

The Consumer Voice in Europe


## HOW TO SHIELD CONSUMERS FROM SKYROCKETING ENERGY PRICES THIS WINTER

BEUC Recommendations



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## Background

Gas prices in Europe have reached unprecedented levels, as Russia is reducing gas supplies to Europe, and threatening to stop them completely.

This has led to a drastic increase in electricity prices, as wholesale prices have more than tripled in many markets in the first half of 2022, compared to the same period the year before.<sup>1</sup> This trend is expected to continue and worsen this coming winter.

This has a big impact on consumers. In Italy, the National Regulatory Authority expects that consumers' electricity bills may double this winter.<sup>2</sup> In Belgium, some analysts believe that an average household could spend up to €8,000 for their gas and electricity bills in 2023.<sup>3</sup>

These bills are not affordable - not only for energy poor households, but also for the middle class.

These high electricity prices are extremely problematic also for the commercial and industrial sectors. As operating costs of commercial and industrial facilities have increased, they have to consequently increase the prices of their products and services, which leads to the unsustainable levels of inflation that we are witnessing across Europe.

In addition, high electricity prices have led and may continue leading to shutdowns of industrial facilities and business closures, in particular SMEs, which would increase unemployment levels across Europe and reduce competition and consumer choice (resulting from higher market concentration).

Commission President Ursula von der Leyen announced a set of proposals aimed to protect consumers throughout the energy crisis. Some structural improvements to the functioning of electricity markets will also be needed in coming months but what is important now is to provide immediate relief to consumers.

Although the details of the announced measures still need to be revealed, BEUC broadly welcomes the upcoming short term-measures because they have the potential to adequately provide such relief to consumers. These include a cap on revenues for renewable electricity, nuclear and coal power producers and a requirement on fossil fuel companies to pay a solidarity contribution.

Fossil fuel companies who made billions of euros on the shoulders of European consumers should now contribute to help consumers get through these difficult times.

But to really help consumers, these revenues should be swiftly channelled to those who need support. In addition, as the cheapest energy is the energy that we do not use or that we produce ourselves, financial support should be immediately available for consumers' investments in energy efficiency and solar panels.

Last, but not least, the crisis has made it evident that energy markets are far too complex for consumers, who are not energy experts. Hence, there is an urgent need to provide consumers with simple and clear information that will help them to make an informed choice on their energy offers.

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<sup>1</sup> IEA, [Electricity Market Report](#), July 2022.

<sup>2</sup> Qualenergia, [Da ottobre un probabile raddoppio delle bollette. I consumatori sono informati?](#), August 2022.

<sup>3</sup> RTBF, [La facture annuelle de certains ménages pourrait atteindre 8000€ en 2023 : "Une estimation correcte mais à nuancer"](#), 25 August 2022.

To achieve these objectives, Member States should:

**1) Provide financial relief to households who would otherwise face great difficulties to pay for their bills.**

Member States should foresee dedicated financial support for those households who would be unable to pay for their energy bills, to help them go through this winter's crisis. As prices are rapidly increasing, this means that it is not only low-income consumers that will need this support, but it is likely that the middle class will also need help. Several countries adopted measures to support consumers throughout the crisis, which BEUC welcomed and should be strengthened and replicated.

**2) Enable consumers to adopt energy efficient products and energy efficiency improvements.**

Too many consumers have been trying to reduce their energy consumption by purchasing heat pumps, solar panels and upgrading the thermal insulation of their buildings, but are facing long waiting times because of a shortage of installers. Member States should rapidly scale up the number of qualified installers of these products, to make sure that consumers can effectively adopt them.

Member States should also foresee immediately effective financial support for the purchase of solar panels, efficient heating appliances and thermal insulation to help consumers facing the upfront investment costs of these interventions.

Lastly, there are also significant administrative barriers preventing consumers to adopt these products. For example, in some countries consumers need to request for a planning permit to their municipality to be able to install a solar panel and it can take a long time for the municipality to answer to this request. In some countries, it can take months for grid operators to grant permission to connect residential solar panels to the electricity grid. All these barriers should be much streamlined.

**3) Provide consumers clear and easy-to-understand information on their electricity and gas tariffs.**

It is far from clear for many consumers how much they pay for the energy that they use and whether the price is fixed or can change to follow developments in wholesale markets.<sup>4</sup> Consumer organisations have been aware of this problem for years and have been advocating for measures to simplify the information they receive from suppliers.

Information provided by suppliers should be standardised and prioritise the elements that are most relevant for consumers when they make a decision about their energy offer (e.g. the full price, inclusive of all taxes and levies, and whether this price can change in the future).

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<sup>4</sup> For example, a recent survey carried out by the Norwegian consumer organisation Forbrukerrådet shows that almost 50% of consumers in Norway don't know whether they are on a fixed price tariff or on a variable one. See Forbrukerrådet, [Strøm og strømleverandører – kunnskap, erfaringer og holdninger i befolkningen](#)<sup>2</sup>, 2021.

Member States should require energy suppliers to provide consumers with an overview of the offer, before signing the contract. This overview should be prepared on the basis of a template prepared by National Regulatory Authorities.

Where these are not yet available, Member States and municipalities should urgently set up local advice centres, so that consumers also have access to advisors helping them understand their energy bills.

Last, but not least, to help consumers gain awareness of how much energy they are using and cut their energy consumption, suppliers should provide consumers a monthly overview of their energy use and the cost of supplying energy.

