

CEER Citizens' Q&A

CEER Report on Billing Issues in the Clean Energy for All Europeans Package

23 March 2021

1 What's in this Report?

This report presents an overview of the changes to billing and billing information for electricity customers introduced by the Clean Energy Package (CEP) legislation in order to strengthen the consumer's position and participation by amending information provided by the supplier, especially as regards switching. It also lists the amendments of the billing rules in detail and provides some case studies showing practical examples of existing national legislation/regulation.

In particular, the five case studies mentioned in the report describe:

- a website to help consumers understand their energy bills launched by the Portuguese consumers' association DECO with the support of the Portuguese energy regulator ERSE;
- a data-hub for consumers managed by the Italian NRA ARERA;
- a lab-based experiment by the Danish Competition and Consumer Authority (DCCA) with Danish consumers, testing potential improvements to the electricity bill;
- tools to support consumers against misleading practices run by publicly-funded and private service providers in Germany.

Finally, the report opens a discussion on future issues related to changing markets/technologies and new information flows.

2 What Does the Report Propose?

The report highlights key points of the CEP implementation including:

- the idea of prioritisation and reduction in order to achieve a truly consumer-friendly bill;
- the new "switching package" information which may increase consumer awareness and decrease practical barriers to switching suppliers; and
- the need to develop new, innovative concepts for billing.

Finally, the report initiates a discussion focusing on upcoming issues related to new developments and the new legislation, such as readability and comprehension of bills and billing information which may lead to future challenges (e.g., e-bills, misleading practices, reducing and prioritising information). To ensure that the consumer benefits from new legislation and technological developments, it is important to make sure that the relevant billing information is accessible and available in a proper manner. Increasing complexity and amount of information should not overload the consumer. Experience from all stakeholders may help to prioritise and reduce relevant billing information in order to improve guidance to the consumer.

3 What is the Impact on Energy Customers?

The bill is typically the most frequent means of contact between a consumer and his/her supplier. Moreover, the bill also contains relevant information regarding the contractual relationship, meaning

the consumer needs the bill and/or billing information to check whether or not the contractual conditions are still correct over time.

In order to ensure that this information is received by the consumer, the legislators – at European level as well as in Member States – have set up a framework to ensure a mandatory minimum set of relevant information to be included in the bill which should be easily available, accessible and understandable. This framework was developed over time, with the legislation of the 2009 3rd Energy Package being updated and reinforced by the 2019 Clean Energy Package, which is currently being implemented at national level. The rules on billing and billing information have been updated to strengthen the position and participation of consumers in the energy market, by amending what information the electricity supplier must provide: the bill must contain at least the price to pay, a breakdown of price and when the payment is due. Additional billing information has to be provided by the supplier, such as consumption data of the billing period, contact details of the supplier, tariff name, contact details of ADR and more. Parallel revisions are expected in the coming years for the EU gas legislation.

The bill is one of the main means of communication between supplier and consumer, but it has become more and more complex with an increasing amount of information to provide. Too much information does not help the consumer. On the contrary, it may lead to the consumer actually picking up less due to feeling overwhelmed. The need to avoid information overload and to provide user-friendly bills presents, nevertheless, some challenges.

If done wrong, prioritisation and reduction in billing and billing information may lead to misleading practices. Some suppliers may be more likely to highlight information about their services than information which may negatively impact them (e.g., time-fixed price increase). Misleading practices in billing already exist and should not be fostered under the new billing rules and concepts related to those (such as the idea of prioritisation and reduction). However, different tools for fighting misleading practices and protecting consumers from such are already in place and need to be maintained in order to achieve fair and consumer-friendly billing.

A possible way forward for reconciling the importance of providing consumers with information whilst not overwhelming them may lie in the use of electronic media (e.g., apps, web portals) to provide a more dynamic and interactive bill. Thinking outside the box may prove fruitful here, as the rules of the CEP are not restrictive when it comes to the format of the bill. However, new billing concepts must not discriminate against consumers with lower digital literacy. CEER has long supported improvements to energy customer billing requirements in European legislation and will continue to do so.