

**Re: BEUC's recommendations ahead of the final negotiations on the Electricity Directive and the Electricity Regulation**

Dear Mr Ennser,

I am writing to you on behalf of BEUC, The European Consumer Organisation, to provide you with the consumer perspective ahead of the final round of negotiations on the Electricity Directive and the Electricity Regulation. These files are of crucial importance for European consumers as they will set the rules governing the functioning of electricity markets for the years to come. To ensure that electricity is affordable to all and consumers can easily exercise their rights, we would like to share with you our recommendations. These focus on price regulation, energy poverty, Alternative Dispute Resolution schemes as well as small renewable energy installations.

**Use policy tools to protect the most vulnerable**

Vulnerability and energy poverty are problems which need to be carefully monitored and assessed at the national level. Electricity as an essential service must be accessible and affordable to all consumers. Several policy tools should therefore be available to reach this objective.

Markets may not deliver competitive prices to all consumers. Existing measures to protect the most vulnerable ones can also be insufficient. This is why targeted price regulation must be retained as policy tool. Prices set by public intervention shall reflect the trend of wholesale prices, shall not impede market entry and shall be set at a level allowing an efficient supplier to make a reasonable level of return. **The opportunity for Governments to intervene where competition is not working should not be time limited, even though the actual interventions themselves may be time-bound.**

To make sure this form of intervention is used as efficiently as possible without causing market distortions, it is necessary to define categories of consumers that can benefit from this measure. Millions of consumers cannot afford to adequately heat or cool their homes so one would expect national governments to develop comprehensive policies to tackle this problem. Unfortunately, only a few countries have a definition of energy poverty anchored in their national legislation. Therefore, **the EU legislation needs to send a strong signal to Member States so that they define the concepts 'vulnerable consumers' and 'energy poverty' in their national legislations.** Comparability of data across Member States is needed to allow countries to make comparisons of best practices and ensure transferability of results from pilot projects. This approach will not only raise the level of protection and fairness in energy markets, but also complement the measures on energy poverty included in the Governance Regulation and Energy Efficiency Directive, making the Clean Energy for All Europeans package more coherent.

**Provide effective complaint handling procedures for consumers**

Another prerequisite for a well-functioning electricity market is to allow consumers to access effective complaint-handling procedures and independent mechanisms that address any possible

dispute with service providers. This can be done by making companies' participation in out-of-court dispute resolution mandatory. Given the essential nature of energy services for our lives and their peculiarity compared to other services, it is necessary to adopt such approach for this sector. **Mandatory participation in alternative dispute resolution schemes not only provides an enhanced consumer protection regime but contributes to establish a fair and balanced relationship between consumers and service providers.** European legislators now have the chance to make electricity markets better through establishing mandatory out-of-court dispute resolution for companies in the Electricity Directive.

#### **Enable consumers to fully benefit from self-generation**

A well-functioning market needs to allow consumers to play an active role. The Renewable Energy Directive gives consumers the right to self-generate, consume and sell the electricity they produce from their renewable energy installations to the grid. This is undoubtedly a promising approach which needs to be written into the revised Electricity Directive and Electricity Regulation. The former must keep the strong commitment towards active consumers and not undermine the Renewable Energy Directive. The latter must enable them to interact with the system. **We encourage the Council to step up its ambition on the thresholds for priority dispatch for renewable generation. Derogations for Member States to not grant priority dispatch should be strictly limited and monitored.**

Thank you for your consideration and I remain at your disposal should you require any further information.

Yours sincerely,

Monique Goyens  
Director General