

The Consumer Voice in Europe

HOW TO DESIGN ENERGY COMPARISON TOOLS THAT ARE FIT FOR CONSUMERS

BEUC position paper



Contact: Jaume Loffredo – energy@beuc.eu

BUREAU EUROPÉEN DES UNIONS DE CONSOMMATEURS AISBL | DER EUROPÄISCHE VERBRAUCHERVERBAND

Rue d'Arlon 80, B-1040 Brussels • Tel. +32 (0)2 743 15 90 • www.twitter.com/beuc • www.beuc.eu

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Why it matters to consumers

Consumers often find it hard to navigate increasingly complex energy markets. Comparison tools are therefore essential for consumers to find the best deal for them. As new technologies and bundled offers are entering energy markets, comparison tools will play increasingly important role. To be a reliable guide for consumers, these tools need to be designed according to certain criteria, such as they need to be transparent, independent and supervised.

Summary

To effectively navigate increasingly complex energy markets, consumers need an easy access to tools that can guide them to the offer that is best for them. Comparison tools, if well designed, can help consumers access the information that they need to make their choices and, reducing their complexity, can help consumers be more active in energy markets. Therefore, they can be a tool for further promoting competition in energy markets.

However, to deliver added value to consumers, comparison websites must:

1. ensure transparency of their business model;
2. cover the entire market. If they do not cover the entire market, they should at least cover a significant share of the market and should list which suppliers are covered;
3. display up-to-date information;
4. feature verifiable information;
5. provide accurate information;
6. ensure that the information provided to consumers is exhaustive. They must go beyond the price and should also cover information such as complaint figures from complaints boards, consumer satisfaction surveys, etc.;
7. be independent from market participants and ensure that ranking criteria are objective and neutral. If they feature adverts or sponsored offers, consumers should be able to easily distinguish them from the search results;
8. be reliable;
9. include clear information, displayed in a user-friendly way;
10. be accessible to all consumer segments;
11. be supervised by a National Regulatory Authority or another competent authority.

The European Commission and Member States should ensure that at least one reliable price comparison tool, complying with these principles is available in gas and electricity markets.

1. Introduction

Several comparison tools exist on the internet and they are promoted as assisting consumers in their search for the best offer, by centralising the information available from different providers. They are therefore considered to carry the potential of enhanced consumer choice. Consumers often trust the information available on the internet and are not aware that some of this information, also when it is displayed on comparison tools, can be biased for different reasons. Therefore, in order to promote consumer trust in comparison tools, it is essential that these respect specific requirements that are listed below.

Many of suppliers offer a wide range of contracts, with different tariff schemes (fixed, time of use, dynamic), sustainability credentials and sometimes the energy supply is bundled with other products and services. This complexity makes it extremely difficult for consumers to make a thorough assessment of all the offers and identify which one is best for them. Comparison tools are therefore very important as they allow consumers to make better choices, by putting all the information that they need (e.g. price, sustainability, bundles) in one single place and by estimating their bills on the basis of their consumption profile and/or of the characteristics of their household.

Consumers increasingly rely on comparison tools to choose the energy offer that it is best for them and, therefore, it is fundamental that these tools are designed in line with consumers' needs and expectations. The revised Electricity Directive requires Member States to ensure that at least household customers "have access, free of charge, to at least one tool comparing the offers of suppliers, including offers for dynamic electricity price contracts".¹ The Directive also requires Member States to ensure that consumers are informed of the availability of such tools in or together with their bills, or by other means.

The Directive states that comparison tools should:

- 1) be independent from market participants and ensure that electricity undertakings are given equal treatment in search results;
- 2) disclose their owners and the natural or legal person operating and controlling the tools, including on how the tools are financed;
- 3) set out clear and objective criteria on which the comparison is to be based, including services and disclose them;
- 4) use a plain and unambiguous language;
- 5) provide accurate and up to date information and state the time of the last update bBe accessible to persons with disabilities, by being perceivable, operable, understandable and robust;
- 6) provide an effective procedure for reporting incorrect information on published offer;
- 7) perform comparison, while limiting the personal data requested to that strictly necessary for the comparison.

The Directive also requires Member States to appoint an authority competent for issuing trust marks to comparison websites meeting certain quality criteria.

BEUC welcomes the inclusion of these general principles in the Electricity Directive and that similar requirements were mirrored in the Gas Directive proposals.

¹ Directive 2019/944, article 14.

In addition, to be fit for consumers, BEUC believes that comparison tools of electricity and gas offers should also:

- 1) include a link to the website of the supplier where the consumer can verify the information provided by the comparison tool, if details on the offer are available online;
- 2) exhaustively cover the offers, in the sense that they should not only provide consumers with pricing information, but with all information provided by suppliers that is important for them to make their choice, such as information on sustainability, 24/7 customer support via a toll-free telephone number, etc..;
- 3) be reliable, in the sense that they should be ran by organisations that the consumer can trust (e.g. consumer organisations, energy regulators) and/or should feature a trust mark issued by the energy regulator;
- 4) be accessible via an user-friendly interface, for example in line with the Web Content Accessibility Guidelines;
- 5) rely on up to date information regularly provided to them by energy suppliers;
- 6) be supervised by energy regulators or other competent authority.

It is also fundamental to distinguish comparison websites from “review websites”, where reviewers indicate their assessment of products or services. These web-pages, which are often trusted by consumers, have credibility problems as they are not legally required to follow the principle enshrined in energy legislation.² In addition, there have been cases in which some review websites featured fake reviews made by “fake” consumers, or in which the upload of negative comments was prevented. These shortcomings lead to consumer detriment and put into question the credibility of more serious and reliable websites. Therefore, it is essential to also regulate and monitor the respect of rules of consumer information, absence of misleading messages and unfair marketing practices taking place in review websites as well.

2. How to design consumer empowering comparison tools in the energy sector

In order to meet consumers’ needs and expectations and allow them to easily identify the best deal for them, comparison tools should be designed in line with the following principles:

2.1. Transparency of the business model

Provisions in the Electricity Directive that were included in the Gas Directive proposal, which BEUC supports:

Comparison tools should clearly disclose their owners and the natural or legal person operating and controlling the tools, as well as information on how the tools are financed.³ Comparison tools should also set out objective criteria on which the comparisons are based and disclose them to consumers.⁴

² Such as, for example, Trustpilot (www.trustpilot.com).

³ Directive 2019/944, Article 14.1(b).

⁴ Directive 2019/944, Article 14.1(c).

2.2. Coverage

Provisions in the Electricity Directive that were included in the Gas Directive proposal, which BEUC supports:

At least one comparison tool should cover the entire market, or at least a significant part of the market.⁵ This allows consumers to make better choices, because the more exhaustive is the website in terms of providers and offers, the higher is the likelihood for consumers to find an offer that suits their needs.

If a comparison tool does not cover all the available offers, it should nonetheless cover a significant part of the market and should be clear about what portion of the market it covers. The incompleteness must be clearly stated and effectively communicated to consumers before they receive the search results.⁶

BEUC Recommendations for comparison tools for gas and electricity offers additional to existing legal requirements in the Electricity Directive:

Coverage of the entire market means that comparison tools should cover fixed and time-differentiated offers (including dynamic electricity price offers), as well as aggregation offers.

Comparison tools should clearly communicate which providers they cover and why are some providers not featured. Should comparison tools feature offers exclusively available for their users, this should be clearly indicated.

Exhaustivity should also be combined with search and ranking factors that will make it possible for consumers to easily filter the results for example by tariff type (fixed, time of use or dynamic) or on the basis of whether the energy they are supplied with is renewable or not or whether it is bundled with other products and services. However, it is important not to overfocus on the quantity of information, but to concentrate on the information that consumers really need. Its suitability should be gauged in line with specific purpose, content, presentation and context.

The notion of coverage is also related to the geographical scope of the comparison tool. Comparison tools should provide consumers information about all the offers that are available in their geographical area. Therefore, they should allow consumers to enter their address and/or their post code and the simulation should exclude those offers that consumers cannot choose because they are outside the geographical reach of the supplier.

2.3. Up-to-dateness

Provisions in the Electricity Directive that were included in the Gas Directive proposal, which BEUC supports:

Comparison tools should provide accurate and up-to-date information and prominently inform consumers on the frequency of updating as well as on when the last update took place, in line with relevant provisions in the Electricity Directive.⁷

⁵ Some comparison tools, to enable consumers make better decisions, decide not to list some offers that present some concerns regarding service quality or unfair clauses. This practice should not be considered not in line with this principle, as it is carried out in the interest of consumers.

Some suppliers may not allow comparison tools to feature some or any of their offers. If this is the case, the inability of comparison tools to cover these offers should not mean that they are not complying with the full coverage principle.

⁶ Directive 2019/944, Article 14.1

⁷ Directive 2019/944, Art. 14.1.(e).

BEUC recommendations for comparison tools for gas and electricity offers additional to existing legal requirements in the Electricity Directive:

The rapidity of the internet implies that consumers expect all information online to be updated. It is therefore essential that regulators put in place rules requiring suppliers to notify all changes in their offering to the regulator and to comparison tools at the latest 24 hours after the changes take place. This will allow comparison tools operators to ensure that the information is up-to-date.

2.4. Verifiability

BEUC recommendations for comparison tools for gas and electricity offers additional to existing legal requirements in the Electricity Directive:

Comparison tools should include a link to the websites of the providers concerned. This allows consumers to verify the information included in comparison tools, for those offers that are listed on the supplier's website.⁸

2.5. Accuracy

BEUC recommendations for comparison tools for gas and electricity offers additional to existing legal requirements in the Electricity Directive:

How to ensure that the information on price is accurate and easy to understand

General recommendations

One of the most important ranking factors is the price. Hence it is essential that comparison tools include as much as possible the final price, inclusive of all charges, fees and taxes.

Consumers should be given a clear overview of all the components that contribute to the formation of the final price. In the case of non-dynamic tariffs, comparison tools should provide consumers a breakdown of the final price, which includes at the very least the prices linked to: (1) the energy component (2) network tariffs and (3) taxes and levies.

Recommendations on dynamic price offers

As a result of the implementation of the Electricity Directive, dynamic electricity price offers are increasingly available across all European markets. In these offers, the energy component of the price is linked to wholesale electricity prices and generally change every 15 or 30 minutes. Comparison tools should feature the formula that is used for the calculation of the final price. The mark-up applied by suppliers should be prominently displayed, as it is the component of the final price that is most likely to change among different dynamic price offers.

In those markets in which dynamic price offers are available, they should also be featured in comparison tools, but in a separate category from non-dynamic ones as, due to their characteristics, these two types of offers are not comparable.

⁸ Some offers, e.g. when suppliers have an exclusivity agreement with one comparison tool, the information will not be verifiable by the consumer.

When they feature dynamic electricity price contracts, comparison tools should also reflect the best information available on future electricity prices and provide a possible price range so that consumers:

- 1) are able to compare dynamic price contracts among them and understand whether these would enable them to make savings compared to fixed price offers;
- 2) can easily understand the financial risks (if any) connected to these offers.

Recommendation on promotional offers

If promotions such as a discount or a cashback on the energy bill apply to some offers, it is essential that the comparison tool prominently provides consumers accurate information on the price that they will be charged after the promotion ends, so that consumers can better assess its implications. In particular, the comparison tool should include information on:

- 1) the date until when the promotion can be subscribed;
- 2) the conditions for being eligible for the discount;
- 3) the date until when the promotional price will apply to their bills;
- 4) an estimate of their monthly energy bills until the promotion lasts;
- 5) an estimate of their monthly energy bills after the end of the promotion, if the price after the promotion is already defined. If the price after the promotion is not known at the moment of the simulation, as it will be linked to a variable tariff, this should be explicitly stated;
- 6) termination fees (if any) applicable until the promotion lasts;
- 7) Energy prices during and after the promotion.

Some suppliers offer energy supply contracts bundled with products, services and/or offers unrelated to energy. Sometimes these additional offers (e.g. a mobile phone subscription or a discount on a supermarket chain) may not be of interest for the consumer.

In these cases, due to the complexity and variety of these bundled offers, it may be difficult to include them in the comparison tool. Nevertheless, to the extent possible, comparison tools should include the fundamental features of these offers, services or goods bundled with the energy supply agreement.⁹

How to ensure that consumers receive information tailored to their needs

Comparison tools only empower consumers to make better choices in energy markets if they provide them with an accurate comparison between the monthly bill with their current subscription and with other options available on the market. For this reason, comparison tools should store information also on offers which are not available any more and, before the simulation takes place, should allow consumers to select their current offer. This would allow this tailored comparison to take place.

Since consumers' energy bills depend on consumers' individual consumption, comparison tools should allow consumers to insert their annual energy consumption data. Comparison tools should also provide consumers the option to choose among a few different consumption profiles, in case they do not have information on their energy consumption at their disposal (for example, a household of two living in an apartment or a household of four living in a semi-detached house).

⁹ For further information, please see BEUC, [Electricity Directive](#), BEUC-X-2018-063, 2018 and BEUC, [Energy Markets of the Future](#), BEUC-X-2017-062, 2017.

In those markets in which smart meters have already been rolled out and where this is technically possible, consumers should be able share data on their energy consumption recorded by their smart meter with comparison tools, as this will allow them to run a more accurate simulation of their energy bills. This will be increasingly important to support consumers' engagement with energy markets because of the increasing availability of dynamic price and aggregation offers. The implication of these offers is that the final price paid by the consumer does not depend only on the amount of energy used, but also on their consumption pattern, which makes the monthly bill simulation much more complex.

When consumers give consent to access their data to perform the comparison, comparison tools must respect the relevant rules in the General Data Protection Regulation,¹⁰ particularly as regards data minimisation, purpose limitation, storage limitation and data security among others.

2.6. Exhaustivity

BEUC recommendations for comparison tools for gas and electricity offers additional to existing legal requirements in the Electricity Directive:

How to best feature additional services and the quality of offers

A well-functioning comparison tool must clearly state for each offer the main terms of subscription, fees, special clauses and additional services. These include revision clauses, duration of the contract, termination conditions, payment options, availability of 24/7 support via a toll-free telephone number, whether consumers are required to also sign up for additional services on top of the energy supply service and whether this comes at an additional cost.

All information that is relevant for consumers' decisions should be presented in a comparable format for all offers, so that consumers can get an overview. This element is key, because if too much emphasis is put on prices, companies could be tempted to lower them in order to look more attractive on the website and worsening the other terms of subscription, which the consumer will become aware of only afterwards. To facilitate the assessment of the fairness of the offers, comparison tools should flag with a warning sign those contracts that have unusual, detrimental or risky features to consumers. Comparison tools should also make available to consumers a link to web pages including information on their own rights.

In addition, to help consumers assess the quality of the offers, comparison tools should include complaints statistics from the relevant ADR body and information from independent consumer experience measurements. For example, information such as results of customer satisfaction surveys, bill accuracy, bill clarity, effectiveness of complaints handling procedures and quality of the customer service, can greatly help consumer assess whether an offer and supplier is right for them.

How to ensure that consumers have clear information on the sustainability of offers

Since sustainability is becoming increasingly important for consumers, information on the sustainability of offers should also be provided by comparison tools. Only reliable green claims, pre-approved by National Regulatory Authorities or by another designated competent authority, should be featured in comparison websites.¹¹

¹⁰ Directive 2019/944, Regulation (EU) 2016/679.

¹¹ A positive example of green offers pre-approved by a regulatory authority is the Green Energy Label scheme ran by Ofgem in the United Kingdom.

In addition, the current regulatory framework on green offers should be improved. When consumers opt for a “green offer”, or offers defined with similar terms (such as eco-offer, eco-friendly offer), they expect that their decision has a positive impact on the environment. This is only the case if there is a direct link between consumers’ decision to subscribe the offer and the production of additional renewable energy, which goes beyond the suppliers’ business-as-usual. The horizontal and sector specific requirements in EU legislation that apply to green offers in energy should be strengthened to ensure that only offers linked to the production of additional renewable energy are labelled as “green”.¹²

2.7. Independence

Provisions in the Electricity Directive that were included in the Gas Directive proposal, which BEUC supports:

The provider of the comparison tool must be independent from the individual companies that are surveyed on the site and must ensure equal treatment of all suppliers in the search results.¹³

BEUC recommendations for comparison tools for gas and electricity offers additional to existing legal requirements in the Electricity Directive:

Cases may occur where there are common economic interests between the supplier of the comparison tool and specific vendors/suppliers to push consumers to act in a certain way. For instance, prices/tariffs could be ranked in a non-objective way based on commercial agreements with specific providers. These practices should be banned as the information provided would not be impartial.

If comparison tools feature adverts or sponsored offers, these should be clearly distinguishable from search results.

2.8. Reliability

Provisions in the Electricity Directive that were included in the Gas Directive proposal, which BEUC supports:

Consumers must be able to trust the information that is provided so the comparison tool must in no way mislead the consumer as to the accuracy of the information displayed.¹⁴

For example, comparison tools ran by consumer organisations or those with a trust mark issued by a competent authority designed by a Member State,¹⁵ which certifies that they meet legal requirements, offer consumers a guarantee that they can trust the information that they are provided.

2.9. Clarity and user-friendliness

Provisions in the Electricity Directive that were included in the Gas Directive proposal, which BEUC supports:

¹² A positive example of a consumer-centric ranking of green offers, is the annual sustainability ranking of electricity offers developed by Consumentenbond. For further information, please see Consumentenbond, [De groenste energieleverancier](#), November 2020.

¹³ Directive 2019/944, Art. 14.1.(a).

¹⁴ Directive 2019/944, Art. 14.1.(d).

¹⁵ Directive 2019/944, Art. 14.3.

The information provided by comparison tools must be precise, relevant, understandable and readable. Comparison tools should use plain and unambiguous language and avoid difficult legal and technical concepts wherever possible.¹⁶

BEUC recommendations for comparison tools for gas and electricity offers additional to existing legal requirements in the Electricity Directive:

The comparison tool's user interface should clearly communicate to consumers its main features and its ability to perform comparisons. In this respect, it is essential that interfaces are user-friendly, and built in ways that are appealing for consumers and facilitate non-experienced users to interact with the website. An option to ensure that the interface is user friendly would be to test and collect feedback on the comparison tool from a representative number of consumers.

Consumers should be able to choose among a wide range of objective parameters which they can use to sort the results. The default sorting should be based on the price of the offers, as it is likely to be the most meaningful for consumers.

2.10. Accessible to all consumer segments

Provisions in the Electricity Directive that were included in the Gas Directive proposal, which BEUC supports:

Comparison tools must use technical features that enable visually impaired or other disadvantaged consumers to use them.¹⁷

BEUC recommendations for comparison tools for gas and electricity offers additional to existing legal requirements in the Electricity Directive:

To ensure that they are accessible to all consumer segments, comparison tools should be designed in line with the WCAG standards (web content accessibility guidelines).¹⁸ Also, it is important to make comparative information available for consumers without internet access for free or at a minimal cost (printed version sent on request, by telephone, etc.).

2.11. Reporting

BEUC recommendations for comparison tools for gas and electricity offers additional to existing legal requirements in the Electricity Directive:

To ensure maximum coverage, energy companies should be required to provide regulators and comparison tools with details of all the tariffs that they offer at any point in time. Companies should provide information both about offers which consumers can still subscribe and also about those for which this is not possible any more. This ensures that the tool has all the necessary data and information allowing consumers to compare their current contract (which may not be subscribable any more) with others that they could switch to.

Regulators should maintain an exhaustive and up-to-date database in a format that can be easily accessible and usable for comparison tools operators. The results of comparison tools should reflect at all times the information contained in the database. In case

¹⁶ Directive 2019/944, Art. 14.1.(d).

¹⁷ Directive 2019/944, Art. 14.1.(f).

¹⁸ For further information, please see W3C, [Web Content Accessibility Guidelines \(WCAG\) 2.1](#), 2018

regulators do not maintain this database, comparison tools operators should communicate what are the sources of the information that they use.

2.12. Supervision

BEUC recommendations for comparison tools for gas and electricity offers additional to existing legal requirements in the Electricity Directive:

Energy regulators or other competent authorities should proactively monitor the respect of these conditions in order to enhance consumer trust in the information provided by comparison tools. In addition, comparison tools should also provide consumers and companies an effective procedure to report incorrect information on published offers.¹⁹

END

¹⁹ Directive 2019/944, Art. 14.1.(g).



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