



The Consumer Voice in Europe

TTE Council conclusions on the implementation of the Energy Union

Letter sent to Energy Attachés on 4 June 2015

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Re: TTE Council conclusions on the implementation of the Energy Union

Dear Attaché,

I write on behalf of The European Consumer Organisation (BEUC) with regard to the Transport, Telecommunications and Energy (TTE) Council which will take place in Luxembourg on 8 June 2015. BEUC welcomes the Council's focus on a consumer-oriented implementation of the Energy Union. At the same time, BEUC calls on the Council to consider, during the discussions on the Energy Union Framework Strategy, consumer organisations' main ingredients of a truly consumer-centric Energy Union and New Deal for Europe's Energy Consumers:

Secure, affordable and sustainable energy services

The energy transition is transforming EU's energy markets. Consumers require guarantees that they will benefit from these fundamental changes. Energy supply must be secure and sustainable and at an affordable price for all European consumers. They should have the right to participate in a competitive, transparent energy market which is easily manageable and enables consumers to make well-informed and sustainable choices. Products and services should provide real added value for consumers in terms of economic, social and environmental sustainability.

While energy services are essential for all consumers, high energy prices are one of consumers' top concerns. 10% of EU households are energy poor. Therefore, the circumstances and conditions that lead to energy vulnerability need to be better understood. It should be analysed if these consumer groups are sufficiently protected. Moreover, consumers in vulnerable situations require an inclusive market which allows them to engage and benefit from the best deal.

Build consumer trust in the energy market

Even after the adoption of several EU legislative packages, European consumers have often difficulties to effectively exercise their rights. Therefore, essential characteristics of a well-functioning retail energy market are still missing. Misleading and unfair practices have been major issue in many Member States and have resulted in a low level of trust in the energy sector. On top of that, consumers continue to see energy markets as non-transparent and too complex to trust and engage with.

In order to develop a market with high consumer confidence, market opening has to go hand in hand with transparency and respond to consumers' needs and expectations. For this to happen, the energy market must undergo a significant reform. Consumers need easily accessible, understandable, transparent and fully comparable information on their consumption, offers and contracts so that they can better understand their energy use, choose the most suitable offer for them, effectively exercise their rights and act if they wish so.

Nudge consumers to become more active on the energy market

While increased consumer engagement is considered as important to the future of the energy sector, BEUC is concerned about the lack of understanding of the prerequisites to make this happen. The role of energy consumers is changing

with the roll-out of smart technologies, new services and the entry of new market players. Therefore, it should be assessed whether the necessary rights and protections are fit for purpose and what will be the impact of roles and responsibilities of new market players and their relationship with consumers.

Furthermore, future electricity markets need to ensure a level playing-field and give consumers control to better manage their energy consumption and choice according to their specific needs and interests. Demand response market should be tailored to consumer needs so that they can benefit and easily navigate the cost and complexity of the new 'flexible' markets. At the same time, greater co-ordination between demand response and energy efficiency policies could open new opportunities for consumers to manage and reduce their consumption.

BEUC believes policy measures should specify concrete consumer outcomes that market players should strive to deliver for instance when implementing smart technologies in order to promote consumer engagement in the energy market. In parallel, the European Commission should address, within its better regulation programme, steps to increase consumer confidence and engagement with the changing energy market, fair treatment for all groups of consumers and transparency and value for money of investments.

Energy efficiency as a no-regret option

Energy efficiency can be the best investment improving affordability of energy bills and driving down the need for additional and costly infrastructure. As the majority of houses we will occupy in 2050 are already built, policy needs to focus not only on more efficient new housing but also on retrofitting of existing homes. Adequate financial support for energy efficiency in buildings is therefore essential to enable consumers to be more energy efficient.

At the same time, policy tools such as Ecodesign have proved to be effective in enabling the EU to remove products wasteful in terms of energy and which do not deliver any additional added-value to consumers. Likewise, EU CO₂ targets for passenger cars have helped improve fuel efficiency and now an ambitious 2025 CO₂ target for passenger is needed in order to drive down the total cost of ownership, reduces carbon emissions and increases Europe's energy security through cutting oil imports. Furthermore, providing consumers with accurate, relevant and comparable information on the energy efficiency of energy related products and passenger cars nudges consumers towards purchasing more energy efficient products. This contributes in lowering energy costs for consumers, increasing energy security, and combating energy poverty.

Welcoming culture for prosumers

Consumers' transition to becoming 'prosumers', consumers producing their own energy, should be supported by putting in place stable and adequate safeguards, including a remuneration scheme for electricity fed into the grid, priority access to the grid without excessive charging for grid connection and use as well as simplified permission procedures. At the same time, consumers who cannot afford or are not willing to invest in self-generation technologies must neither be left behind nor be charged with inadequate costs related to a possible market split into privileged 'prosumers' on the one side and consumers on the other side.

In particular, BEUC would like to emphasise the following demands to be taken into consideration in Council's further discussions towards a consumer-friendly energy market:

- Speed up transposition and implementation of all relevant EU legislation, especially the 3rd Energy Package and Energy Efficiency Directive
- Ensure New Retail Energy Markets are designed in a way so that consumers are in control and can therefore engage in the market if they wish so
- Support product policy tools such as Ecodesign and Energy Labelling
- Set ambitious CO2 targets for passenger cars for 2025
- Support prosumers by providing priority grid access and an adequate remuneration scheme for excess electricity in order to establish a level-playing field

Thank you very much for taking our views into account when discussing the implementation of the Framework Strategy for the Energy Union next week.

With kind regards,

Monique Goyens
Director General