

SEMINAR ON BETTER DEALS FOR ENERGY CONSUMERS

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SPEECH

BY COMMISSIONER NEVEN MIMICA

Ladies and gentlemen,

It is with great pleasure that I welcome you to the seminar on better deals for energy consumers.

I am very glad for the support of the Greek Presidency for today's event. This actually highlights how important this topic is for all the consumers. For all of us as we all are energy consumers.

In fact, energy is one of the key areas where an improved legal framework has been set up to create a more competitive market – but this is also an area where the benefits still need to fully reach consumers.

It is not good enough that different providers have access to the energy market. Consumers need to get reliable information about the different contracts, be it from the same or from different providers. They need to understand which one is the best for them. And they need to be encouraged to check and, if appropriate, to go for the better option.

Consumers have a lot to win in this area. I am not just thinking about saving money. I am also thinking about reducing energy consumption. And even about the experience that using their power to compare and to switch, consumers can make a difference.

To get there requires a collaborate efforts from many sides, and to learn from the many interesting experiences that have already taken place in several Member States. That is why I am would like to thank each and every one who has joined for today's seminar.

The objective of the seminar is to discuss how to facilitate better deals for consumers in energy by reflecting on existing best practices from across the EU.

The idea is to identify lessons learned about empowering consumers to better manage their energy consumption and assisting them to become active participants in the market.

The Commission is strongly committed to complete the Internal Energy Market in 2014. We have to make sure that the legislation is implemented and enforced at the national level, and to deliver better outcomes for consumers. It has taken too long time for the benefits of competition to reach consumers.

So my main message for you here today is that we need to ensure that markets are delivering better deals for consumers.

In my view a better deal has two elements:

- getting a better price corresponding to each consumer's needs and
- making the most of the energy used at home by better controlling consumption.

In 2010, the Commission's in-depth retail electricity market study found that 13 billion euro could be saved in Europe by electricity consumers switching to a cheaper offer. So, switching can pay off.

This year we will revisit the results of this study to further assess market improvements in light of the introduction of the Third Energy Package and we will publish the Communication on the functioning of the retail energy markets.

At the same, the extent to which consumers will engage and actively look for a better offer will depend on:

- how clear the price information is,
- how simple it is to compare prices and offers, and
- how easy it is to switch supplier.

Improved information and transparency on energy consumption and prices is a pre-condition for better energy deals.

Therefore, we attach great importance to accurate, clear, concise and comparable energy bills and to the use of information and communication technologies for interactive electronic billing.

We also understand that online price comparison websites are an important tool for consumers, particularly in regard to energy prices.

With this in mind, we are currently reviewing comparison websites to see whether the data is presented fairly, without exclusions, and in a transparent and understandable manner.

So, in my view there are five important ingredients for developing energy markets that deliver good deals for consumers:

- **First:** enforcement of legislation and strong consumer rights;
- **Second:** transparent tools that can facilitate overview and comparison of prices and contract terms;
- **Third:** making use of existing European best practice;
- **Fourth:** Creating trust because many consumers still have a relatively negative picture of energy markets
- **Fifth:** It is absolutely key to convince consumers that it pays off to actively engage in energy markets.

In today's seminar, we will hear from countries that have taken decisive action to improve the functioning of their markets and combined these efforts with awareness campaigns on supplier switching and consumer participation.

Their example needs to be extended across the EU and I want to take these best practices to other EU Member States.

Let me turn now to collective switching.

We increasingly observe that collective switching has the potential to act as catalyst for more competition and to deliver better prices for consumers.

Moreover, it can work as a first step for energy consumers to positively re-engage with energy markets and to re-build trust.

Energy regulators and competition authorities need also to remain vigilant ensuring that market players compete fairly and to the benefit of all consumers.

This covers the pricing dimension of getting the best deal. Reducing energy consumption at home is the second vital element.

In general, by consuming less we are paying less. This represents a double victory: for consumers and for the environment.

Energy saving campaigns and other national actions are necessary to help consumers to both:

- change their behaviour and engage in specific actions in their everyday lives; and
- learn about national and EU funding to support energy efficiency actions in their homes.

Let me add that on my recent visit to Athens, I heard from the Greek Energy Minister that energy efficiency actions can also contribute to the mitigation of the economic crisis.

This is done by:

- allocating funds for energy efficiency for households; and
- thereby de facto supporting the construction and house renovation industry, which is heavily struck by the crisis.

This is an important lesson for policy makers.

Increasing consumer confidence, for example by giving access to credit or guaranteeing prices for such a long-term investment, is key to getting Europe out of the crisis. We should not forget that 56% of the EU's GDP is generated by household consumption and that stronger consumer confidence is an important drive for the EU economy and its recovery.

Directing public funding towards individual households at this moment is crucial to initiate a circle of investment and growth, while at the same time improving energy efficiency.

Ladies and gentlemen,

I would like to conclude my intervention today by focusing on the part of the population that is suffering the most from the present crisis and from the currently increasing energy prices.

We tend to refer to them as economically vulnerable consumers, often linking them with the concept of energy poverty.

For these citizens, our society must do better and must do more.

I always underline that energy is an essential commodity and indispensable resource for our daily lives.

For those that cannot afford to pay their energy bills we need to preserve their right to dignity and fair living standards.

Here again, energy efficiency is part of the answer but we cannot cure poverty and over-indebtedness by only reducing energy bills.

What is needed are targeted measures for vulnerable consumers like lower tariffs, better payment planning and additional incentives for this category of consumers.

In conclusion, I believe that all these actions, which will be explored and debated further here today, can help us deliver better deals for energy consumers across the EU.

I wish you all a successful and enjoyable event.

Thank you.