

ROADMAP

Title of the initiative: **Market study of the functioning of the retail electricity market for consumers in the European Union**
Type of initiative (CWP/Catalogue/Comitology): Non-legislative action / Commission Communication or Staff Working Document
Lead DG: SANCO B1
Expected date of adoption of the initiative (month/year): November 2010
Date of modification: 12/3/2010
Version No: 1

Initial IA screening & planning of further work

A. Context and problem definition

(i) What is the political context of the initiative? (ii) How does this initiative relate to past and possible future initiatives, and to other EU policies?

The second Consumer Markets Scoreboard identified retail electricity among the markets with a high likelihood of not functioning well for consumers. Further evidence and analysis is now needed for a comprehensive understanding of the problems and to help formulate policy solutions.

The initiative is part of the monitoring of markets from the consumer viewpoint. It is a second stage market study following up on the second Consumer Markets Scoreboard. It is related to the work of DG ENER and the Third Energy package. If the form of Communication is pursued, the content will be closely coordinated with DG ENER to ensure a coherent policy approach.

What are the main problems identified?

Less than three in five (58%) consumers are satisfied with their electricity provider, less than half of consumers (45%) find it easy to compare offers from electricity providers, and less than half of those who are interested in switching, found it easy (49%). Electricity is one of the sectors with the highest numbers of consumer complaints.

Who is affected?

Consumers in Europe, energy regulators, electricity companies

(i) Is EU action justified on grounds of subsidiarity? (ii) Why can the objectives of the proposed action not be achieved sufficiently by Member States (necessity test)? (iii) As a result of this, can objectives be better achieved by action by the Community (test of EU Value Added)?

Major added value of the study lies in the comparison between Member States. A comprehensive study across 27 MS can be carried out better at EU level. The study should reveal best practices which could be implemented in other Member States.

B. Objectives of EU initiative

What are the main policy objectives?

To identify problems consumers face with retail electricity and to yield relevant insights to help the Commission (and the national authorities) formulate policy action.

Do the objectives imply developing EU policy in new areas or in areas of strategic importance?

This will depend on the outcome of the study.

C. Options

(i) What are the policy options? (ii) What legislative or 'soft law' instruments could be considered? (iii) Would any legislative initiatives go beyond routine up-date of existing legislation?

Policy options will depend on the outcome of the study.

Does the action proposed in the options cut across several policy areas or impact on action taken/planned by other Commission departments?

No action is proposed at this stage. Other Commission service on which action will impact is DG ENER.

Explain how the options respect the proportionality principle
Major added value lies in the comparison between Member States. A comprehensive study of 27 MS can be carried out better at EU level.

D. Initial assessment of impacts

What are the significant impacts likely to result from each policy option (cf. list of impacts in the Impact Assessment Guidelines pages 32-37), even if these impacts would materialise only after subsequent Commission initiatives?

Not relevant, because no policy options proposed at this stage

Could the options have impacts on the EU-Budget (above 5 Mio €) and/or should the IA also serve as the ex-ante evaluation, required by the Financial Regulation?

No

Could the options have significant impacts on (i) simplification, (ii) administrative burden or on (iii) relations with third countries?

No

E. Planning of further impact assessment work

When will the impact assessment work start?

No impact assessment planned, as under IA Guidelines market studies are generally exempt.

(i) What information and data are already available? (ii) Will this impact assessment build on already existing impact assessment work or evaluations carried out? (iii) What further information needs to be gathered? (iv) How will this be done (e.g. internally or by an external contractor) and by when?

(v) What type and level of analysis will be carried out (cf. principle of proportionate analysis)?

Limited data are already available on satisfaction, switching and consumer complaints

A contractor will collect additional evidence through surveys, tariff collection and mystery shopping

Which stakeholders & experts have been/will be consulted, how and at what stage?

Consumer organisations, regulators, Member States authorities and industry have already been consulted.