

COMMISSIONER BORG'S ADDRESS TO THE CEER CONFERENCE

"COMPETITIVE, SUSTAINABLE AND SECURE ENERGY: PROGRESS AND
PROSPECTS"

TUESDAY, 29 JANUARY 2013

MUSÉE DU CINQUANTENAIRE, BRUSSELS

SPEECH

"IS THE INTERNAL ENERGY MARKET DELIVERING FOR CONSUMERS?"

Lord Mogg, Ladies and Gentlemen,

I am very pleased to be here today to address the key issue of energy from the consumer perspective.

Let me start by thanking the organisers – the Council of European Energy Regulators – for their kind invitation; and for making household consumers a central focus of this conference.

Clearly, we should prioritise the needs of citizens. Your keen interest in consumer affairs serves as a very good model which regulators in other sectors would be wise to follow.

The energy sector is a special case. Energy is an indispensable resource for the wellbeing of society. It powers the economy and, depending on how it is generated and consumed, can contribute to economic and environmental sustainability.

There is also an important external relations aspect associated with energy. Let us not forget that Europe today is largely import-dependent as regards oil and gas arriving from countries with varying levels of political stability.

And there is also a fundamental social aspect in the provision of energy. We need electricity to illuminate our houses and power our appliances, and gas to warm our homes and cook our meals. In short, energy is a basic commodity and all the more so at this time of the year.

Energy consumption is not optional. Energy must therefore be affordable to European citizens to meet their basic needs.

On top of this, special attention and targeted actions are required to address the needs of vulnerable groups of energy consumers.

Beyond these essential considerations, the energy sector is a key area for Europe's economic and technological progress and can be a major driver for improving Europe's competitiveness.

While energy policy was some years ago an essentially national issue, it has gained in recent years a much more European dimension.

This has led to the development of a European energy policy, which has the Internal Market at its core, but also includes other relevant areas.

Parallel to the Internal Market legislation which also covers the fundamental markets for electricity and natural gas, Europe has put forward, policy objectives and legislation concerning:

- the future energy mix of the EU, towards more renewables;
- the fight against climate change; and
- the move towards more efficient energy consumption.

However, the implementation of these objectives is a serious challenge, particularly in these times of economic hardship.

At the same time, taking action towards more renewable energy sources, lower CO2 emissions and greater energy efficiency – will prove instrumental in mapping a secure path out of the current economic crisis.

It is clear that individual consumers have a major contribution to make towards achieving these goals. But equally, consumers must reap the full benefits from the realisation of these objectives through economic savings.

In addition, we need to use the flexibility of market competition to the fullest, to optimise the use of scarce resources also allowing consumers to get the best deals.

We all recognise that competition in our electricity and gas markets is currently not satisfactory.

It is an inconvenient truth, presented year on year by the Commission's Consumer Markets Scoreboard, that electricity and gas markets are consistently perceived as among the worst performing sectors by consumers across the EU. In fact, only the banking sector suffers from a lower reputation.

Therefore, I cannot stress strongly enough the need for the industry to make greater efforts towards delivering better deals for energy customers.

Existing and prospective clients must be made properly aware that better options may exist, and that these options are easily available. Only this can turn the tide as regards energy consumers' perceptions.

Energy regulators also need to raise their game.

Together with consumer groups, regulators need to continue their advocacy and bring to the fore the issues which need to be addressed.

The current unsatisfactory situation illustrates why energy is among my top priority areas within the Consumer Agenda – the Commission's Strategy for consumer policy in the years to come.

As highlighted by Commissioner Oettinger, the Commission delivered a comprehensive set of legislative provisions under the Third Energy Package in 2009.

The consumer provisions of this Package are comprehensive, exhaustive and detailed. The Energy Regulators are armed with new competencies, but also charged with new responsibilities.

Laws, of course, are means to an end – and our end is to substantially improve the way markets function. Markets need to deliver for consumers.

This requires watchful market monitoring, full implementation and rigorous enforcement of EU legislation. Only so can we set the parameters for fair and effective market competition.

However, to engage consumers in this "brave new world" they need to have the right deals and the right tools at their disposal.

Consumers need meaningful products, services and prices. They also need to be empowered with correct, clear, concise and comparable information.

The Commission – together with regulators, and consumer and industry representatives – has been working to achieve this focusing on electricity and gas bills and other tools for conveying information to consumers.

And we will continue to do so in 2013. Specifically, we will seek to explore further the potential of electronic communications and information technology – to help consumers better manage their energy use.

It is plain common sense to say that saving energy is good for our pockets and good for the environment. But this is also good for business in the long term, as happy customers are loyal customers.

Let me now say a few words on the important issue of enforcement.

The Commission fully acknowledges the impressive track record of the European Energy Regulators, in particular as regards consumer issues.

Nevertheless, the new legislative provisions for consumers in the Third Energy Package could be viewed as "uncharted waters" for some energy regulators. Indeed, this is equally the case for some national consumer authorities.

Since the start of the liberalisation of energy markets, national consumer authorities have been regularly contacted by citizens with questions and complaints.

The Commission's own studies show that while in some Member States the regulatory architecture is working well, there are still many where improvement is sorely needed.

With this in mind, for this year's Consumer Summit – where enforcement is the focus – we are organising a workshop on joint enforcement and collaboration among public authorities using the energy sector as an example.

We want to bring together relevant and competent national bodies, consumer authorities, energy as well as other sectoral regulators – to exchange views, good practices and explore common specific solutions to problems.

I firmly believe that by joining forces and using each agency's expertise – on the one side energy markets and on the other consumer affairs – we can rapidly pave the way to improved market conditions for consumers.

The Citizens' Energy Forum provides a good example of collaboration. This annual gathering of all the right stakeholders, which reviews the pace of implementation of electricity and gas market provisions and how markets perform for consumers, has proved a very valuable tool.

The Commission's efforts to organise consumer events focussing on energy at national level, is also an important means for improving debate, consultation and stocktaking of progress.

Lord Mogg, Ladies and Gentlemen,

I am very pleased that the energy regulators have initiated a vision for putting energy consumers first and that this is shared by BEUC and all major private sector stakeholders.

In my opinion, this vision can only be fully realised through regular and transparent contacts with stakeholders, especially consumer representatives.

We also need to take stock of trends, opinions and behaviour not only amongst experts but also from energy consumers.

In this way, we can provide a positive answer to the question that I was asked to consider today – towards an energy market that truly delivers for consumers.

Thank you.

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