices for electricity and natural gas, access to networks (including network access by electricity produced from renewable energy sources), and compliance with the consumer rights laid down in Directive 2009/72/EC and Directive 2009/73/EC. The Report comprises four thematic volumes. Three of them, on Retail Markets, the Wholesale Gas Market, and the Wholesale Electricity Market were published on 6 October to allow readers access to these documents as soon as they were ready. The volume on Customer Protection and Empowerment is published today. All volumes can be accessed on www.acer.europa.eu. The data used for compiling this Report have been collected internally or provided by the European Commission, CEER, the National Regulatory Authorities, and the European Networks of Transmission System Operators for electricity and gas. In parallel, the National Country Reports by each National Regulatory Authority (NRA) are now available on the CEER website www.ceer.eu
- (2) The support of the Energy Community Secretariat in collecting and analysing the data from Energy Community Contracting Parties is gratefully acknowledged. The Energy Community Contracting Parties are Albania, Bosnia and Herzegovina, Kosovo, former Yugoslav Republic of Macedonia, Georgia, Moldova, Montenegro, Serbia and Ukraine.

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