

6TH CITIZENS' ENERGY FORUM
BUSINESS DESIGN CENTRE, LONDON

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SPEECH

Ladies and Gentlemen,

It is a great pleasure for me to participate for the first time in this important event, and to welcome you all to the 6th annual Citizens' Energy Forum.

This Forum has become *the major event* to discuss issues combining citizens and energy in Europe. These issues are manifold and ever increasing.

The context in which this forum takes place is shaped in large part by two important trends:

- The growing share of energy in consumer spending;
- And the developing wish of citizens to take a more active role rather than just being passive consumers.

Ladies and gentlemen,

I would like to take a moment to look at these developments in more detail.

First, there is the constant increase in energy prices in Europe. For example, only in one year, between 2011 and 2012, the price for electricity increased by 6.6% while household gas prices increased by 10.3%.¹

The increase in energy prices has had a particular impact on consumers as it coincided with the economic crisis and the decreased purchasing power of private households.

As a consequence, today, the cost of household energy consumption represents 7 to 10% of the income of private households in Europe. This figure rises to as much as 17% if transport fuel costs are taken into account.

Given that energy is an essential commodity, not a luxury item, more and more consumers are struggling to pay their energy bills. Energy poverty is a growing concern.

This economic imperative drives the second factor I mentioned already. Quite simply, consumers increasingly are not content to be passive consumers of energy. Instead, they

¹ Energy prices are constantly increasing: between 2011 and 2012, the price of electricity rose by 6.6% in the EU, particularly in Cyprus (+21%), Greece (+15%), Italy (+11%), Ireland and Portugal (+10%), Bulgaria, Spain and Poland (+9%). Household gas prices increased by 10.3% in the EU, particularly in Lithuania (+21%), Estonia (+19%) and Bulgaria (+18%) (Eurostat, May 2013).

want an active role in managing their energy consumption, reducing their environmental impact and even produce renewable energy themselves. For example, through engaging local authorities in joint energy purchases for households in their region.

In this forum we are well placed to answer the following question: What do these developments mean for the policies we should take at the national and the European level?

To feed the subsequent discussion let me offer you my initial thoughts.

First, we need to thoroughly consider the impact our policy measures have on consumers.

As you are no doubt aware, my colleague Commissioner Oettinger is preparing a Communication on energy prices and costs. It will be presented and discussed at the March Energy Ministers Council under the Greek Presidency. Together with my services, I am actively supporting this important work in order to see how to best take into account the consumer dimension.

In addition, I will be launching two important studies. The first will provide an updated analysis of the functioning of the retail

electricity markets for consumers. The second will focus on vulnerability of consumers across the board, including energy. Both will seek to determine where there are problems and define potential remedies.

In addition to looking for new approaches we must also make full use of the instruments we already have available to us. Together with Member States we need to step up enforcement of legislation. For some energy regulators, consumer issues are relatively new territory. This is also often the case with public consumer authorities. The best way forward is for such bodies to work together. I am glad to see that a session on collaborative enforcement has been included on the agenda of this year's Forum.

Where there are no structures to facilitate collaboration they should be set up. I would call on the Forum to urge closer, structured mechanisms to work on enforcement within the Member States. The existing European bodies could act as catalysts to enable and accelerate this process.

Ladies and gentlemen

Legislation and enforcement are important but transparency is also fundamental to the good functioning of the energy market and consumer choice.

I am convinced that we need to further improve information and transparency on energy consumption and energy prices. This is a necessary pre-condition for allowing citizens to better manage and reduce their energy consumption, and to better benefit from competition in the internal energy market and get better deals.

A key tool to inform consumers about their consumption is their energy bill. Its readability and usefulness for the consumers can be further improved. Today, a report will be presented to this Forum on electronic billing and how to help consumers better manage their energy consumption at home. We need to help consumers consider the energy implications of their daily decisions.

In addition, there are other promising tools such as the use of smart meters. I am aware of the concerns and the mixed experience with the usefulness of smart meters for consumers so far. Obviously much depends on how the meters are used: new technology on its own is not a solution as such. If we learn from the experiences made so far, and if we make sure that the market is organised so that smart meters create more choice and service for consumers, then we will be able to benefit from the potential that smart meters have for assisting consumers in their energy management.

Information is fundamental but even informed consumers need a hand in getting better deals

We need to do all we can to ensure fair pricing and better deals for consumers.

I am well aware that a high proportion of the energy bills that end-users pay is not directly related to energy costs. Network costs, taxes and levies constitute an important part of the final price. For example, a recent study found that in Belgium only one quarter of the final price paid by consumers is related to the cost of energy.

Nevertheless, comparing options and switching to an offer that best suits their needs, either with the same or a different provider, allows consumers to take advantage of greater competition in the Internal Energy Market. And by being active, the consumers could save between 200-300 euros per year.

Despite such benefits, only 5-6% of consumers switch tariffs with the same supplier and only 6-7% switch their supplier. Consumers are often not aware that it is easy and free to switch, and that they should always compare tariffs and chose offers that best suit their needs. For example, a recent survey showed that in France 42% of consumers do not know that they can switch supplier and 50% believe that switching is not free.

Successful switching campaigns have been organised in several Member States and I would like to encourage similar actions elsewhere. As part of this process, I intend next year, to establish a new working group on "Consumers as Energy Market Agents" to identify best practices and prepare recommendations on switching.

Ladies and Gentlemen,

2014 will be a very important year for citizens and Europe's energy market

- We want to complete the Internal Energy Market. Empowering energy consumers in the internal energy market is a priority work area for the entire European Commission in 2014;

- Full implementation of Comprehensive legislation under the Third Energy Package, in 2014 is also a priority.

Let us work together to ensure that these important initiatives deliver benefits for consumers and that the citizens' perspective is always taken into account.

As Commissioner for Consumer Policy, I am determined to contribute from my side in order to provide consumers with the right information and assist them to actively manage their energy consumption.

I am sure the work carried out in the next two days will make an important contribution to this effort. I wish you all a fruitful and enjoyable event.

Thank you.

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