

## Conclusions of the 4th meeting of the Citizens' Energy Forum

### Retail Forum

London, 26 -27 October 2011

#### GENERAL

1. The 4th meeting of the European Citizens' Energy Forum took place in London on 26 and 27 October 2011. Commissioners Oettinger and Dalli greeted participants by means of a video message. Lord Mogg provided opening remarks on behalf of Ofgem as host of the Forum and chair of the Council of European Energy Regulators (CEER) and chair of the Board of Regulators of ACER. The Forum was chaired by the Commission and attended by the national and European consumer associations, representatives of the Member States, national energy regulators, representatives of the Energy Community and Norway, the electricity and gas industry and the independent Ombudsmen. The particular focus of the Forum was on the development of competitive retail markets that benefit consumers. All the speakers of the opening session considered that consumers should be at the centre of EU energy policy and that the London Forum had a key role to play in this regard and stressed the importance of better engaging with consumer representation across Europe. The Forum invited the European Commission to reflect the conclusions of the London Forum and the consumer dimension in the work of the Madrid and Florence Fora.

#### COMPLAINT HANDLING

2. The Forum welcomed the status review on the implementation of the ERGEG Guidelines of Good Practice (GGP) on customer complaint handling, reporting and classification. The review includes an overview of existing statutory complaint handling standards and recommendations on how to set up these standards.
3. The Forum noted that NRAs are not everywhere in a position to monitor and to deal properly with customer complaint handling, notably because of the lack of proper transposition of the EU Directives and insufficient resources. **The Forum called upon Member States to grant NRAs with the powers and resources needed to exercise their duties in that field.**

4. The Forum stressed the importance of collecting data, notably from energy companies, on complaints in a harmonised way. This constitutes an essential indicator of the customers' empowerment and provides an important element assessing correct functioning of the market.
5. The Commission informed the participants on its decision to open in September 17 infringement procedures regarding the Electricity Directive and 18 regarding the Gas Directive for late transposition and non communication against the Member States. The Forum stressed the importance of the full transposition in order to reinforce the rights of the consumers as decided at EU level and to increase their empowerment to be able to switch suppliers and to benefit from the internal energy market. **The Forum called upon the Member States to speed up the transposition, notably the definition of the vulnerable customers.** The Forum shared also the view that the energy efficiency measures should play an active role in addressing the specific vulnerable consumers' needs.
6. The Forum took note of the conclusions of the Working Group on Alternative Dispute Resolution (ADR) in the energy sector presented by the Commission (DG SANCO). The report stressed again the correct and timely implementation of the existing legislative provisions in the Third Package. This transposition needs to focus on clarifying the roles of all actors involved in ADR and in complaints handling, also drawing from best practices at national level presented in the Report. The conclusions confirmed that the ADR bodies should be independent and not simply having autonomy within a particular company, in order to meet the requirement of the Third Energy Directives. Nevertheless the Forum took note that a wide range of mediation exists inside the Union and that all these forms can contribute to the benefits of the consumers. But the Forum underlined the absolute need to take measures to avoid confusion among consumers and recalled that companies have the obligation to inform their customers. Transparency for the ADR system would be welcomed. **The Forum welcomed the intention of the European Commission to adopt in the coming months an initiative on ADR.**
7. The Forum recalled the need for a clear separation of roles between company mediators and independent ADR schemes and took note of the practical example of the independent public ombudsman in Belgium. This case study confirmed that key principles need to be addressed: independence from the company; possible financing by the companies but without obstructing the independence, creation by a public act (national or regional legislation), a clear branding avoiding the confusion among

consumers. The Forum welcomed the creation of a national energy Ombudsmen network (NEON).

8. The Forum was informed that, due to the very limited national measures of transposition, the Commission is not yet in position to assess whether the Member States have put in place "an independent mechanism" (such as an energy ombudsman) as prescribed by the Directives. The Forum welcomed the existence of good practices in some Member States and took note of the review of the existing mechanism as described in the ADR working group report. **The Commission will report to the next Forum on the options chosen by Member States to establish their dispute settlement mechanism.**

### COMPETITIVE RETAIL MARKETS THAT BENEFIT CONSUMERS: SWITCHING, BILLING AND PRICE INFORMATION

9. The Forum welcomed the pivotal role of the Distribution System Operators in the retail market functioning and took note of the EURELECTRIC report on switching.
10. The Forum recognized that, in order to guarantee an efficient and fast switching as requested by the Electricity and Gas Directives which established a time limit, the new supplier should be the point of contact for the customers for switching and the DSO should act as neutral market facilitator in an efficient supplier switching model.
11. In terms of IT architecture, the Forum recommended that data communication should be done using a standardised electronic data format. Moreover an agreement between suppliers and DSOs on the timing and the minimum set of information items contained in the messages should be put in place. **The Forum stressed the importance of including this issue in the CEER assessment of the tasks on the national point(s) of contact (data hub) which should essentially facilitate meter value management at a system level.**
12. The Forum welcomed the recommendations issued by CEER in its draft advice on price comparison tools (PCT). Effective and comprehensive price comparison tools are of key importance in the active participation of customers in the energy market and specifically in their decision to change energy suppliers.

13. The Forum recognized that the two different possibilities for (public PCT managed by a public body or a private one run by the companies) can exist. In the second case there is a need of oversight by relevant national authorities. Both approaches have the potential to empower customer.
14. The Forum took note of the concerns among the consumers expressed by their representatives organisations and encouraged energy companies and, where appropriate Member States to act in order to reduce some misleading practices observed in the sector. The Forum recognized the need for further guidance regarding clarity in the price information which should include all the relevant information for full comparison. The Forum welcomed that CEER launched of a public consultation on its draft advice on PCT. **As CEER will issue GGP in 2012, it is invited to report on it to the next Forum.**
15. The Forum expressed interest in the manner in which OFGEM, the British national energy regulator, has acted in the field of better information for consumers. The review provided a comprehensive analysis of companies' practices regarding the tariffs information and their complexity. As foreseen by the Third Energy Package, **the Forum encouraged each individual regulator to use its competences in order to protect and empower energy consumers.**
16. The Forum took note of the point of views of the consumers expressed by BEUC. While recognizing that online PCTs are the most efficient way to compare different offers but that other channels are needed the consumers considered that all PCTs must be impartial and accurate. BEUC pointed out that the complexity of tariffs could affect the website ability to offer good advice. **The Forum recommended Member States, NRAs and companies to take due account of the principles of impartiality and accuracy.**
17. While innovation and marketing should not be stifled, it is also necessary to provide consumers with correct, clear and concise information both before signing a contract (pre-contractual information), including information concerning 'premium products' such as 'green electricity', and after signing to facilitate comparisons and switching. **The Forum took note that the Commission will establish a Working Group (DG SANCO) in charge of defining criteria to increase the transparency for presenting price offers and characteristics. It should review national practices and highlight good examples. Its members (consumers, regulators, industry, and if needed other relevant stakeholders) will seek to agree on specific recommendations/actions needed to clarify price offers and characteristics.**

## COMPETITIVE RETAIL MARKETS THAT BENEFIT CONSUMERS: CUSTOMER EMPOWERMENT

18. The Forum took note of the CEER Benchmarking report on the roles and responsibilities of NRAs in customer empowerment and protection. The Third Energy Market Directives give NRAs a lot of additional competences and new powers regarding competition and market monitoring. The Forum welcomed CEER's project to launch among its members in 2012 a review of the implementation of the customer and retail markets provisions from the Third Energy Package. The results of this review will usefully complement the compliance check which is going to be performed by the European Commission. **The results of CEER work will be presented to the next Forum.**
19. The Forum took note of the report presented by EUROGAS on the supplier perspective in customer empowerment and of the improvements made by the sector in this area. **The Forum encouraged all suppliers to play a major role in that respect and asked EUROGAS to continue to act as a forum for the exchange on good and best practices which were developed in some Member States and for sharing experience among its membership.**
20. The Forum welcomed the presentation of the preliminary results of the public consultation launched by CEER on the retail market design with a focus on supplier switching (ranking from one day to three months in the EU) and billing. The Forum stressed the importance of this aspect for a well functioning retail market and endorsed the supplier centric model, with the customer needs and accessibility as key, as the best reference for ensuring the rights of the consumers. The Forum recognized the complexity of the decisions to be taken and their impact on companies. **The Forum took note of the fact that CEER will issue GGP in 2012 and invites it to present them to the next meeting.**
21. Equally, the Forum took note of the presentation by EURELECTRIC on its vision regarding a Customer Centric Model and of the 10 recommendations contained in it in order to ensure a future-proof market design based on the consumers needs. **The Forum called upon a stronger involvement of consumer associations in Regulators' work.**
22. **The Forum requested the European Commission to assess the opportunity and feasibility of converging retail market designs (taking into account the future smart grids' environment) and to report to the Forum next year.**

## SMART METERING

23. The Forum welcomed the Communication from the European Commission adopted in April 2011 on Smart Grids which establishes framework for the deployment of Smart Grids {SEC(2011) 463 final}. The Forum welcomed in addition the follow up to the standardisation mandates (M/490 and related mandates) by the end of 2012 as well as the related provisions within the Energy Efficiency Directive and the Regulation for Energy Infrastructure towards the deployment of Smart Metering and Smart Grids proposals adopted by the Commission.
24. The Forum took note that three experts' groups' deliverables of the task force which is composed of four experts groups (i.e. definition of roles and responsibilities of the parties involved and assessment of the needs for new legislation for smart grids and smart meters; data privacy and security issues, standards and interoperability) are now available. Regarding data protection and security issues, the Forum was informed that the expert group is continuing its work until the end of this year in order to deliver a set of recommendations to guarantee the privacy and security level required by the present legal frameworks.
25. The regulatory framework is a key element for the roll-out of smart meters. Each Member State should define at national level a list of customer services required. In that context the Forum welcomed the adoption of the final Guidelines for Good Practice (GGP) on regulatory aspects of smart metering in electricity and gas focusing on customer services issued by the European Energy Regulators in February 2011 after an extensive public consultation.
26. In order to assess how far the 28 GGP recommendations issued in 2011 will be implemented in the Members States at the level of the national regulatory authorities, **the Forum invited CEER to proceed with an assessment of the implementation. The results of the review will be completed in 2013 and presented in the Forum at that time.**
27. The Forum welcomed the results of the review launched by the Commission (DG INFSO and DG ENER) among the most advanced Member states (11) regarding smart meters' functionalities.
28. This review highlighted the main functionalities requested at national level by a range of Members States having conducted a cost benefit analysis and having participated in the review. The Forum welcomed that minimum common functionalities converge in these Member States. This will

guarantee a common level playing field among the domestic consumers in Europe. **The European Commission will use this report to guide Members States in their cost benefits analysis and provide national regulators with European reference definitions for the assessment of roll-out of smart meters.**

29. **The Forum invited Member States to prepare comprehensive assessments of the rollout of Smart Meters, including a cost benefit analysis, as prescribed by the Third Energy Package.**

30. The Forum took note of DSOs practical experience regarding Smart Metering functionalities presented by GEODE in some Member States and in Norway. All case studies presented in this analysis contain all recommended functionalities as described in the review performed by the Commission.

### **DEMAND RESPONSE SCHEME**

31. The Forum stressed the importance of demand response schemes to fully exploit expected consumers' benefit inherent to smart grids. In this context the Forum welcomes the presentation of the draft advice of CEER on the take-off of a demand response schemes in the electricity market.

32. The Forum recalled that demand response creates a need to communicate vast volumes of metering data to an increased number of operators. This will imply specific solutions of data privacy, handling and security to be worked out at national level, possibly through national points of contact on metering data.

33. **The Forum invited CEER to launch a review on the existing state of play in some Member States and to proceed with a benchmarking of the different solutions in place regarding the meter data management. The CEER report will be presented to the next Forum.**

34. The Forum took note of the EURELECTRIC position paper on "Demand Side Participation" issued in August 2011 clarifying the main elements of a market model for demand response and related recommendations.

35. The Forum recommended NRAs, without interfering with their independence, to encourage the deployment of smart grid solutions by DSOs, where they are a cost efficient alternative for existing solutions. As a first step in this direction, NRAs should find ways of incentivising network companies to pursue innovative solutions where this can be considered beneficial from the viewpoint of society.

36. The Forum took note that CEER will issue an opinion on the demand response in electricity markets provided by smart metering systems. Within the greater framework of progress on smart metering, this advice should particularly focus on the respective roles for DSOs and competitive players regarding retailers and customer services offered through Smart Metering systems. It should also advise on balancing and on settlement arrangements that could incentivise suppliers to develop offers for customers. **CEER agreed to report to the next Forum.**

37. The Forum took note the adoption by the European Commission of a proposal for a Directive on Energy Efficiency on 22 June 2011 which proposes binding measures in order to meet the targets for energy efficiency and reinforces the consumer dimension. The Forum also took note of the promotion of energy services' markets in the proposal as it should help consumers to be active in the energy efficiency management.