

CEER

**Council of European
Energy Regulators**



GEODE Autumn Seminar

Efficient Energy Markets – European Regulators Perspective

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Fostering energy markets,
empowering **consumers**.

Introduction: what should efficient energy markets deliver?

- From a customer perspective:
 - ▶ Reliable, affordable and easy-to-use services for residential consumers
 - ▶ Protection for vulnerable customers
 - ▶ Competitiveness for businesses and public administrations
- Through competitive and innovative markets:
 - ▶ At wholesale level: well functioning, liquid markets
 - ▶ At retail level: choice of suppliers and offers, supplier switching, entry-exit activity, consumers' experience...
- Through efficient infrastructure/network operators:
 - ▶ Meet reasonable expectations of consumers as network users
 - ▶ Act as neutral market facilitator enabling competition and innovation



Outline of the presentation

1. ACER/CEER Market Monitoring Report 2013
2. The Bridge to 2025
3. CEER Advice on:
 - ▶ Quality of Electricity and Gas Distribution Services
 - ▶ Customer Data Management

ACER/CEER Market Monitoring Report 2013 – Retail markets

- ▶ **Energy retail prices** rose for both households and industrial consumers in the majority of Member States (MSs)
- ▶ In most countries, household energy prices are greatly influenced by increasing non-contestable charges (**taxation and network charges**)
- ▶ Barriers to entering retail energy markets: **regulated prices** should be set above cost levels and removed where and when a sufficient level of competition is achieved
- ▶ **Correlation between retail and wholesale prices is a key indicator**
 - MSs where the final energy retail electricity price is closely reliant on the wholesale market spot price
 - MSs where the energy component of final consumer retail prices is significantly more reliant on long-term wholesale contracts
 - MSs with regulated prices with no clear correlation

ACER/CEER Market Monitoring Report 2013 – Retail markets

► Competition in retail markets

- Moderately concentrated retail markets work relatively well
 - choice of suppliers and offers, switching rates, entry-exit activity, consumers' experience

► **Consumer choice and switching behaviour:** supplier switching can place competitive pressure on suppliers. In most MSs, supplier switching is performed as required by the 3rd Package. However, the majority of electricity and gas household consumers do not participate actively in the market by exercising choice among available suppliers and different price and product offers

- Consequence: the portion of electricity and gas household consumers supplied by another supplier than the incumbent is still very low in the majority of MSs

ACER/CEER Market Monitoring Report 2013 – Consumer rights

- ▶ **Supplier of last resort** widely implemented across MSs, but with considerable differences in their functions
- ▶ Actual duration of a (non-payment) **disconnection process** longer than legally required, but only half of NRAs (14 MSs) able to provide disconnection rates
- ▶ Majority of MSs have a concept of **vulnerable customers**; however, comparisons between countries are limited due to the vast differences
- ▶ **Supplier switching** within 3 weeks legal in all MSs – 4 MSs apply faster process (1, 5 or 10 days)

ACER/CEER Market Monitoring Report 2013 – Consumer rights

- ▶ Roll-out of electricity **smart meters** completed in 3 MSs, progressing in 3 others and started in 6 MSs; gas smart meters underway in 4 MSs
- ▶ Requirement for **complaint monitoring** by NRAs implemented differently across MSs: sources, methodology, definitions vary widely (lacking data on complaints from service providers)
- ▶ **Alternative Dispute Resolution (ADR)**: implemented, but few NRAs able to report figures
- ▶ Overall, monitoring results for **consumer protection** show that many of the national legal provisions (*de jure*) are applied in practice (*de facto*), while some MSs even go beyond the legal requirements

The Bridge to 2025

- The “Bridge” is the title of a **formal Recommendation from ACER** to the European Parliament, the Council and the Commission based on the action needed to address the challenges ahead of energy markets
- The Bridge to 2025 is a **joint strategy plan** and in **implementing** it, CEER’s work will be complementary to ACER’s work program



The Bridge to 2025 - Energy sector trends

- By 2025, **moving to a low-carbon society** with a smart responsive energy supply and increased non-programmable RES - greater need for flexible response
- **Real changes in how consumers engage with the market** - consumers must be protected whilst changes in technology (smart grids, smart meters) will enable and empower smaller consumers
- **Uncertainty over the future gas market** but new applications for gas in flexible power generating stations, to respond to greater levels of RES
- **Competition for well-functioning retail markets:** transparency and non-discrimination
- **More interaction with our geographical neighbours**



The Bridge to 2025 - 5 key priorities for ACER/CEER

- Establish liquid, competitive, and integrated **wholesale energy markets**
- Enhance Europe's **security of supply** and channelling the external elements of IEM
- Move to a **low carbon society** with increased renewables and smart, flexible, responsive energy supply
- Develop a **functioning retail market that benefits consumers**
- Build **stakeholder dialogue**, cooperation and new governance arrangements

The Bridge to 2025 - Proposals relative to retail markets

- **Facilitate flexible response**, including participation of demand side
- Ensure that the market for **new service providers** is not foreclosed by incumbents
- Develop **well functioning competitive and innovative retail markets** that benefit consumers
- Protect and empower consumers to participate actively in energy markets through developing **CEER/ BEUC Vision**
- Establish **stakeholder panels** of energy actors and consumer representative bodies



The Bridge to 2025 - Develop a well-functioning retail market

- Define what characterises a **well-functioning retail market** and develop a **Roadmap** aimed at competitive, reliable and innovative retail markets by 2025
- Establish key features of retail market design to provide a level playing field
- Determine minimum **standards to remove market barriers**
- Develop guidance to **facilitate phasing out of regulated end-user prices as soon as practicable**



The Bridge to 2025- Facilitate more active participation by smaller consumers in the markets

- Establish a toolbox of good practices
- Prepare a **Roadmap to secure reliable 24 hour supplier switching**
- Simplify the comparability of offers available in the market
- Develop further and apply the **“RASP principles” of CEER’s 2020 Vision** into practical actions to enable market development across MSs, while protecting and empowering consumers



The Bridge to 2025 - Retail market integration

- Identify market distortions through effective **market monitoring**
- Examine the scope of the potential for retail market integration at both **regional and European levels**



CEER Advice on the Quality of Electricity and Gas Distribution Services



- Focussing on connection, disconnection and maintenance
 - ▶ From a customer perspective, connections, maintenance and disconnections are very relevant processes, as in some cases, they are the customers' first interaction with the energy market
 - ▶ If these processes are well designed and well-functioning, the customer can engage in the energy market in a positive way
 - ▶ The document focuses on the service quality levels provided for the connection of customers, particularly in relation to the **duration of the process** (time limits) and the **management of the relationship with the customer**
 - ▶ The advice covers electricity and gas DSO customer services



CEER Advice on the Quality of Electricity and Gas Distribution Services

**Published on 21 October 2014, after extensive
benchmarking and consultation with stakeholders**

**Recommendations
in 11 service areas,
covering gas and
electricity sectors**

- New connection to the grid
- Connection of a new customer to the network
- Activation of energy supply
- Disconnection of energy supply, after customer request
- Warning mechanisms before disconnection due to non-payment
- Reactivation of energy supply after disconnection due to non-payment
- Planned energy interruptions
- Information during un-planned energy interruption
- Information on services and rights regarding connection and disconnection
- Customer enquiries concerning connection and disconnection
- Safety and emergency measures

List of 16 Recommendations in the annex

- ▶ Examples: Time taken to activate energy supply; punctuality of appointments with customers, etc.



CEER Advice on Customer Data Management

Guiding principles:	Recommendations related to:
Privacy and Security	<ul style="list-style-type: none"> • Appropriate security • Measures for authorisation to access to customer meter data
Transparency	<ul style="list-style-type: none"> • Customer knowledge of general information • Transparency of customer meter data to customers • Transparency of customer meter data to third parties • Customer confidence in sharing customer meter data • Common standards for data content, format and exchange • Common standards validity in regard to geographical areas • Minimum standard level of customer meter data • Customer-friendly information on meter data management
Accuracy	<ul style="list-style-type: none"> • Standardised measures to address inaccuracy concerning data management
Accessibility	<ul style="list-style-type: none"> • Common standards for meter data information to customers • Proportionate 3rd party access to customer meter data
Non-discrimination	<ul style="list-style-type: none"> • Non-discriminatory access to information if and where smart meters are installed

CEER Advice on Customer Data Management

Focus on better retail market functioning

- ▶ Draft version for public consultation – January to March 2014
- ▶ Public consultation – From 23 March 2014 to 23 May 2014
- ▶ Public hearing – 22 September 2014
- ▶ Internal drafting: October – November 2014

Next steps

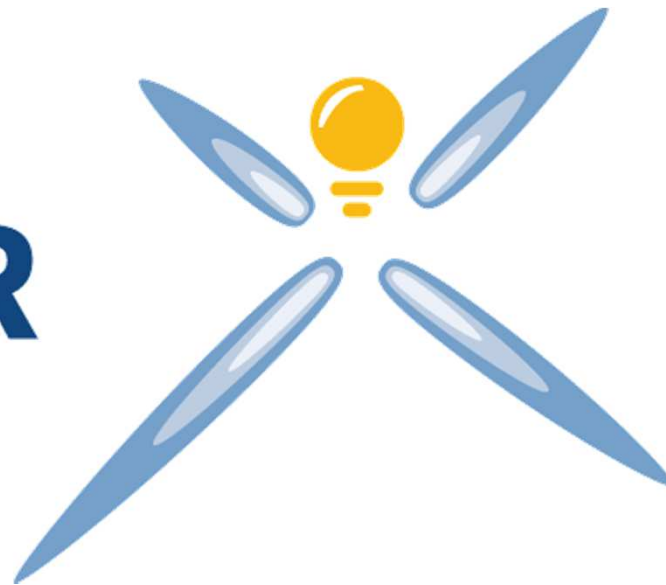
- ▶ Publish Advice – December 2014/ January 2015



Thank you for your attention!

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The Bridge to 2025 - Main ACER and CEER tasks

Association Tasks	ACER	CEER
1. Exchange of best practice	<ul style="list-style-type: none"> • Recommendations to assist NRAs and market players 	<ul style="list-style-type: none"> • Basically all regulatory topics
2. Training		<ul style="list-style-type: none"> • For regulatory staff • Cooperation with FSR
3. Rulemaking / harmonisation	<ul style="list-style-type: none"> • Cross-border issues (FG/NC) • REMIT • Gas SoS • Cost allocation decisions • ITC • Peer reviews of NRA decisions • Supervision of ENTSOs • Exemptions of new infrastructure 	<p>Non-binding recommendations e.g.</p> <ul style="list-style-type: none"> • Distribution/retail • Consumers • Sustainability • Gas storage and LNG • Future challenges ...
4. Policy development	<ul style="list-style-type: none"> • Advisory role to EU institutions 	<ul style="list-style-type: none"> • Position papers and fact sheets • respond to EC consultations • Preparing amendments for EP • Special events
5. External / global contacts		<ul style="list-style-type: none"> • Founding member of ICER • EU/US roundtable • CEER/FTS dialogue • EaP partner of EC

Recommendations on connections to the grid



<p>1. Time taken to respond to a customer request for a new grid connection</p>	<p>The time taken to respond to a household customer request for a connection to the grid (major works) should not exceed two working days. The response should inform the customer of the process, the estimated schedule and requests for information required from the customer, including contact details.</p>
<p>2. Time taken to provide a price offer for a grid connection</p>	<p>Price offers for connections involving minor or major works should be provided to the customer within one week. If the connection is complex or requires specific studies, the time limit can be extended to two weeks.</p>
<p>3. Time taken to commence work on connection to the grid (in the case of major works)</p>	<p>Once the customer has accepted the price offer, the physical connection work should be initiated within one month, unless a later start date is requested by the customer. This time limit is not applicable in extreme weather conditions (like frozen ground) or when the beginning of works depends on administrative or legal processes, e.g. permissions or concessions. In this case, the DSO should inform the customer about such circumstances and the planned schedule of works.</p>
<p>4. Time taken to connect to the network and activate energy supply (in the case of minor works)</p>	<p>The time taken to connect a customer to the network (minor works) and activate the energy supply should not exceed two working days, unless a longer time period is requested by the customer.</p>
<p>5. Time taken to activate energy supply</p>	<p>The time taken to activate the energy supply (when the physical connection is already in place) should not exceed one working day, unless a longer time period is requested by the customer.</p>
<p>6. Punctuality of appointments with customers</p>	<p>For appointments with the customer for any type of onsite intervention, the time frame within which the DSO should arrive at the site should be fixed in advance and should not exceed two hours.</p>

Recommendations on disconnections and warning mechanisms



<p>7. Time taken to disconnect the energy supply following a customer request</p>	<p>The time taken to disconnect the energy supply following a customer request should not exceed one working day, unless a longer time period is requested by the customer.</p>
<p>8. Notice of due payment before disconnection</p>	<p>As a warning mechanism in the case of non-payment of the energy bill, customers should receive at least one payment notice including the expected date of disconnection, 4 weeks before the disconnection date.</p>
<p>9. Time taken to reactivate energy supply after disconnection</p>	<p>The time taken to reactivate the energy supply after a disconnection due to non-payment should not exceed one working day.</p>

Recommendations on planned and unplanned interruptions (including customer information)



<p>10. Minimum notice period for a planned supply interruptions</p>	<p>In case of planned supply interruptions, the customer should be notified at least one week in advance. If the information is sent more than one week in advance, the customer should receive a reminder one week in advance.</p>
<p>11. Maximum duration of a planned supply interruption</p>	<p>A planned supply interruption should be as short as possible but should not exceed six hours for electricity and twelve hours for gas.</p>
<p>12. Provision of information to customers during an unplanned supply interruption</p>	<p>In the case of unplanned interruption of the energy supply, the DSO should provide continuously updated information to customers on when it estimates that the supply will be reactivated. This information should be made available to the customer through a variety of channels, including via telephone and on the DSO website. On the basis of customer demand, updated information should also be provided through text message (SMS) or e-mail.</p>

Recommendations on customer enquiries and rights: information about connection, activation and disconnection procedures



<p>13. Provision of information to customers on connection, activation, and disconnection</p>	<p>The DSO and other relevant stakeholders should provide customers with information regarding connection, activation, disconnection and customer rights related to these. This information should be easily accessible and presented in a clear, user-friendly and comprehensible way.</p>
<p>14. Customer communication channels</p>	<p>The DSO or other relevant stakeholders should provide easily accessible customer communication on issues concerning connection, activation and disconnection through multiple channels, including at least two of the following: website, call centre, telephone, e-mail or text message (SMS).</p>
<p>15. Response time for customer enquiries concerning connection/disconnection</p>	<p>The response time for a customer enquiry (not covered by the other recommendations) to a DSO or other relevant market player regarding connection, activation and disconnection procedures should not exceed two working days.</p>
<p>16. Providing information to customers on correct installation handling</p>	<p>The customer has the right to easily accessible information on correct installation handling, including safety measures, for gas/electricity installations. Access shall be available via website, e-mail and by post.</p>