

Brussels, 30 September 2009

## **Citizens' Energy Forum: consumers, industry and regulators endorse recommendations for billing, complaint handling and smart metering**

*EU Consumer Commissioner Meglena Kuneva and the Energy Commissioner Andris Piebalgs gave their closing remarks at 2<sup>nd</sup> Citizens' Energy Forum in London today. The Forum has endorsed recommendations for good practice in billing, aiming to provide EU consumers with simple, clear and informative gas and electricity bills. The recommendations build on good billing practices in several EU countries. The European Commission expects that better billing will help EU consumers to save both on their energy use and on their bills. Launched in 2008, the Citizens' Energy Forum brings together consumer organisations, industry, and government regulators to tackle practical energy-related issues which matter to consumers, such as switching suppliers, user-friendly billing and complaints-handling. The retail electricity market has been flagged as one of the problem markets in the Consumer Markets Scoreboard. Less than half (45%) of consumers find it easy to compare offers from energy providers, which can be one of the reasons why only 8% of consumer switched providers in the past two years. The Commission has launched a major study of the retail electricity market and will present the results to the Forum in 2010.*

EU Consumer Commissioner Meglena Kuneva said: "We want a utility bill to make useful reading for consumers. Today, too many European consumers find their bills unreadable and impossible to understand. And too many find themselves unable to switch providers: with all the confusing information they find on their bills, switching becomes mission impossible".

"Market opening forces companies to compete for customers by offering attractive prices and good, reliable services. Consumer should be properly informed of their rights and their consumption so that they can actively participate in the energy market. However, information for consumers is not enough to ensure their active engagement. Competition in the market must also be addressed through streamlined processes and the introduction of new technology as outlined in the Third Energy Package" said EU Energy Commissioner Andris Piebalgs.

### **Why energy bills matter?**

The adoption of the Third Internal Energy Market Legislative package is a major step towards a truly integrated European energy market that delivers concrete benefits for consumers. In addition to providing tighter deadlines on switching times and the receipt of final bills, the package facilitates the active participation of consumers in the retail energy market through the introduction of Smart Meters. The new technologies will remove many billing problems through the provision of accurate, real-time information to consumers.

Electricity and gas bills can and should be a simple and clear source of information for consumers and the main tool helping them to **manage their consumption**, **understand the actual cost** of their energy use, and to **compare that with other offers** available on the liberalised energy market.

Yet many EU consumers find their energy bills difficult to understand. In particular, **pricing information** is often unclear, which makes **comparing offers very hard**. This may be one of the key reasons why consumers hesitate to switch suppliers. Less than three in five (58%) consumers are satisfied with their electricity provider, yet only 8% switched electricity providers in the last two years. Less than half (45%) find it easy to compare offers from electricity providers (see [IP/09/202](#) for more data).

### **The recommendations on good energy bills**

In 2008, the 1<sup>st</sup> Citizens' Energy Forum asked the European Commission to set up a working group tasked with developing recommendations on billing

The recommendations were endorsed by the 2<sup>nd</sup> Forum, meeting on 29-30 October 2009. They reflect good practices already existing in some EU countries, in particular Austria, Italy, Norway, Sweden and the UK.

The recommendations contain a specific list of items to be included in bills.

The elements in a bill which are key to comparing offers could be included in the **Comparability Box**, featuring prominently on the bill. These items include:

- the duration of the contract and the required notice period for switching suppliers;
- the customer's switching code (needed to change suppliers);
- clear indication of the base price(s) per unit of energy (kilowatt hour or kWh), before taxes and without additional charges, as the main element for comparison between suppliers;
- a reference to a clear breakdown of the total price (including consumption, network and distribution charges, taxes and any other price elements);

See [MEMO/09/429](#) for the full list of bill items and further details.

The European Commission has also developed visual examples of bills based on those recommendations (see the link below).

### **Next steps on energy billing**

The options **recommended** to EU countries for implementing the good billing practices are: (1) voluntary **codes of conduct** adopted by the industry (2) **validation of bill templates** by national regulators, and (3) **national legislation** requiring minimum billing standards.

The Citizens' Energy Forum will monitor progress in adopting the good practices in Europe.

## **Citizens' Energy Forum**

The Citizens' Energy Forum was created in 2008 (see [IP/08/1594](#)) to help consumers to enforce their existing EU-wide rights and to provide them with clear, straightforward information on what choices are available to them when it comes to buying their gas and electricity. As well as providing practical assistance to consumers now, the Forum is also anticipating future changes in energy markets. This year new technologies such as smart metering were debated in-depth. The new technology will improve consumers' participation in the market, the accuracy of bills and consumer switching processes

Examples of electricity bills based on the recommendations can be found [here](#).