

To the Energy Attachés
Permanent Representation to the EU

B – Brussels

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21 February 2017

RE: Building a clean and competitive energy market that works for all consumers

Dear Energy Attaché,

I write on behalf of BEUC, The European Consumer Organisation in view of the upcoming Energy Council meeting scheduled for the 27th February where Energy Ministers will discuss the main issues on the *Clean energy for all Europeans* package.

We call on you to take a consumer-centric approach when discussing the different legislative proposals under this package. If energy markets are made to work for and by the people, there is a better chance the Energy Union will make energy more secure, cleaner and more affordable for all.

BEUC considers the European Commission's proposals to be a first positive step towards improving the conditions for consumers within the energy market. However, there are several provisions which we believe should be improved during the co-decision process if consumers are to become active participants in future energy markets. Below we summarise a few initial recommendations on what needs to be improved in current legislative proposals.

Boost consumers' trust in the market and make contracts and bills understandable and user-friendly.

About three in five European consumers think that domestic electricity markets in their country are not functioning very well.¹ For consumers to trust and feel confident to engage in the market, any information they are provided with should be clear and understandable so that they can easily navigate the energy market. Clarity and transparency be it in energy offer, contracts or bills should underpin every step of consumer interaction with the energy market. For instance, consumers should be able to compare offers not only from their energy suppliers but also from competitors through impartial comparison tools. These tools should be built with the aim of helping consumers to compare their current contract with other offers and choose the

¹ Second Consumer Market Study on the Functioning of the Retail Electricity Markets for Consumers in the EU.

offer that best fits their needs. Consumers should be provided with a summary of key contractual information together with a contract and there should be no space for surprises hidden in contracts' fine-print. Three weeks switching period should become a thing of the past. Regulation of fees stopping consumers from switching should be stronger and suppliers should be obliged to demonstrate their real cost to be able to charge termination fees. These are just some proposals how to improve the European Commission's proposal for a revised electricity Directive, especially the chapter on consumer empowerment and protection.

Make sure consumers truly benefit from new services, are in control of their data and have easy redress options for complex services.

The European Commission's proposals intend to open the market to new types of electricity offers and services but, from a consumer perspective, they contain several loopholes. New, more dynamic offers are seen as a tool to make electricity consumption more flexible. However, if these are not designed according to consumer needs, they may quickly become consumer headaches and discourage people from participating in the energy market. Policy makers need to ensure that the introduction of smart energy services to the market help consumers address their primary concern: getting control over their rising energy bills. Consumers should be well informed about new offers (including bundles) and any possible barriers for switching. They should be always able to opt for tariff where the price does not fluctuate according to the time of day. Privacy should be guaranteed and access should always be available to independent redress mechanisms able to solve complex disputes (such as those involving suppliers from different sectors). Energy service providers such as aggregators should have similar obligations as energy suppliers, for instance with regard to information provided to consumers.

Provide consumers with safeguards for investments in renewables.

For 80% of households across Europe, it would be cheaper to produce electricity from solar panels than to import electricity from the grid. Consumers are increasingly taking advantage of the potential of renewable energy as this can be one of the ways to lower their energy bills. But this trend will be threatened in the absence of clear strategy and if national policies keep on changing. Consumers need safeguards that rules around self-generation will keep on a consistent direction, their investment will pay-off and they get a fair remuneration for the service they provide to the grid. In this respect, we believe current legislative proposals need improvements in order to provide a stable framework facilitating consumer engagement with renewable energy technologies.

Improve people's lives through more efficient homes and focus on energy efficiency schemes for the energy poor.

Currently, nearly 11% of EU citizens are unable to adequately heat their homes. Energy efficiency is the best energy 'source' and it is the simplest way to reduce consumers' bills. Studies show that energy bill savings resulting from energy efficiency targets of up to 40% for 2030 could exceed the costs of upfront investment.² We encourage you to support an ambitious energy efficiency policy with a focus on energy poor households. Only such an approach will help to lift millions of people out of energy poverty and make homes of all Europeans more comfortable.

² Study by the Coalition for energy savings: Critical review of the European Commission assessment for the Clean Energy For All Europeans package. Towards a cost benefit analysis. Coalition for energy savings, Ecofys

We hope you will be able to take our initial views into consideration and we will be happy to share with you the full list of BEUC policy recommendations on the Clean Energy package in coming weeks.

We remain at your disposal should you have any questions.

Yours sincerely,

Monique Goyens
Director General