

The logo for the World Forum on Energy Regulation is located in the top right corner. It features a stylized globe with a blue square overlaid on it. The square contains the text "WORLD FORUM ON ENERGY REGULATION" in white, with "ON" in smaller letters between "FORUM" and "ENERGY".

# Empowering customers and protecting vulnerable consumers in the European liberalised markets

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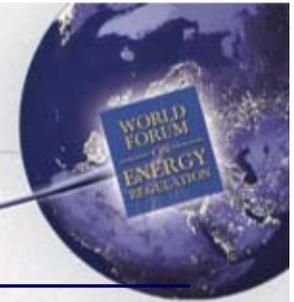
# Introduction to European regulators...



- In 2000, the **Council of European Energy Regulators (CEER)** was set up by the 27 independent national regulators of the EU
- In 2003, the **European Energy Regulators' Group for Electricity & Gas (ERGEG)** was set up by the **European Commission (EC)** as its advisory body on EU energy market issues
- **CEER/ERGEG have a similar structure and share the same board**
  - monitor compliance with existing rules
  - elaborate **Guidelines for good practice**
  - advise the **EC** on legislative proposals
  - spread better regulation by cooperation

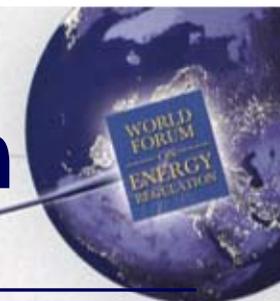
## ... and European opened retail markets

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- **Since 2005, the Customer Working Group is dedicated to customer & retail market issues**
  - Well-informed, active and empowered customers
  - Protected vulnerable consumers
- **In most EU Member States, retail markets have been fully opened to competition since July 2007**
  - **Customers have the right to change their electricity/gas supplier**

# New European Union legislation



New legislation was passed on 13 July 2009 which will be applicable in all 27 Member States **as of March 2011**

- New customer protection measures
- Extended objectives, duties & powers for national regulators
  - **objectives**
    - promote a competitive, secure and environmentally sustainable market and effective market opening for all customers and suppliers
    - ensure that customers benefit from the efficient functioning of their national market and help to ensure consumer protection
  - **duties & powers**
    - Monitor the level of transparency of the retail market and the level and effectiveness of market opening and competition,
    - Bring relevant cases to the competition authorities
    - Publish recommendations in relation to compliance of supply tariffs with the right to be supplied with a service of specified quality at a reasonable, easily and clearly comparable price

# **Regulatory issues of importance to residential and small customers**

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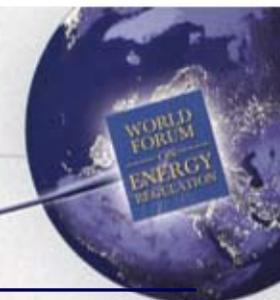
- 1. Customer Information**
- 2. Supplier switching process**
- 3. Customer complaint handling**
- 4. Vulnerable customers' protection**
- 5. Access to data consumption and smart metering**

# Customer Information



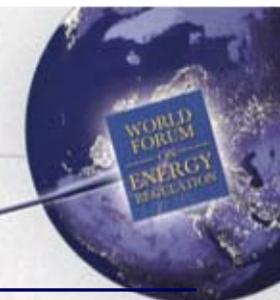
- **Liberalisation should bring choice to customers**
  - 50% of European customers find it difficult to compare suppliers, partly because of a lack of information
- **New legislative framework**
  - a non-commercial information service unit in each country
  - a consumer-friendly checklist of practical information relating to consumer rights in each country
  - price changes must be notified to customers within adequate time limits in order to be able to change suppliers
- **ERGEG's recommendations**
  - list of suppliers
  - easily accessible price comparators in each country
  - key contractual elements such as duration, right to withdraw, methods of payment, should appear clearly in contracts as well as pre-contractual information

# Supplier switching process



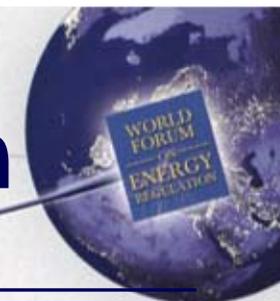
- **Customers' ability and confidence in the switching process is key for market opening to be fully beneficial**
  - in the last 2 years only 8% of consumers switched of which 51% either found it difficult, or gave up, or did not try because they thought it was difficult to switch
- **New legislative framework**
  - Barriers to cross-border supplier switching must be removed
  - Supplier switching must take place within 3 weeks
  - The delay for account settlement must not exceed 6 weeks after switching
- **ERGEG's recommendations**
  - Customers should deal with one contact only, preferably the new supplier only
  - Transmission of the information the customers need for switching should be standardised between suppliers and DSOs
  - Customer accounts should be settled within a certain time limit, preferably within 30 days

# Customer Complaint Handling



- **Customers' right to complain** is a privileged way for suppliers and DSOs to improve quality of service and for regulators to identify market malfunctioning
  - 2/3 of EU Member States have established alternative dispute settlement boards. Most customers are not aware of their existence since in many countries contact details are not provided via the bill or when dealing with a complaint
- **New legislative framework**
  - Every MS must establish independent bodies in charge of dealing with consumer complaints
  - Information on bills about the available means of dispute settlement
- **ERGEG's recommendations**
  - Customers should have a choice between channels for complaints so as to avoid discrimination
  - Standards of statutory complaint handling should be determined on a national basis such as lead time to solve disputes
  - Access to third-party complaint bodies as cheap as possible and irrespective of the financial amount of the dispute

# Vulnerable customers' protection



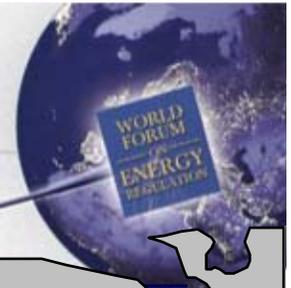
- **Protecting vulnerable customers is necessary in a competitive market**
  - 1/3 of European Member States actually use the term vulnerable customer
  - Almost all Member States support vulnerable customers through support systems such as social services
  - 1/2 of European Member States also provide support to vulnerable customers within the energy system, some countries have regulated supply prices for customers who are financially weak or have certain needs
- **New legislative framework**
  - Member States must provide a definition of vulnerable customer
  - Member States may prohibit disconnection of such customers in critical times
- **ERGEG does not comment** on the treatment of vulnerable customers which is of government responsibility (social policy) and most of the time not specifically related to the energy field

# Access to data consumption and smart metering



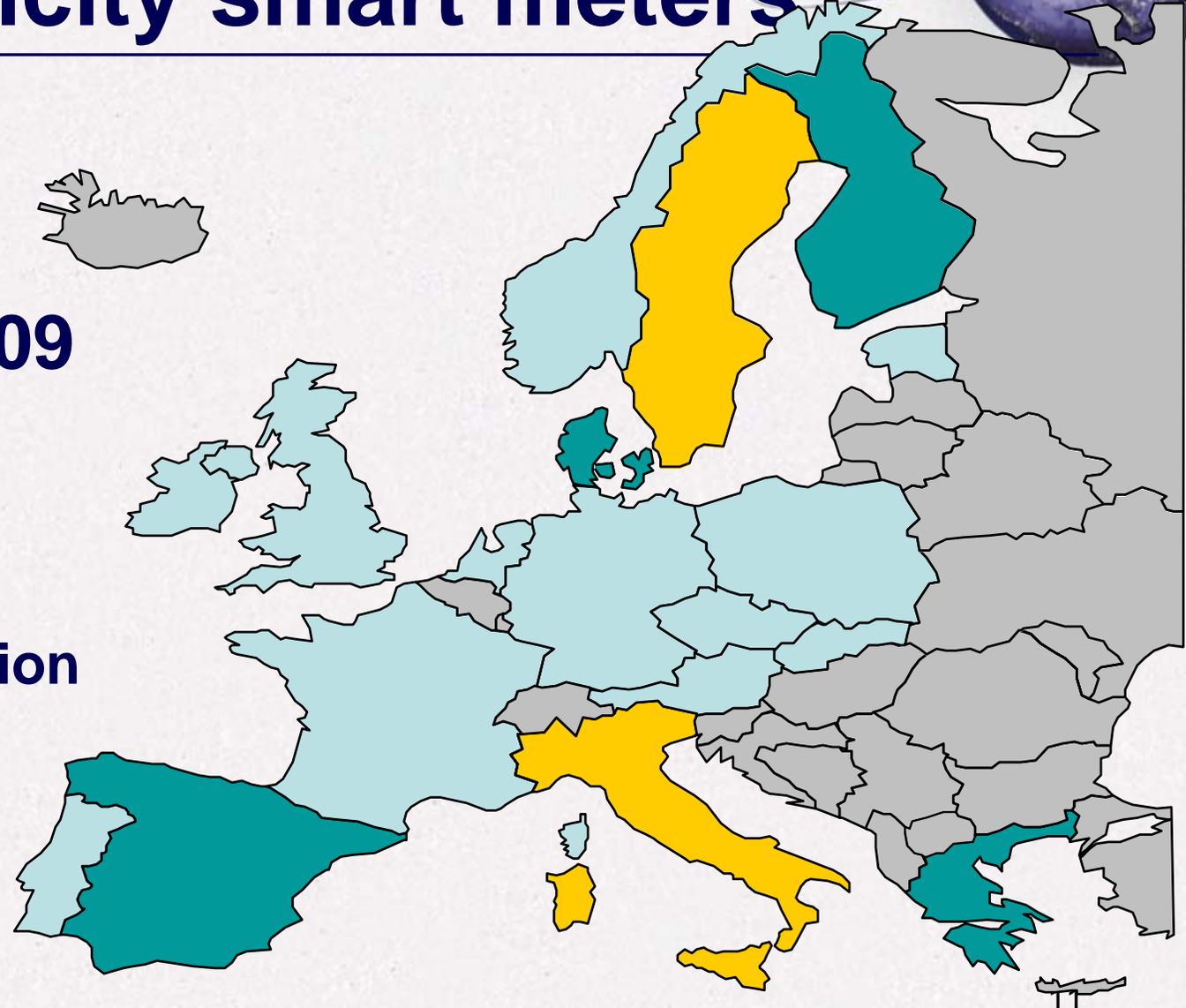
- **Customers must have access to their actual consumption data** so as to be able to compare offers and to manage their own consumption
  - 50% of Europeans do not have a standard procedure for access to consumption data
  - Minimum frequency for providing data on customers' actual consumption varies a lot in Europe
    - 2 countries > 1 year
    - 13 countries = 1 year
    - 5 countries < 1 year
- **New regulatory framework**
  - Customers must be properly informed of actual energy consumption **frequently enough** to enable them to regulate their own consumption
  - Member States must ensure the implementation of **intelligent metering** systems that will assist the active participation of consumers in the market
- **ERGEG is currently working on guidance** on how to apply the new legislative requirements in terms of minimum functionalities, interoperability, use of appropriate standards

# Status of large scale roll-out Electricity smart meters



**As of May 2009**

-  **achieved**
-  **decided**
-  **under discussion**
-  **n.a.**





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Thank you for your attention!

[www.energy-regulators.eu](http://www.energy-regulators.eu)