

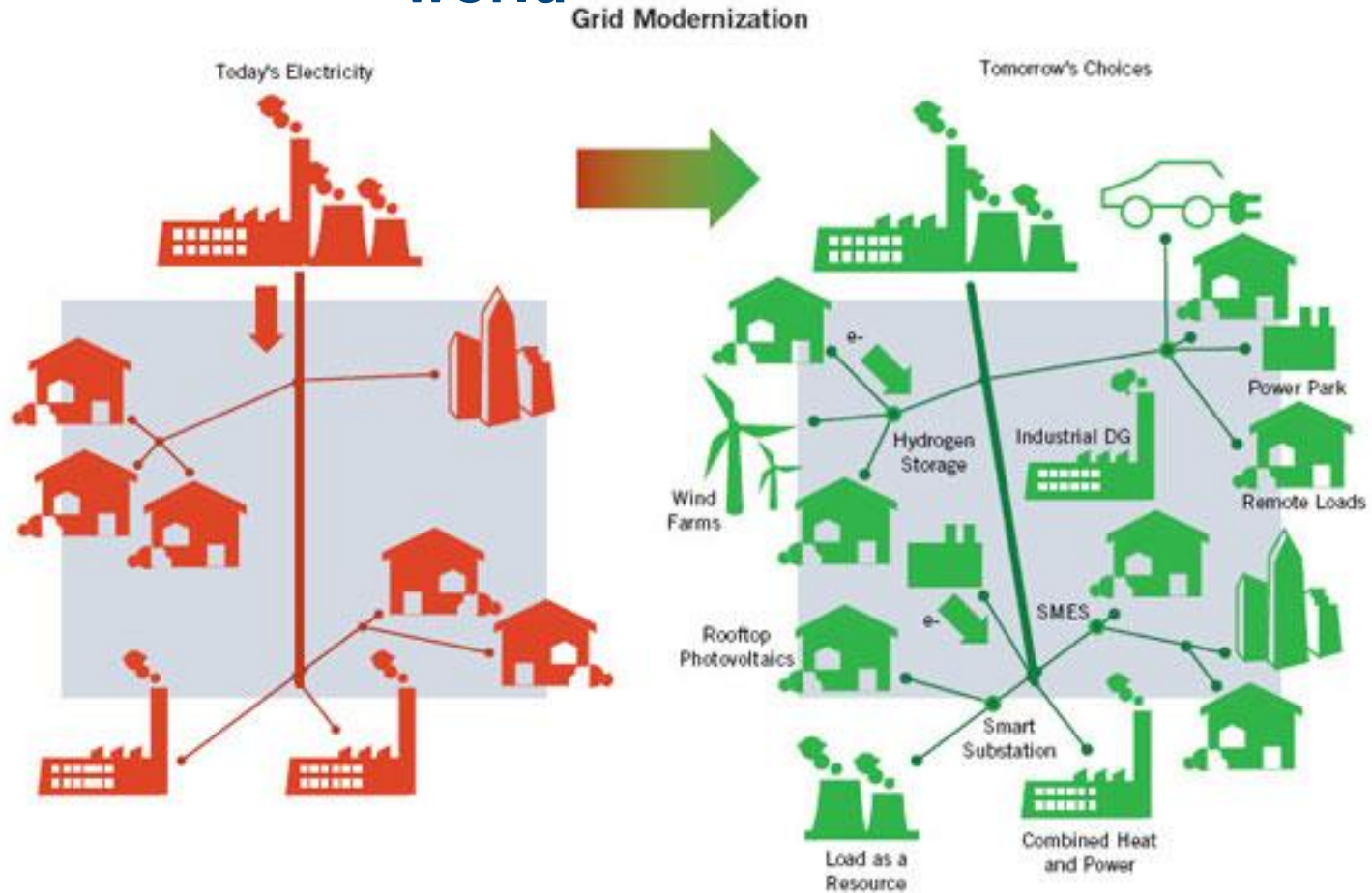


## **CEER ARIAE Roundtable Session IV**

### **Consumer Empowerment and Protection**

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**Punta Cana 9 May 2019**

# The energy markets: a changing world



- Consumers perceive the energy market as complex and even boring
- Important to: reduce complexity, inform, educate, and engage consumers and to improve over-all retail market functioning



## What is CEER doing for consumers?

We put consumers at the heart of our work and have a joint vision with BEUC and a 3D strategy that influence our yearly WP

- We advocate our views and try to be influential
- We monitor retail market functioning and consumer protection and empowerment in the EU countries (together with ACER)
- We follow a roadmap and compile national gap analyses on retail market performance in the EU countries
- We issue case studies and other studies as well as guidance of good practices
- We cooperate with other regulators and consumer agencies (PEER) as well as with energy regulators outside EU



# 2020 Vision for Energy Consumers

## Key points:

- ▶ The RASP principles confirmed as cornerstone of the retail market
- ▶ Customer issues have become increasingly important in recent years and becoming a discussion topic for all
- ▶ New initiatives (smart meters, demand response, energy efficiency) can only be successful if customers are appropriately empowered and trust the overall system and if competition is in place
- ▶ It is in the interest of companies to establish better communication channels with customers to get a better insight into what customers want/need

## RASP Principles



## EU Consumer Rights Framework

- 3rd Package of EU energy liberalisation laws - **reinforced energy consumers' rights** (2009)
- Clean Energy Package - **reinforcement of consumers' rights and retail market functioning** (2019)
- General consumer law - *unfair commercial practices, distance or doorstep selling and contract transparency*. Reinforced rules on *sanctioning, one-line sales and collective redress* in the **New Deal for Consumers** (2019)



## How are We Performing in Retail Markets?

- More EU legislation is underway but still retail markets are mainly national in Europe – with some examples of cross border retailers
- The trend of rising retail prices at the same time as sinking wholesale prices has been broken but still a gap in many EU countries
- Concentration levels in some countries indicates low competitive pressure and consumers are "sticky"
- Price regulation is still around but the methods varies



## How are We Performing on Consumer Empowerment and Protection?

- Energy poverty is a critical issue and in some EU countries the percentage of energy poor for both gas and electricity was around 10% in 2017.
- Consumers need clear and transparent instruments to make informed choices. Reliable comparison tools (CTs) are crucial instruments but only available in 19 countries for electricity and in 15 for gas (2017). *CEER has issued GGP and new rules are underway in the Clean Energy Package.*
- The average switching duration in the EU was lower than the Third Package target of 3 weeks. *CEER has advocated 24 hrs technical switching and changes to come in the Clean Energy Package*



## The Picture is Getting Even More Complex.....

- Consumer are becoming producers (prosumers) but still needs to be protected
- Digitalisation can contribute to empowerment but can also lead to a digital divide
- Markets are getting more inter-twined and bundled products are becoming more common





## Digitalisation in the Consumer Interest

- Digitalisation is driving changes for the whole economy, including the energy sector. In setting digitalisation as a strategy policy area (D1), CEER seek to enable digitalisation in the consumer interest.
- The CEER's *digitalisation public consultation paper* looks at what digitalisation means for consumers and the role of regulators to enable digitalisation of the energy system in a positive way for the consumer. Likely to lead to follow on work in 2020 and beyond.





## What is PEER?

- Partnership for the Enforcement of European Rights (PEER)
  - ▶ PEER is an initiative of Europe's energy regulators (CEER)
  - ▶ to enhance inter-agency (cross-sectoral and cross-authority) cooperation at EU level to benefit consumers
  - ▶ Started on a pilot basis in 2017
  - ▶ PEER aims to bring together different regulators (telecoms, energy, financial etc.) and other authorities (e.g. Ombudsmen, Consumer Protection Authorities, Consumer Associations, Data Protection Authorities) to strengthen the enforcement of European consumer rights



# PEER's Mission and Objectives

*“To help protect, empower and engage European consumers through the collaboration of relevant authorities with differing consumer-related responsibilities.”*



## Bundled Products

- Consumers are increasingly purchasing so-called “bundled products” and businesses are marketing packages of combined products and/or services within a sector or across several sectors
- May result in economies of scope (supply side) and transaction cost savings (demand side)
- But also bring challenges and uncertainty in terms of consumer rights and protection
- Bundled products also reduces transparency for consumers.



## CEER draft Guide on Bundled Products

The guide contains:

- Examples of bundles, both sector specific and a cross sectors
- 10 recommendations, for industry and regulators
- It has been sent out for consultation – we seek stakeholder's views
- Our views are generally shared by consumer organisations and regulators from other sectors but the energy industry generally think that we are too negative
- We will now compile the stakeholder's views and issue the guidance paper mid 2019



# Thank you for your attention!

## CEER

Council of European  
Energy Regulators



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