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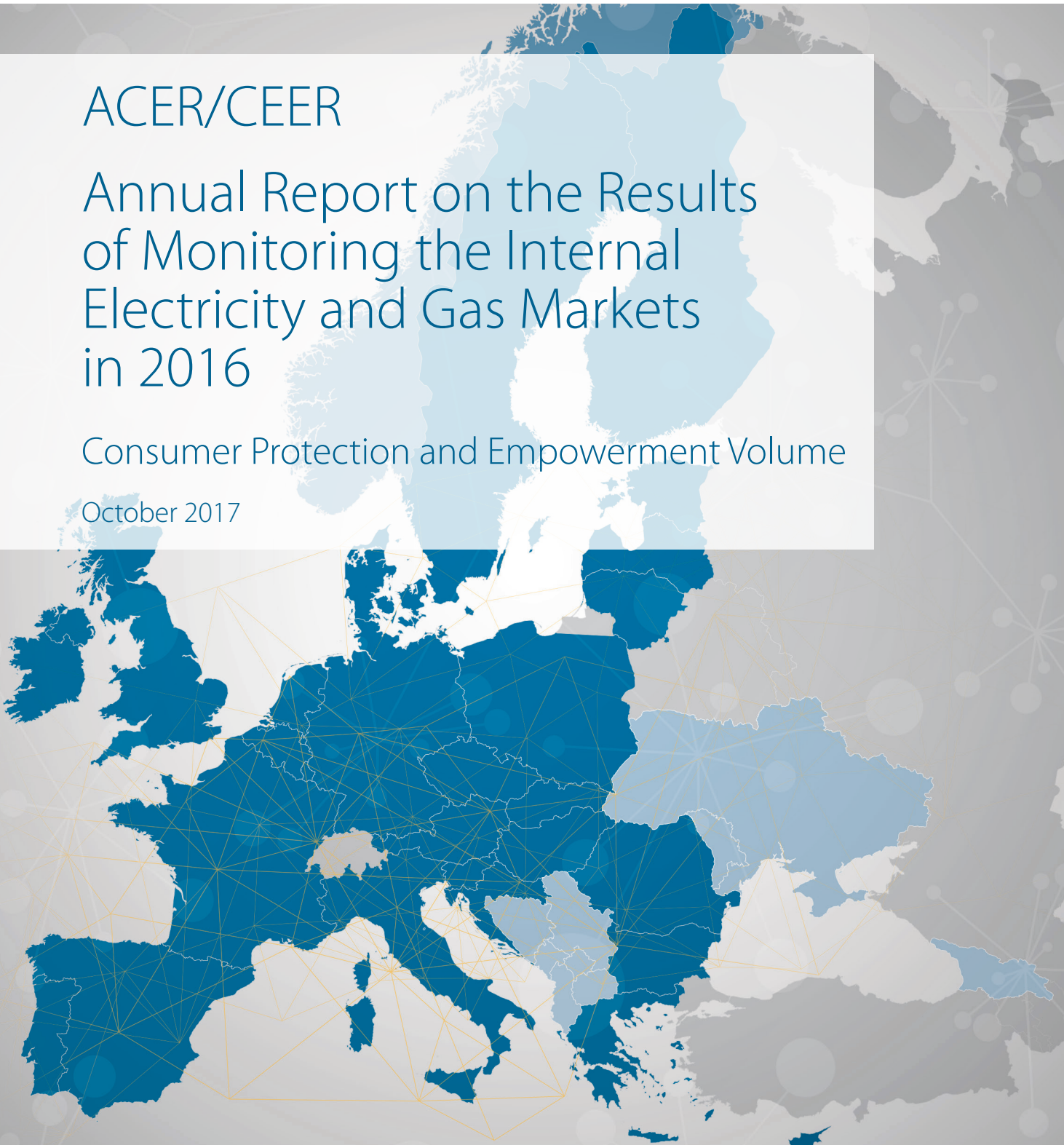


ACER/CEER

Annual Report on the Results of Monitoring the Internal Electricity and Gas Markets in 2016

Consumer Protection and Empowerment Volume

October 2017



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Executive summary

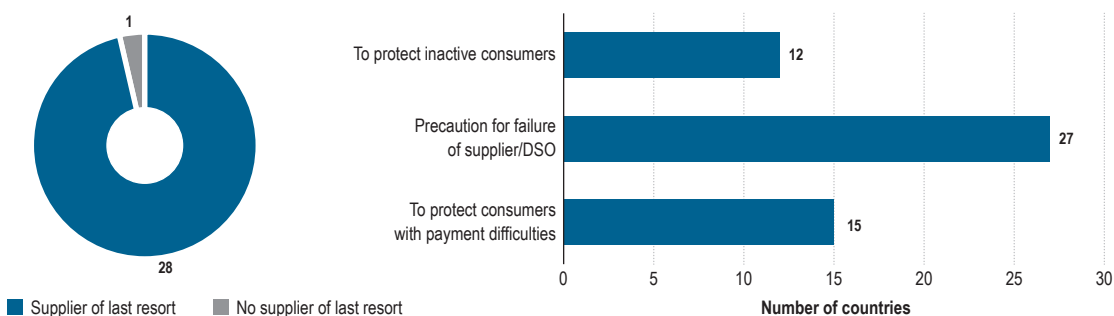
1 This summary provides an overview of the main findings on consumer protection and empowerment.

PUBLIC SERVICE OBLIGATIONS

2 With regard to public service obligations, the Electricity Directive foresees the so-called universal service, i.e. the right for consumers to be connected to the electricity grid, as well as the right to be supplied with electricity at an affordable price. It also states that suppliers of last resort (SOLR) may be appointed by MSs to ensure the provision of universal service. While the Gas Directive does not foresee universal service, it nonetheless promotes a supply of last resort mechanism for gas consumers.

3 Figure i provides an overview of the functions of SOLRs for electricity in EU MSs. The graph shows that the SOLR is generally used as a mechanism to replace failing suppliers, but often performs other functions as well, including protecting consumers with payment difficulties or those that are inactive. With regard to gas supply, the function of SOLRs is similar to the one in electricity.

Figure i Functions of supplier of last resort in the EU MSs and Norway¹ by number of MSs, electricity – 2016



Source: CEER Database, National Indicators (2017).

4 Energy consumers usually have several weeks to settle any arrears before being disconnected. While this period helps a large number of households, some still get disconnected. Disconnection rates for electricity rarely exceed one percent; however, in some MSs they reach up to 6%. For gas, the disconnection rate also rarely exceeds one percent.

5 Consumers cannot be disconnected without respecting a minimum timeframe. The legal minimum length of a disconnection process due to non-payment is between three weeks and two months in most MSs. Some MSs also have specific rules that prohibit disconnection during certain times of the year (weekends, winter) or for social grounds (vulnerable consumers).

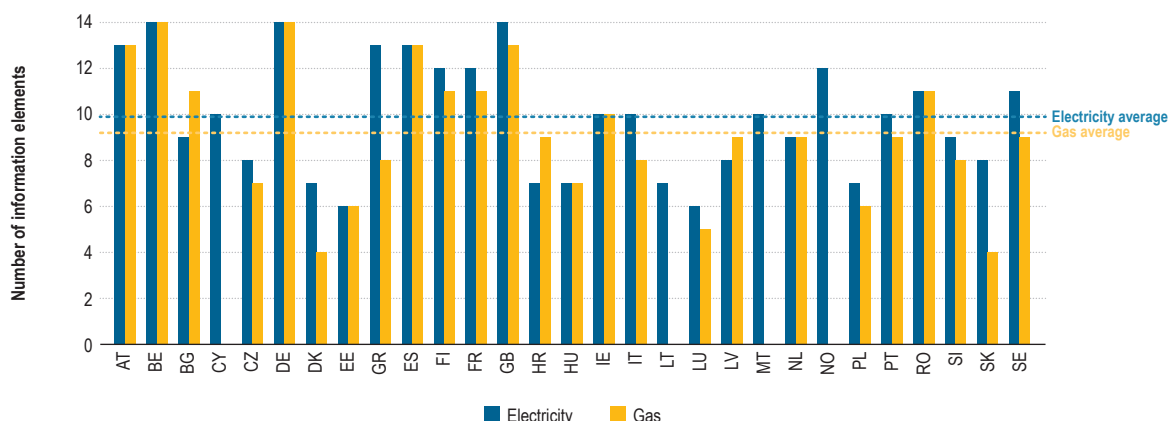
6 In a few MSs, prepayment meters are used for consumers with payment difficulties. Interestingly, there tends to be a negative correlation between disconnection rates and the installation of prepayment meters, which implies that the latter may be a suitable alternative and substitute for disconnections with similar implications for affected consumers.

1 This volume covers the EU MSs and Norway hence when reference is made to 'MSs' this includes Norway.

CONSUMER INFORMATION RIGHTS

- 7 Consumer engagement requires consumers having easy access to relevant information. MSs have introduced various provisions which deal with the obligation to provide information to consumers – such as information related to changes in prices, information to be included in bills, information on actual consumption and cost, and information on the single point of contact.
- 8 The Third Package also highlights that MSs must have a single point of contact where consumers can obtain independent information about energy markets and their rights. In more than 20 MSs, this role is reserved for the NRA. In the remainder of MSs, an ombudsman or a consumer organisation is usually awarded this responsibility. Interestingly, in eight MSs, there is more than one point of contact for either electricity or gas, or both.
- 9 Figure ii indicates that while the number of information elements on bills as required by national law varies widely among MSs for both electricity and gas bills, on average, almost ten distinct information categories are required. This is more than prescribed by Article 10 and Annex VII of the Energy Efficiency Directive, which stipulate that energy bills should contain information on actual prices, energy consumption, and comparisons of current and previous consumption as well as contact information of organisations where consumers can find information on energy efficiency. Too much information on energy bills may lead to consumers losing oversight. Hence, there seems to be a fine balance to tread between informing consumers adequately and the number of communication channels that could be used.

Figure ii Number of information elements on household bills in MSs – 2016



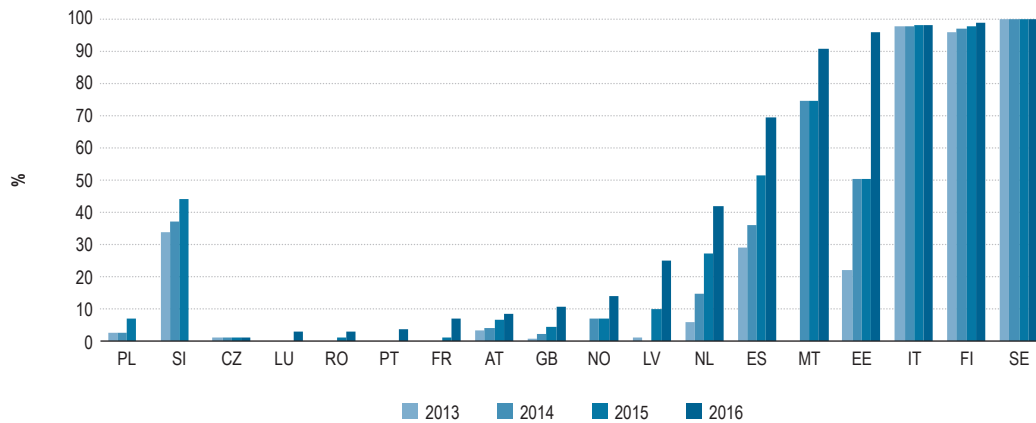
Source: CEER Databases, National Indicators (2017).

Note: In Lithuania, gas consumers do not receive bills. While they pay according to the meter’s reading, the listed information elements are available through other channels, such as contracts, suppliers’ website, personal accounts etc.

SMART METERING

- 10 Figure iii presents the number of final household consumers with electricity smart meters in different MSs. Two more MSs – Luxembourg and Portugal – commenced their roll-out in 2016. In addition, in MSs that had already started their roll-out, a much larger proportion of households is now equipped with smart meters. From a European-wide perspective, approximately 25% of household consumers are equipped with electricity smart meters while, for gas, smart meters remain a negligible phenomenon.
- 11 The European Commission recommends that smart meters meet a set of common functional requirements, so that the roll-out is facilitated. Seventeen MSs follow this rule on minimal technical requirements. Although diversity across MSs is extremely great, most of these functionalities include smart meters to provide information on actual consumption, facilitate billing based on actual consumption and ensure easy access to information for households.

Figure iii Household consumers with electricity smart meters (%) – 2016



Source: CEER Database, National Indicators (2016–2017).

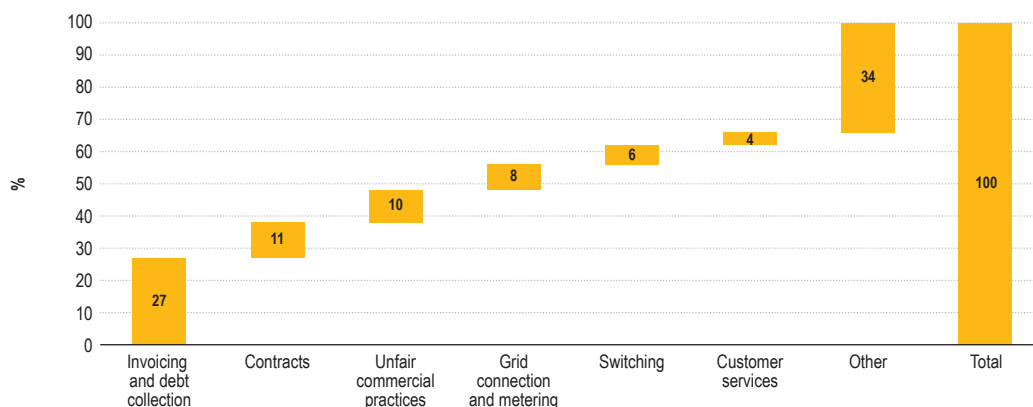
CONSUMER CHOICE

- 12 Reliable comparison tools (CTs) are a crucial instrument in the provision of clear and transparent information to consumers and are available in 22 MSs for electricity and in 18 for gas according to NRAs. However, NRAs apply on average only five of the 14 recommendations of the CEER guidance on what it takes a CT to function effectively to the benefit of energy consumers. This may weaken the reliability assessment of a CT.
- 13 In order to exercise their right to switch suppliers, consumers must rely on a smooth switching process. Therefore, the Directives impose a three-week switching target on MSs. In practice, almost all MSs fulfil the requirement regarding the time allowed to perform a switch and many MSs outperform the switching targets as the average duration of a switch in Europe is around 12 working days. It should be taken into consideration, however, that the Directives do not define the exact moment when a switch starts; hence there may be a lot of diversity on how MSs interpret the switching time.
- 14 Consumers should also receive their final bill within six weeks after switching. In practice, the average time to receive the final bill in the EU is around five weeks, both for electricity and for gas. This means that while almost all MSs abide by this rule, quite a few MSs have shorter periods.

COMPLAINTS

- 15 Almost all MSs provide figures on consumer complaints, and in most MSs the NRA is responsible for handling complaints. Similarly to the results for 2015, the main share of consumer complaints received by NRAs in 2016 for both electricity and gas relates to invoicing, contracts and unfair commercial practices. Figure iv provides a more detailed picture for gas.

Figure iv Consumer complaints by main categories addressed to NRAs by households for gas across the EU and Norway (%) – 2016



Source: CEER Databases, National Indicators (2017).

Note: Other types of complaints include activation, redress, customer services, disconnection due to no or late payment, prices and tariffs.

- 16 Most MSs have introduced statutory complaint handling standards which relate to the time required to deal with a complaint, the registration of all consumer complaints and a prompt first answer or acknowledgement within one day, the first two being the most frequent requirements. Only five MSs reported that they do not have standards. In 2015, it was eight and six MSs for electricity and gas, respectively.

PROTECTION OF VULNERABLE CONSUMER

- 17 The Electricity and Gas Directives urge MSs to define the concept of vulnerable consumers and ensure that there are adequate safeguards in place for this target group. The Directives further state that the concept may refer to energy poverty and implies, *inter alia*, to the prohibition of disconnection of electricity supply to such consumers in critical times. Most MSs offer a range of protections to vulnerable groups which are most often income and health related. The most widespread protection mechanism is restrictions to disconnections by energy service companies. Some MSs maintain social tariffs to target vulnerable consumers, while others provide monetary benefits via social security systems. The variety of national approaches, including broader social security policies, makes it difficult to collect and compare data on the occurrence of vulnerability across Europe.

Recommendations

- 18 SoLR mechanisms are in place to deal with potential failures of suppliers but also for other purposes, including the protection of inactive consumers. In practice, in some MSs, large shares of households are supplied by SoLRs, which raises questions about why so many household consumers either remain inactive or need protection. Therefore, it is recommended that SoLRs be designed in ways that enable and promote consumer engagement in liberalised energy markets. As the European Commission has called on regulated prices to be phased out, any SoLR mechanism should not be used as a means to keep regulated prices in place.
- 19 Information on bills should be clear and transparent. The current practice of presenting, on average, ten distinct information items on a consumer bill may be too much for consumers to deal with, thus compromising the beneficial role of information to consumers. Hence, it is recommended that consumers be provided with only essential information on bills such as price, energy consumption, payment options and the details of the single point of contact. Rather than adding more information to the bill, other relevant, detailed information should be segmented through various communication channels where possible.
- 20 Consumers usually receive information about any energy price change in advance. There are only a few exceptions to this practice. Hence, the practice of informing consumers on price changes in advance should be implemented in all MSs and should be aligned with national consumer legislation as much as possible.
- 21 Most NRAs report that there is at least one reliable CT in their MS. However, NRAs recognise on average only five of the 14 recommendations set out by their association on how these CTs should function effectively to the benefit of energy consumers. Hence, MSs lacking reliable CTs should put a reliable CT at the disposal of consumers without delay. NRAs are also strongly invited to assess the effective functioning of their CT(s) and, where necessary, work towards improving it.
- 22 In 2016, the actual average switching duration in the EU was already lower than the target of three weeks set forth by the Third Package. Therefore, the European legislator and the MSs should consider a more ambitious switching target. The ACER-CEER 'Bridge to 2025' document recommends that the technical supplier switching process should be completed within 24 hours on any working day by 2025. However, given the mass roll-out of IT in recent years, this target could be achieved by an earlier date (e.g. 2022). In addition to the three-week maximum duration of the switching period, MSs should clearly inform consumers about when the switching period starts in order to secure energy supplier switching within the intended timeframe and offer consumers a free choice of the date when the switch needs to be executed.
- 23 Seventeen MSs have met the minimum technical requirements set by the EC for smart meters so far. MSs are encouraged to ensure that smart meters are equipped with functionalities which enable consumers to easily benefit from and participate in energy efficiency and demand response/flexibility schemes.

1. Introduction

- 24 The Market Monitoring Report, which is in its sixth edition, consists of four volumes, respectively on: the Electricity Wholesale Market, the Gas Wholesale Market, the Electricity and Gas Retail Markets, and Consumer Protection and Empowerment. The Consumer Protection and Empowerment Volume reviews the levels of consumer protection in European energy markets from the perspective of the final household consumer. Through a series of indicators, it provides empirical evidence of consumer protection and engagement across European energy markets.
- 25 As in previous years, the volume explores how the relevant Third Package provisions were transposed into national legislation. As most of these provisions have now been transposed into national and/or regional law, the report also elaborates on the existence and effectiveness of consumer protection mechanisms. It also provides recommendations on possible measures to further improve market functioning from a consumer perspective.
- 26 Additionally, the Consumer Protection and Empowerment Volume explores the similarities and differences in consumer protection between MSs in terms of the general principles set out in the Third Package. However, given the diverse way in which MSs deal with consumer protection issues not all national specificities can be covered. Therefore, this Volume looks at public service obligations, consumer information rights, consumer choice, consumer complaints and the protection of vulnerable consumers. However, it focuses on the metrics where there has been change. Indicators of consumer protection that saw little change are dealt with more briefly. As such, this Volume continues to demonstrate how consumer involvement constitutes an integral part of functioning retail energy markets.

2. Public service obligations

27 This section deals with a set of public service obligations which energy service companies have to meet to protect the general economic interest. European legislation, and in particular Article 3 of Directives 2009/72/EC and 2009/73/EC, equips MSs with the opportunity to impose a series of obligations on energy sector undertakings in relation to, *inter alia*, the quality of supply and universal service, i.e. consumers' right to be supplied with electricity of a specified quality at reasonable, easily comparable, transparent and non-discriminatory prices.

2.1 Supply of last resort

28 The Electricity Directive clearly states that to ensure the provision of universal service, MSs may appoint a supplier of last resort (SOLR) and impose on distribution companies an obligation to connect consumers. On the other hand, the Gas Directive, although short of envisaging a universal service obligation, also foresees a SoLR for consumers connected to the gas system. However, European legislation does not further define the meaning and functions of a supplier of last resort. As previous volumes have shown, MSs have used this flexibility to introduce various protection mechanisms, including for cases of business failure of suppliers and/or DSOs, for inactive consumers or for consumers with payment difficulties.

29 Figure 1 confirms the finding from previous years that most MSs have designed the supplier of last resort as a precaution for and if a supplier or DSO goes out of business². This is, for instance, the case when a supplier goes bankrupt or the licence of a supplier or DSO is revoked. Hence, this kind of protection appears to be a “universal function” of the supplier of last resort in electricity. Similarly, 19 MSs have assigned this function to a supplier of last resort in the gas sector. Arguably, this might have been the original intention in the Electricity and Gas Directives.

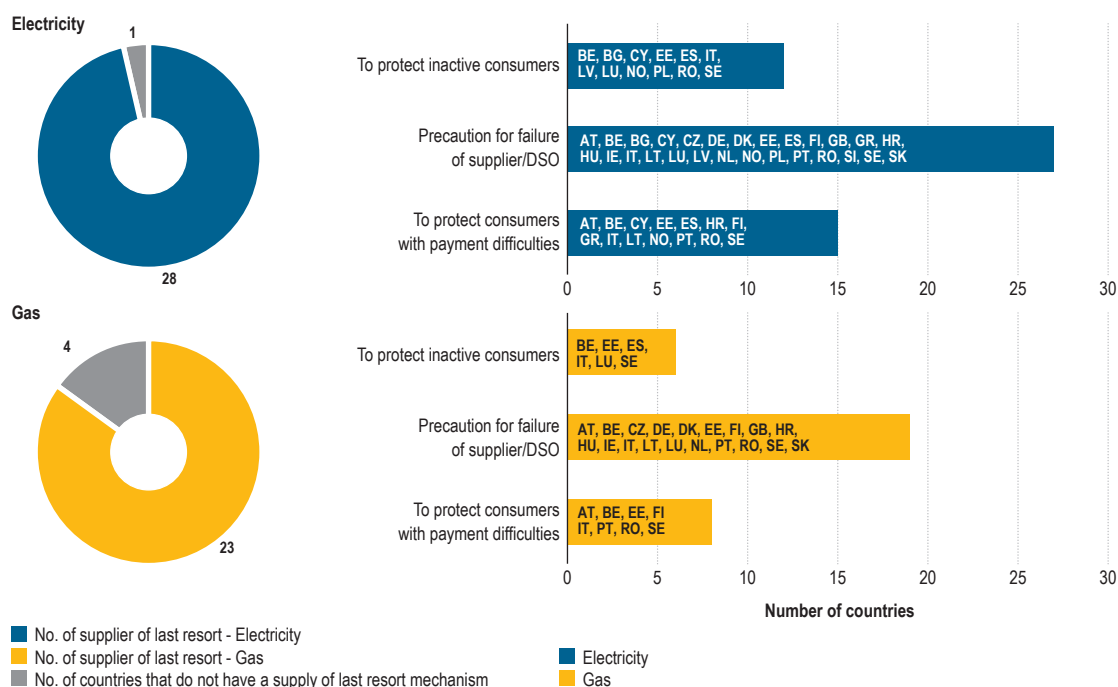
30 However, Article 3 of the Gas Directive offers additional interpretations. It states that “*Member States shall ensure that rights and obligations linked to vulnerable consumers are applied. In particular, Member States shall take appropriate measures to protect final consumers in remote areas who are connected to the gas system. Member States may appoint a supplier of last resort for consumers connected to the gas system.*” Thus, since the legislation mentions supply of last resort in close connection with the protection of vulnerable consumers, MSs have created additional functions such as protection in the case of inactivity³ or payment difficulties⁴. In some MSs, these functions are sometimes assigned to the supplier of last resort and sometimes to a “default” supplier. The latter is an energy market actor actually unknown to the Third Package.

2 Only France has no supply of last resort mechanism in electricity.

3 E.g. if households refuse to choose a supplier when moving home or when a fix-term contract expires without automatic renewal.

4 E.g. if a household cannot find a supplier on the free market or is dropped by their current supplier.

Figure 1 Supply of last resort: availability and functions – 2016 (number of countries)



Source: CEER Database, National Indicators (2017).

- 31 The widely different numbers of consumers supplied by last resort suppliers in MSs reflect these differences in function. As in previous years, supply of last resort has a very marginal role in a number of MSs with less than 1% of households supplied by the supplier of last resort⁵. In other MSs, the share of households supplied by the supplier of last resort is on the other hand quite substantial and close to or even above 50%⁶. These findings clearly indicate that the supply of last resort function is interpreted by MSs in a broad fashion - thus leading towards limited cross-national comparability. Hence, some caution is necessary in comparing any cross-national differences in the number of final household consumers supplied by the supplier(s) of last resort. In particular, large shares of households supplied by suppliers of last resort also raise questions of why so many household consumers either remain inactive or need protection. Supply of last resort mechanisms may thus also unduly foster consumer inactivity, especially if supply of last resort is associated with regulated prices at national level.
- 32 While almost all MSs have taken precautions when a supplier's or DSO's business fails, in practice, however, it was still unusual in 2016 for an electricity and/or gas supplier in Europe to actually go bankrupt. The case study below shows how Ofgem dealt with an actual case of insolvent supplier.

5 Austria, Great Britain, Latvia, Lithuania, Luxembourg, the Netherlands and Poland (for electricity) and in Austria, Croatia, Great Britain, Italy, Lithuania, Luxembourg, the Netherlands and Romania (for gas).

12 6 Croatia, Cyprus, Ireland, Romania and Spain for electricity; Ireland also for gas.

Case study Great Britain – SoLR for insolvent supplier GB Energy Supply

Summary of events

In November 2016, the supplier GB Energy Supply, which had around 160,000 consumer accounts, reported severe financial difficulties to the regulatory authority Ofgem. Ofgem immediately began close monitoring of the situation and prepared to use the SoLR process. Once it was clear that GB Energy Supply was insolvent, on 26 November 2016 Ofgem acted to revoke their licence and commenced the SoLR process.

The SoLR process in Great Britain ensures that consumers of a failed supplier continue to be supplied energy in an orderly fashion through the appointment of another supplier (namely, the SoLR). To secure the best outcome for the consumers of a failed supplier, Ofgem effectively undertakes a competitive process. This process also ensures that the credit balances of the failed supplier's domestic (i.e. household) consumers are protected.

The process centred on obtaining information from the failed supplier (GB Energy Supply) about their business. This was then provided to other suppliers (who previously indicated that they would like the opportunity to be the SoLR) to inform the terms on which they propose to act as a SoLR. Then, in order to enable Ofgem to appoint the supplier best placed to act as SoLR, they asked potential SoLRs to submit a range of relevant information. Among other things, Ofgem asked suppliers about their willingness to act as the SoLR, the tariff they would put the consumers of GB Energy Supply on, how they will cope with the bulk increase in consumer accounts and their intentions in relation to any domestic consumers' credit balances. To obtain the information from both the failed supplier and potential SoLRs, Ofgem used their broad information gathering powers which enable them to obtain information from suppliers in order to carry out their duties.

How Ofgem assessed bids

Once it received relevant information, Ofgem conducted an assessment of this against pre-defined criteria such as suppliers

- a. volunteering for the role of SoLR;
- b. honouring, or compensating for, credit balances of the consumers of the failing supplier;
- c. not making a claim for a Last Resort Supply Payment, i.e. additional reasonable costs they may incur in fulfilling the SoLR role; and
- d. providing protection through ex-gratia payments to former GB Energy Supply consumers with a closed credit account balance.

Ofgem also took into consideration responses on other issues, including but not limited to:

- e. the total amount of credit balances suppliers would seek to recover through the mechanism;
- f. the tariff that would apply to consumers of GB Energy Supply;
- g. their plan for communicating with and "on boarding" the failed supplier's consumers
- h. the robustness of their plans to handle increased consumer queries as a result of the SoLR event
- i. ability of the bidding supplier to source, and absorb the costs of, additional gas and electricity required by the consumer of the failed supplier, and
- j. compliance with relevant industry codes and licences.

Outcomes

The decision to appoint a SoLR involves Ofgem making a judgement taking into account the full range of criteria and all the information provided by suppliers. On 30 November 2016, Ofgem appointed the supplier Co-operative Energy because their offer represented the best deal for consumers in terms of service and price⁷. Co-operative Energy offered to honour the prices paid by GB Energy Supply consumers for the remaining duration of their contracts and also had a robust plan for on-boarding the bulk increase in consumers.

⁷ Ofgem published a letter explaining the reasons for its decision to appoint Cooperative as the SoLR. This is published on Ofgem's website: https://www.ofgem.gov.uk/system/files/docs/2017/01/2016-12-23_gb_energy_coop_solr_decision_letter.pdf.

Consumers of GB Energy Supply did not have to complete any actions to be switched over to Co-Operative Energy. They were also entitled to immediately switch away from Co-operative Energy without charge if they wished to.

Through the SoLR process Ofgem was able effectively to protect the consumers affected by GB Energy Supply's insolvency, and the speed at which the situation was resolved (in a matter of days, over a weekend period) ensured that the costs to the rest of industry were kept to a minimum and broader confidence in the energy market was maintained.

Useful lessons

The GB Energy Supply's insolvency was the first supplier failure in GB in eight years. Ofgem was pleased that their safety net effectively protected the consumers affected, and the operation of the process highlighted some useful lessons, for example the need for effective communication with other industry bodies. This includes: settlement bodies responsible for managing central systems impacts; and consumer groups (who received more consumer contacts as the result of the SoLR event) to ensure they are able to effectively respond to consumers' questions. Ofgem have also improved their readiness to take action if suppliers fail, closely monitoring suppliers' conduct and any potential risks to consumers, and strengthening their monitoring of wider financial risks such as wholesale price rises in winter.

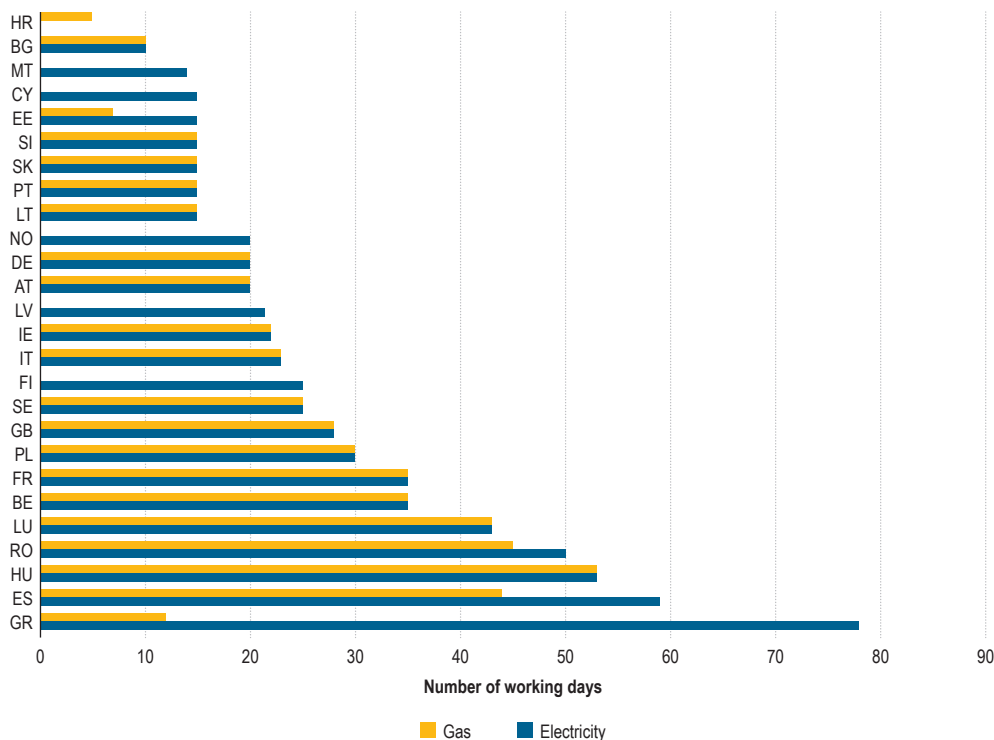
2.2 Restrictions to disconnecting non-paying consumers

- 33 To avoid the immediate loss of access to essential services such as energy, disconnections from the grid in case of non-payment have been restricted in various ways across MSs. A very general way to protect consumers from disconnection is to implement warning procedures which provide consumers with additional time to settle their due bills. In addition, restricting disconnections via other means (e.g., prohibiting disconnections on specific days of the week or months, or prohibiting the disconnection of particular types of households) further grants protection to consumers.

2.2.1 Minimum duration of a disconnection process due to non-payment

- 34 A lengthier disconnection process enables consumers to settle due bills and thus increases the likelihood of payment. Reminders in case of imminent disconnection help consumers focus their attention on paying energy bills and inform them about the consequences of non-payment. However, too lengthy a process may incentivise consumers to delay payment even further; after all, suppliers and DSOs depend on timely payments to run their businesses.
- 35 Figure 2 shows that, in most countries, the legal minimum time to disconnect a consumer due to non-payment is up to 40 working days, or eight weeks. In a number of countries, the disconnection process takes three weeks. Only in Greece and Spain, disconnection from the electricity grid takes considerably longer. The average minimum duration for disconnections is 28 working days for electricity supply and 24 days for gas supply.
- 36 Figures on the actual duration of disconnection processes are currently not collected in many MSs. Where they are available, figures suggest that the actual average duration is several days longer than the legal minimum.

Figure 2 Legal minimum time of a disconnection process – 2016 (number of working days)



Source: CEER Database, National Indicators (2017).

Note: Average minimum process duration is 28 (electricity) and 24 (gas) working days.

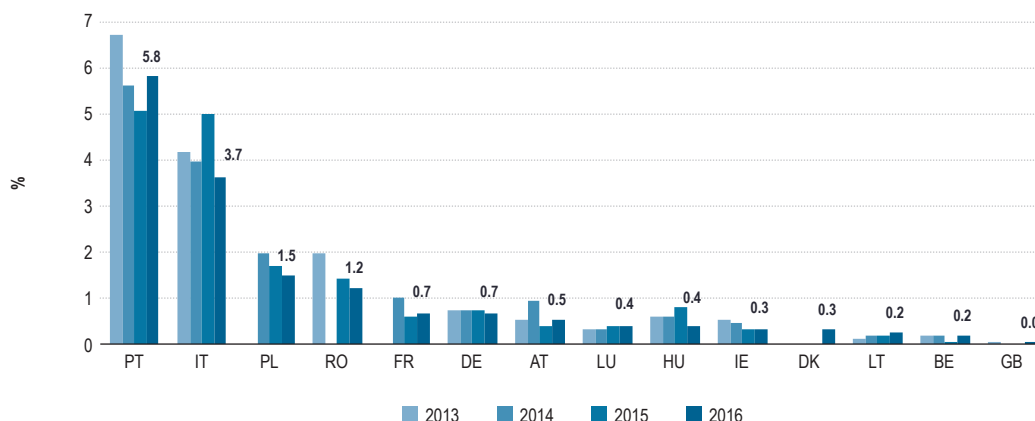
2.2.2 Legal prohibitions to disconnect

- 37 In most MSs, energy service companies face time-based restrictions to disconnect consumers in the case of non-payment. In 13 electricity markets and 11 gas markets, there are no such prohibitions to disconnect. Some MSs prohibit energy undertakings to disconnect consumers on particular days, most often, shortly before or at weekends or public holidays. In a few other MSs, consumers cannot be disconnected during the colder winter months from October to April, despite outstanding energy bills.
- 38 A few MSs have introduced disconnection prohibitions for consumers critically depending on energy, such as those on life-supporting appliances and those for whom an interruption of energy supply would have a critical impact on their health. In some countries, e.g. Germany, disconnections are not permitted if the consequences of the disconnection are disproportionate to the severity of the violation of the contractual terms and conditions or unless the consumer is in arrears with payments of at least 100 euros.

2.2.3 Shares of consumers disconnected due to non-payment

- 39 Actual numbers of consumers disconnected due to non-payment for electricity and gas are shown in Figure 3 and Figure 4, respectively. Like last year, the electricity disconnection rate due to non-payment in 2016 was the highest in Portugal where 5.8% of metering points were disconnected. On the other end, there were hardly any disconnections due to non-payment in Great Britain, where, while only 157 (!) households were disconnected, the vast majority of non-payers were equipped (or were already equipped) with prepayment meters. Overall, disconnection rates in electricity appear to be rather stable across MSs.

Figure 3 Share of electricity disconnections due to non-payment – 2013–2016 (%)

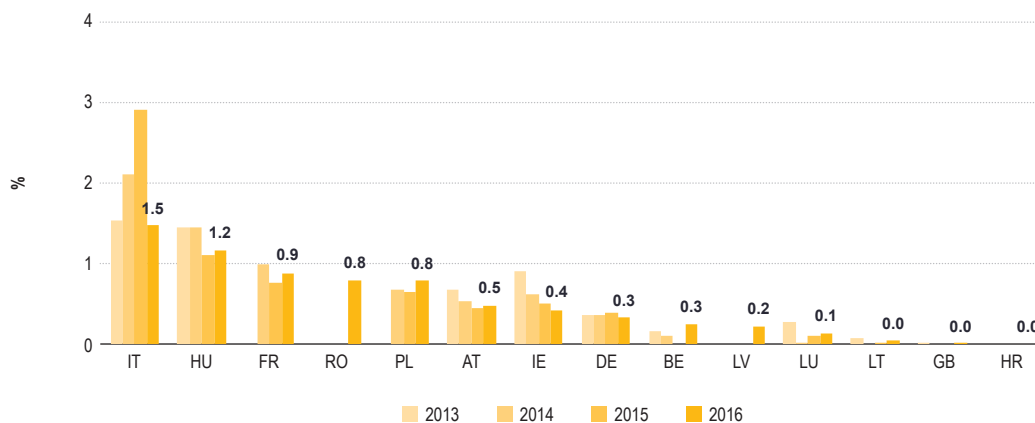


Source: CEER Database, National Indicators (2014–2017).

Note: Figure for Belgium is an average of regional disconnection rates where available.

40 As for gas, the disconnection rate due to non-payment hardly tops 1% in most countries.

Figure 4 Share of gas disconnections due to non-payment – 2013–2016 (%)



Source: CEER Database, National Indicators (2014–2017).

41 While Article 37 of Directive 2009/72/EC and Article 41 of Directive 2009/73/EC oblige regulatory authorities to monitor disconnection rates, the Figures above are intended to be limited to non-payment since only these appear to be socially sensitive cases with respect to consumer protection. Clearly, some disconnections, especially in cases of moving home or vacant accommodations, are not relevant from a consumer protection perspective and should arguably not be considered in the analysis. For example, consumers might also get disconnected because they have failed to contract an energy supplier when moving in. Yet, in other cases it might be very difficult to establish the ultimate cause of disconnection. Likewise, there is no guarantee that the responsible market player – most often the DSO – is fully aware of the cause for disconnecting a consumer, especially when a supplier requests a disconnection. For instance, suppliers could terminate supply contracts in case of non-payment and inform DSOs about the end date of the supply contract. DSOs might then need to disconnect due to the lack of a supply contract (rather than non-payment). Since they have not been made aware of the reasons for the termination of the supply contract in the first place, there is no way they could know about this and submit relevant information to NRAs. This argument clearly demonstrates how seemingly straightforward data may get distorted and reduce somehow comparability of national disconnection rates.

- 42 Another caveat is the differential application of alternatives to disconnections. As it has already been shown for Great Britain, electricity prepayment metering appears to be a (viable) alternative to disconnecting non-payers from the grid. Instead of further dealing with such consumers, suppliers and/or DSOs have prepayment meters installed at their premises which only provide access to the grid if the consumer has topped-up the meter in advance. Gas prepayment meters seem to be more widespread only in Ireland (15.9%) and Great Britain (15.2%), while some other NRAs indicate very low numbers (far below 1%). Most NRAs report that there are no gas prepayment meters at all in their country.
- 43 Table 1 offers insight into the relationship between the electricity disconnection rate and the share of prepayment meters installed for MSs where data on both are available⁸. A negative correlation of -0.34 tentatively implies that where disconnection rates are higher, the share of installed prepayment meters is lower and vice versa.

Table 1 Electricity disconnection rates and % prepayment meters– 2016

MS	Disconnection rate	Prepayment meters (%)
Italy	3.7	0.0
Poland	1.5	1.5
France	0.7	0.0
Germany	0.7	0.0
Austria	0.5	0.1
Luxembourg	0.4	0.0
Hungary	0.4	0.2
Ireland	0.3	3.6
Belgium	0.2	2.8
Great Britain	0.0	16.2

Source: CEER Database, National Indicators (2014-2017).

Note: Available Belgian regional data is averaged out for national estimates.

3. Consumer information rights

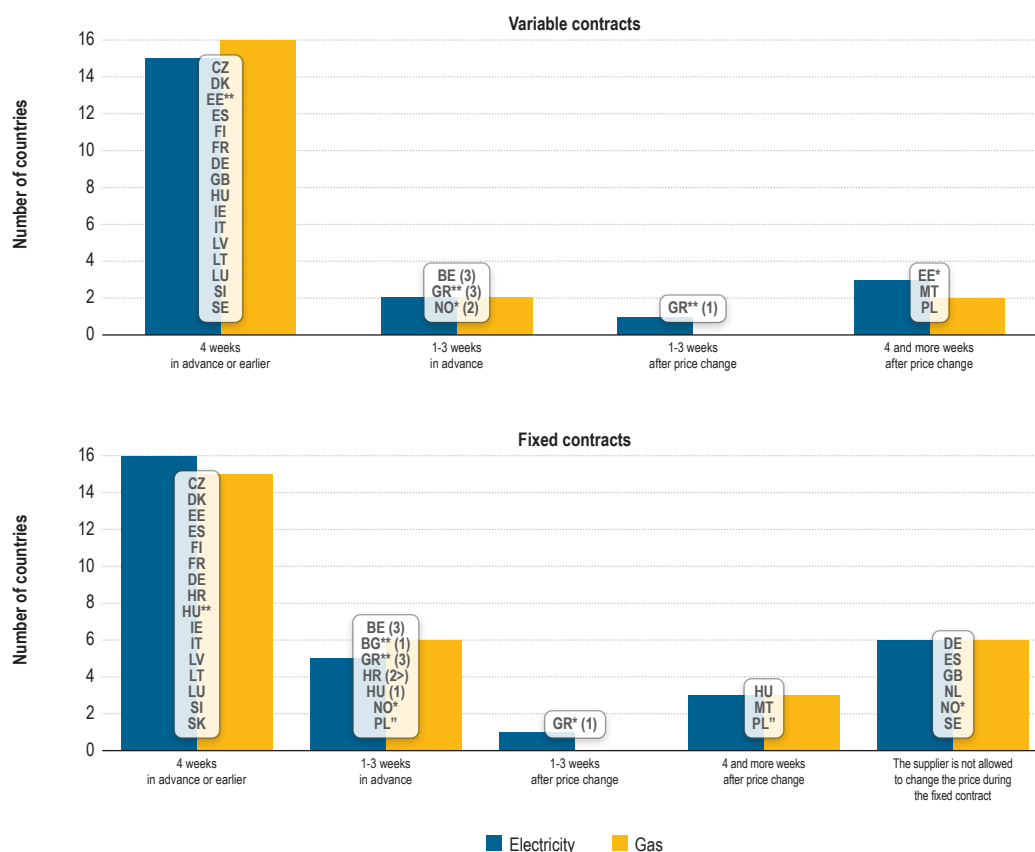
44 Consumer engagement in the market requires consumers having easy access to relevant information. The Electricity and Gas Directives consider consumer information as one of the most important elements of consumer protection and empowerment.

3.1 Notice of a change in energy price

45 Annex I, paragraph 1(b), of the Electricity and Gas Directives requires that consumers receive adequate notice of any intention to modify contractual conditions and about their right to withdrawal when the notice is given. More specifically, suppliers are required to notify their consumers directly, in a transparent and comprehensible manner, of any increases in charges at an appropriate time and no later than one normal billing period after the increase comes into effect.

46 As shown in Figure 5, all MSs comply with the requirements of the relevant Directives, although the provision of information on price changes and other components of the bill varies greatly across MSs. Most MSs have legal requirements to inform consumers about changes in the energy price component ahead of the actual changes (e.g. four weeks in advance or earlier for both, fixed and variable contracts) although legal requirements do not necessarily always mention a specific number of days.

Figure 5 Time point of information about energy price changes – 2016



Source: CEER Database, National Indicators (2016–2017).

Note: * electricity only; ** gas only; > for universal service supplier; “ depending on agreement conditions (in non-tariff prices); ” regulated prices; number of weeks in brackets. ‘Variable contracts’ are contracts that explicitly bind the final household consumer’s energy price component to a specific pricing mechanism which changes on a regular basis, e.g. an indexed wholesale energy price or indexed on the regulated prices. In contrast, a ‘fixed contract’ is regarded as any contract in which energy price changes are not foreseeable by the supplier for the whole duration of the contract (=contracts of mostly unlimited (but also possibly limited) duration without any price guarantees).

- 47 In a few MSs, there are no legal requirements to inform consumers about changes in the energy price in advance, as the legislation specifies that this can be done after the price change. In Greece, this is one week after the price change, while in Estonia (for variable contracts only), Hungary (for fixed contracts only), Malta, Poland (for regulated prices), Portugal and Romania (for both fixed and variable contracts), this extends to four weeks after the price change.
- 48 In Portugal, the legal requirement to inform final household consumers about energy price changes does not extend to a specific number of days but legislation requires that suppliers notify their household consumers within one normal billing period after the change.

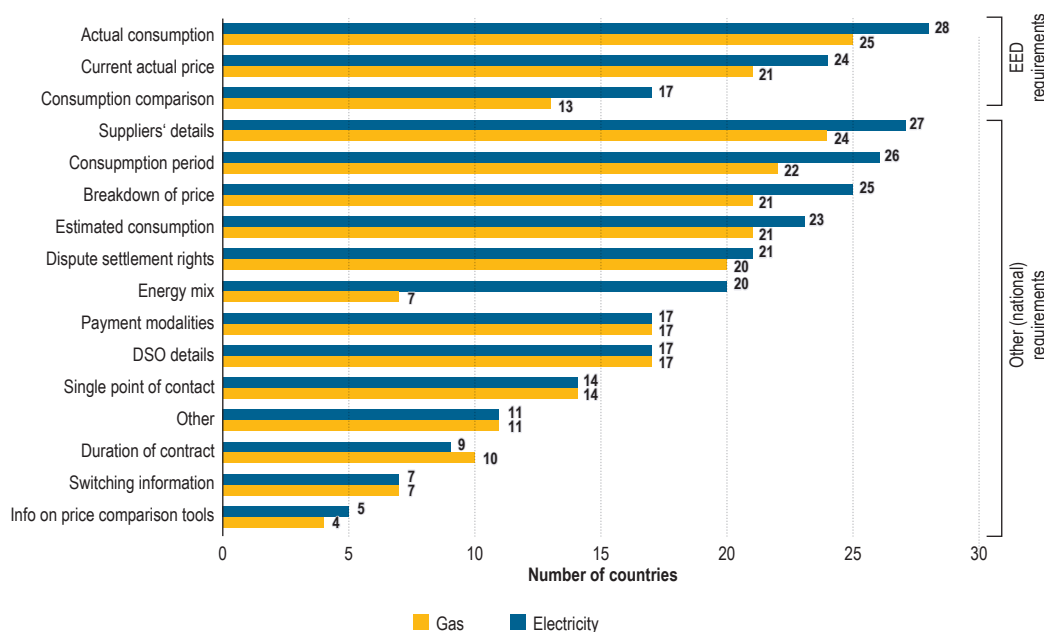
3.2 Information on the bill

- 49 Article 10 of the Energy Efficiency Directive (EED) states that energy bills should contain information facilitating energy efficiency, i.e. information about current prices, actual energy consumption, comparisons of the final consumer’s current energy consumption with consumption for the same period in the previous year, as well as contact information of organisations where consumers can find information on energy efficiency. In addition to the requirements of the EED, other and often country specific requirements influence the number of information items on a bill.

3.2.1 Information elements

- 50 Figure 6 illustrates, for different categories of information, the number of MSs where they are provided to household consumers on their bills.

Figure 6 Information elements provided on household consumer bills (number of countries) – 2016

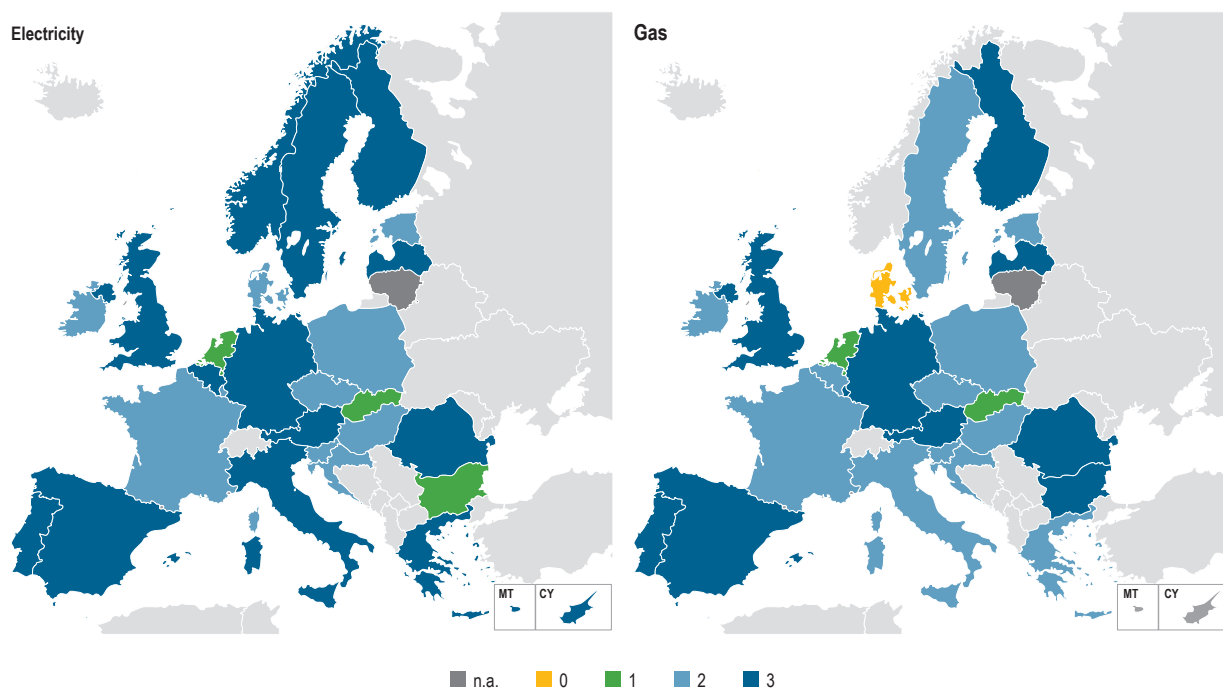


Source: CEER Database, National Indicators (2016–2017).

- 51 Consumers in most MSs receive information on the current actual price, consumption period, actual and/or estimated consumption, and a breakdown of the price. Information about the single point of contact is provided on the bill in around half of the MSs. However, information regarding consumer empowerment through information about switching, comparison tools and the duration of the contract is covered less frequently in consumer bills. Even though only three pieces of information on household bills presented in Figure 6 are required under the EED (i.e. current actual price, actual consumption and consumption comparison), not all of these requirements are implemented in national law. While the requirement to provide information on actual consumption is widely implemented, the other two information items have not been implemented yet in national law in various MSs.

52 Most MSs have included additional requirements that tend to be quite diverse and often differ considerably by country and between electricity and gas, leading to a richly populated energy bill (cf. Figure ii in the Executive Summary). Here, the risk persists that presenting too many different pieces of information on the bill, some not always directly related to billing, might make the bill less accessible to consumers. When communicating with consumers, other communication channels, such as regular email or consumer accounts on the supplier and/or DSO website may be at least as efficient as the bill⁹.

Figure 7 Implementation of EED requirements for the provision of information on household bills in national law – 2016



Source: CEER Database, National Indicators (2016-2017).

53 Indeed, Article 18(1) and Annex II of the proposed recast of the Electricity Directive (The Clean Energy proposals) establish minimum mandatory requirements for billing information and foresee that the information contained on the bill itself should be limited to what is indispensable to understand the billed amounts. As such, the vast majority of consumers is currently presented with information that, although useful in other ways, may complicate the analysis of the bill itself and the billed amounts.

9 For example, in Lithuania, gas consumers do not get bills. They are paying according to meter's reading, but the listed information elements are available through other channels as contracts, suppliers' website and/or personal accounts etc.

Case study Netherlands: Review of billing information – consumers are entitled to verifiable and comprehensible energy bills

Only two in five consumers in the Netherlands state that they are able to compare their energy bills with the information in the offers and contracts they received from their energy providers. These consumers also highlight that the information in their energy bills is not presented in a comprehensible manner. These are some of the findings from the Energy Monitor, which is a survey among consumers that the Netherlands Authority for Consumers and Markets (ACM) carries out twice a year. ACM believes that this situation needs improvement as consumers are entitled to energy bills that they are able to verify and understand.

The importance of having verifiable energy bills

Clear tariffs and contractual conditions are among the topics of ACM's agenda. The ACM believes that it is very important that consumers are able to base their choices on correct information, i.e. consumers should be able to verify and understand the entire process from the offer to the contract and the bill. The energy bill is the final step in that process. The basic principle is that consumers must be able to compare their energy bill with the contract and see whether or not they were given what had agreed upon.

Current energy bills

ACM randomly selected and reviewed bills from various energy companies. It found that matching the information on the bills with the corresponding contracts was difficult, and also that statutory rules had been violated. Here are some examples:

- Unavoidable costs (such as additional administrative costs, and regional surcharges) were not always included in the tariffs although such inclusion is mandatory, but were listed as separate cost items instead.
- Amounts were sometimes presented in the contract without VAT, although it is required by law to present VAT (i.e. gross prices) to household consumers.
- Tariffs that were adjusted between contracts, e.g. variable tariffs, were presented as averages for the entire period on the energy bill. As a result, consumers are not able to check whether they had been given the tariffs that had been agreed upon in their contracts, and that were communicated during the contract period in case of tariff adjustments.
- Energy bills sometimes use different units of measurement than in the contracts (for example, the contract uses months, and the bill uses days).

ACM pointed out these shortcomings as well as the rules that apply to the energy companies. Bills must be verifiable and must comply with the rules. On top of that, energy companies can do more to make the energy bills more comprehensible for consumers. The energy companies have committed to introduce changes. Next, ACM will assess whether the results of these changes meet these principles and the rules.

3.2.2 Actual consumption and billing

- 54 Acknowledging the fact that consumers need to know how much they consume in order to be able to become active, the legislation also requires that consumers receive information about their consumption frequently enough for them to react. Closely related to this issue is the frequency of meter reading.
- 55 In the great majority of MSs, consumers without smart meters receive this information either on an annual, quarterly or monthly basis. There are also some MSs where consumers receive the consumption information biannually (e.g. Poland, Romania and Slovenia for electricity and Latvia for gas only).
- 56 According to item 1.1 of Annex VII of the EED, MSs are required to ensure that, where individual meters are available, individual bills based on actual consumption are provided at least once a year. According to the interpretative note by the European Commission¹⁰, where smart metering is available, consumers should receive billing information based on actual consumption on a monthly basis.
- 57 In almost all MSs, legal requirements specify that billing information based on actual consumption should be available to those consumers without a smart meter at least once a year. Table 2 shows that almost all MSs comply with the annual requirement. However, there is a large variety in terms of how often billing information based on actual consumption is available in MSs. In addition, these legal requirements on access to billing information based on actual consumption for electricity consumers with smart meters differ from those without smart meters in many MSs. Usually, consumers with smart meters have this information available more frequently than consumers without such meters.

Table 2 Frequency of billing information based on actual consumption – 2016

	Without smart meters	With smart meters
Daily		GB
Monthly	BG, EE, HR, LT*, LV, PL, SE*	AT, BG, DE, EE*, ES*, HU, LV, LT*, PL, PT, SE**, SI
Bimonthly	CY*, ES**, PL, PT**	IT**, MT*, NL, PL
Quarterly	AT, FI, HR**, HU>, IE, NO*, PL, PT*, RO**	DK*, FI, NO*, RO**
Annually	BE, CZ, DE, DK, ES*, FR, GB, GR, HU, IT*, LU, NL, SE, SK	DK**, FR, GR*, SK*
Biannually	HR, LV**, MT*, PL, RO*, SI	RO*

Source: CEER Database, National Indicators (2016-2017).

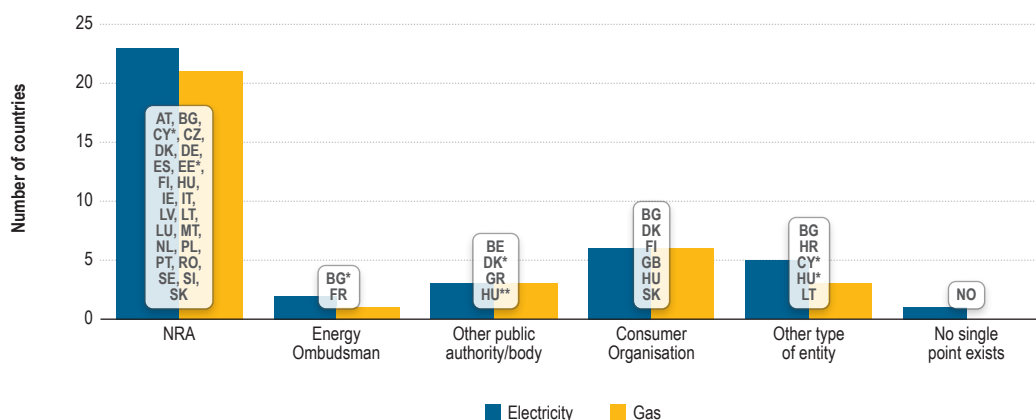
Note: * electricity only, ** gas only, number of weeks in brackets.

- 58 In practice, billing information based on actual consumption is available on a daily basis for electricity and gas consumers in countries with smart meters, while in-home-displays (if available) provide almost real time consumption and cost information to household consumers.

3.3 Single point of contact and energy consumer checklist

- 59 The Electricity and Gas Directives (Article 3) state that MSs must establish a single point of contact, which consumers can approach to obtain independent information about their rights and market functioning. Most MSs have established a single point of contact while several countries have more than one single point of contact.
- 60 Figure 8 shows also that the NRA is the single point of contact in most MSs (i.e. in 22 for electricity and 21 for gas). In the remaining MSs this role is (also) assigned to other bodies such as consumer organisations, another public authority/body, the energy ombudsman or other bodies.

Figure 8 Single point of contact and acting body (number of countries) – 2016



Source: CEER Database, National Indicators (2016–2017).

Note: * Electricity, **Gas.

- 61 The European Commission has called on MSs to make available a consumer checklist or handbook of practical information related to energy household consumer rights. Such a checklist exists in 20 MSs in electricity and 19 MSs in gas. Of these, in 16 MSs for electricity and in 15 MSs for gas, the checklist is the responsibility of the NRA, while in some other MSs the checklist is the responsibility of the government or of a consumer organisation. In the remaining MSs, single-document consumer checklists do not exist, but the relevant and pertinent information can be found in several different brochures/documents or on websites nonetheless.

3.4 Smart meters

- 62 Article 9(2)(a) of the EED establishes the obligation of MSs to ensure that the “objectives of energy efficiency and benefits for final household consumers are fully taken into account when establishing the minimum functionalities of the meters and the obligations imposed on market participants”. It is for MSs to decide which energy-efficiency objectives and which benefits to final consumers are taken into account when setting minimum standards for smart meters¹¹.
- 63 The European Commission Recommendation on preparations for rolling-out smart metering systems¹² aims to facilitate the roll-out of smart meters, and provides common minimum functional requirements for smart meters in electricity. The requirements concern access and frequency of meter readings for the consumer, the network operator and any third party designated by the consumer. The meters must provide two-way communication for maintenance and control, support advanced tariff systems, allow remote control of the power supply and/or flow or power limitation, and provide import/export facilities. Furthermore, meters must provide secure data connections, fraud prevention and detection mechanisms.

11 Source: <http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1416394987283&uri=SWD:2013:448:FIN>.

12 Commission Recommendation 2012/148/EU of 9 March 2012 on preparations for the roll-out of smart metering systems (OJL 73,13.3.2012, p. 9–22).

3.4.1 Roll-out

64 According to Annex I of Directive 2009/72/EC, MSs should roll-out electricity smart meters to 80% of consumers by 2020, unless the result of a cost benefits analysis is negative. For the gas sector, Annex I of Directive 2009/73/EC requires MSs to prepare a timetable for the roll-out of gas smart meters with no indication of a timeline, but also subject to cost-effectiveness. The roll-out of gas smart meters is still limited, with only four MSs (France, Great Britain, Italy and the Netherlands) having commenced.

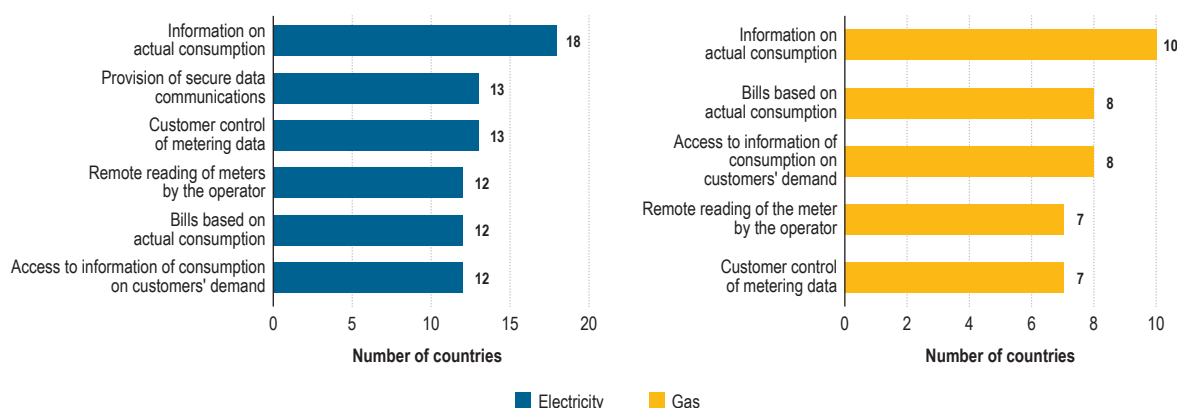
65 Figure iii in the Executive Summary already presented how many final household consumers are equipped with electricity smart meters. Compared to last year, two more MSs, i.e. Luxembourg and Portugal, have initiated a roll-out. Overall, in countries that had already started the roll-out, a larger proportion of households are now equipped with a smart meter.

3.4.2 Functionalities

66 Minimal technical and other requirements for smart meters are defined in legislation in eighteen MSs in the case of electricity and in ten MSs in the case of gas, to ensure benefits to household consumers¹³. Most of these MSs require that smart meters provide information on actual consumption, make billing based on actual consumption possible and ensure easy access to information for household consumers.

67 Figure 9 summarises the top five functionalities required for smart meters in MSs and shows that the number of requirements of smart meters met in the MSs tends to be different for electricity and gas.

Figure 9 Top five functionality requirements of smart meters across Europe – 2016 (number of countries)



Source: CEER Database, National Indicators (2016-2017).

13 Austria, Bulgaria, Denmark (for electricity), Estonia (for electricity), Finland, France, Germany (for electricity), Great Britain, Italy, Latvia (for electricity), Luxembourg, Malta, the Netherlands, Norway (for electricity), Portugal, Romania (for electricity), Slovenia (for electricity), Spain (for electricity).

4. Consumer choice

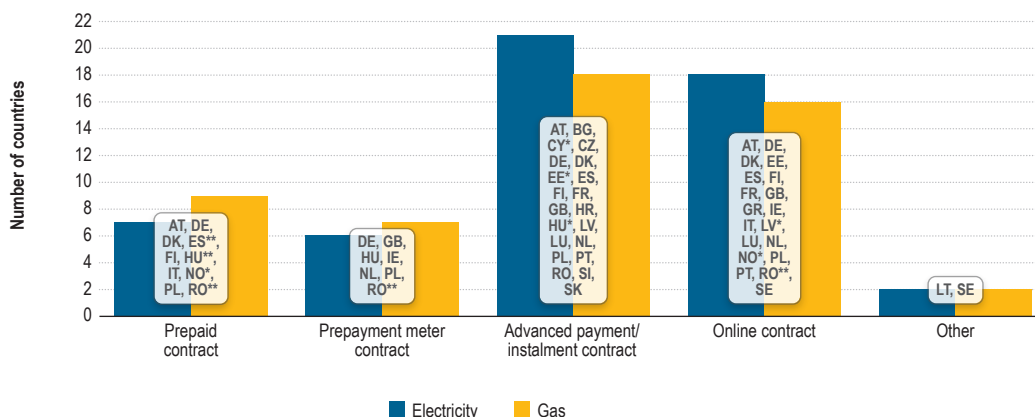
68 This section looks at payment options, contract types and comparison tools.

4.1 Payment options and contract types

69 The Electricity and Gas Directives require a variety of payment methods to be available to energy consumers. In most MSs, consumers have a choice between two or more different payment methods. In 11 out of 28 countries, suppliers also offer discounts or rebates depending on the chosen type of payment method.

70 Apart from a variety of payment methods, there is also the requirement to offer a variety of contract terms relating to payment as shown in Figure 10. In most MSs, advance payment contracts are available. These are contracts where consumers pay regularly (monthly, bimonthly, quarterly, etc.) for their energy in advance of their annual (or biannual, quarterly, etc.) bill. Some MSs also have prepaid contracts and/or contracts tailored to prepayment meters. Prepaid contracts are contracts where consumers buy and pay for a fixed amount of energy at the start of the billing period and where the actual consumption determines the final (accurate) bill. Any surplus or deficit is then settled, or carried over into the next period. With a contract tailored to a prepayment meter, consumers buy the energy ‘piece-wise’ in small amounts (pay-as-you-go). Online contracts, which require that all communication between household consumers and their supplier including account management and billing takes place through the internet are available in many MSs.

Figure 10 Choice of contract terms relating to payment by country – 2016 (number of countries)



Source: CEER Database, National Indicators (2016-2017).

Note: * Electricity, **Gas.

4.2 Comparison tools

71 In its Communication ‘Delivering a New Deal for Energy Consumers’¹⁴, the European Commission highlighted a set of challenges on the functioning of retail markets, including a lack of appropriate information for consumers on costs and consumption, as well as limited transparency on offers that make it difficult for consumers to assess the market situation and its opportunities.

72 Comparison tools (CTs)¹⁵ can be a crucial instrument in the provision of clear and transparent information to consumers. They can empower energy consumers as long as they provide a clear and trusted service, and if additional information is available to help consumers navigate and understand the market. This empowerment includes ensuring the reliability of CTs and promoting overall access to well-functioning comparison services, even for those consumers who do not have access to the internet (e.g. through additional communication channels).

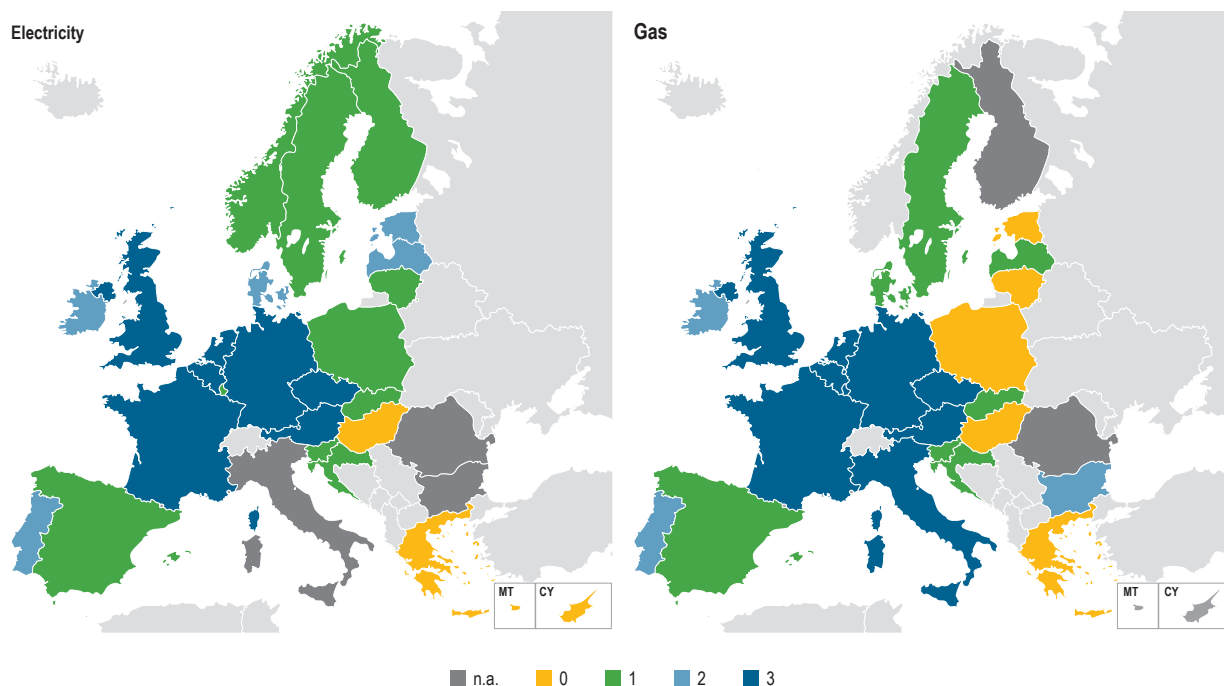
14 European Commission, [Delivering a New Deal for Energy Consumers](#), COM (2015) 339 final.

15 Thereafter, CTs refer to all digital content and applications developed to be used by consumers primarily to compare products and services online.

4.2.1 Availability of comparison tools

73 As shown in Figure 11 below, according to NRAs, reliable CTs are available in 22 countries for electricity and in 18 countries for gas¹⁶. There are MSs with multiple CTs, such as Great Britain (12) Germany (10), the Netherlands (9) and Italy (10 in gas). Austria, Belgium and France also have more than 3 reliable CTs. In the meantime (2017), additional MSs, such as Romania, have introduced CTs. In most countries with one, two or three CTs, NRAs or authorities dealing with consumer protection operate CTs, but privately owned companies also run CTs in several MSs.

Figure 11 Number of reliable comparison tools in MSs – 2016



Source: CEER Database, National Indicators (2015–2016).

4.2.2 Reliability criteria

74 Reliability criteria of CTs are found in the 'CEER Guidelines of Good practice on Price Comparison Tools' ('GGP on PCTs')¹⁷, which includes a set of 14 recommendations resulting in seven standards on how CTs should function effectively to the benefit of energy consumers¹⁸. By implementing these criteria, consumers will gain access to neutral, objective information that empowers them to take an active role in the liberalised energy market, i.e. switching contracts or suppliers to obtain a better deal. The results in Figure 12 below show that only a few MSs apply all or most of the criteria listed in the GGP on PCTs¹⁹.

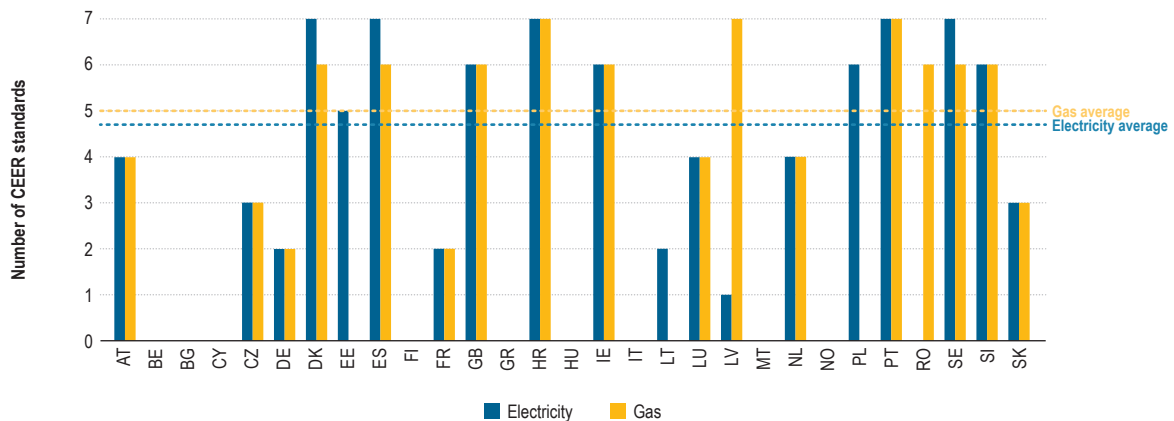
16 The total number of CT's in each MS may be much higher.

17 CEER Guidelines of Good Practice on Price Comparison Tools, July 2012, Ref: C12-CEM-54-03.

18 The GGP on PCTs provide a number of standards or criteria to which PCTs have to adhere to in order to be transparent and reliable: (1) independence, (2) transparency, (3) exhaustiveness (4) clarity and comprehensibility, (5) correctness and accuracy, (6) user friendliness, (7) accessibility and (8) consumer empowerment. The guidance was aimed to all subjects that have a role to play in making price information clear and accessible for consumers (e.g. Member States, national regulatory authorities, public bodies, consumer organisations, PCT providers, energy suppliers etc.).

19 The original criterion of 'exhaustiveness' has been excluded from the analysis, so for the purpose of this report, seven possible criteria are to be met by CTs.

Figure 12 Number of CEER standards/criteria from the GGP on PCTs used to assess the reliability of CTs in MSs – 2016



Source: CEER Database, National Indicators (2015–2016).

- 75 Therefore, it is clear that there is a need for further progress and monitoring in this area, as many MSs have not picked up the recommendations and criteria set up in the GGP on CTs. However, some MSs have very specific arrangements for CTs. For example, in Ireland there is a framework for accreditation set out by the NRA in which CTs must meet the criteria of this framework while the regular audit ensures ongoing compliance. In Norway, internal quality is checked by the Norwegian Consumer Council. In Germany, the NRA does not record quality criteria of any CTs, however, there are entrusted bodies, which assess and certify. In addition some NRAs quote some other criteria not included in the GGP on CTs (e.g. audits and monitoring and complaint handling in Great Britain).
- 76 Furthermore, it is likely that smart meters will increase the availability of consumption information and complexity of tariffs, which makes CTs ever more relevant for consumers. The development and evolution of CTs should go hand in hand with smart meter issues, as in the future CTs should allow for the comparison of much more complex products.

Case Study Austria: E-Control’s updated CT

The Austrian NRA offers a CT for electricity and gas, which not only fulfils high-quality criteria such as independence, transparency, clarity or completeness, but also includes the more complex energy products (see www.e-control.at/tk). While simple product comparisons are still possible by entering the post code and (approximate) consumption volume, the CT offers consumers search options tailored to their needs in multiple ways beyond the traditional price selection criterion:

- In addition to entering the postcode and consumption volume, consumers must first decide whether the CT should display products with the first-year newcomer rebates on their energy price already deducted. This is because competitors aim to attract new consumers with rebates that are offered during a short period. Since the same competitors tend to offer higher energy prices, bills are significantly higher for “one-off switchers” from the second year onwards.
- The results of the search can be filtered according to the main characteristics of the Austrian retail market from a consumer perspective. Consumers can select filters for products with a price guarantee, with variable or time-of-use prices, with Guarantees of Origins for renewable energy or energy produced in Austria, for offline consumers, with a joint bill (energy + grid fees, taxes and levies) and even products offering non-monetary benefits (such as vouchers for a variety of goods and services).
- Consumers can change the display of results according to their preferences. The CT can display the annual (total) cost of energy for kWh (volume) and kW (load), the annual price for the energy component or standing charge only, or the unit (total) price over 1, 2 or 3 years.

- Consumers can search for special energy products for those already equipped with multiple meters, smart meters, heat pumps, smart home solutions or self-generators of electricity (prosumers). Active consumers find even more ways to refine their search, enabling them, *inter alia*, to upload their individual consumption load profiles in order to test the (financial) effects of demand-side response actions (e.g. shifting consumption).

While the CT aims to include every available product in Austria, it also shows that consumers need a better understanding of both their options and the properties of different types of energy products to reap (all) benefits from energy markets that have become more complex. Without a sound understanding of their energy use and needs at home, consumers might quickly be overloaded by product diversity in the near future. To avoid consumers losing interest, NRAs and energy service companies alike are challenged to provide the necessary information fully to empower consumers so that they can make the most suitable choices.

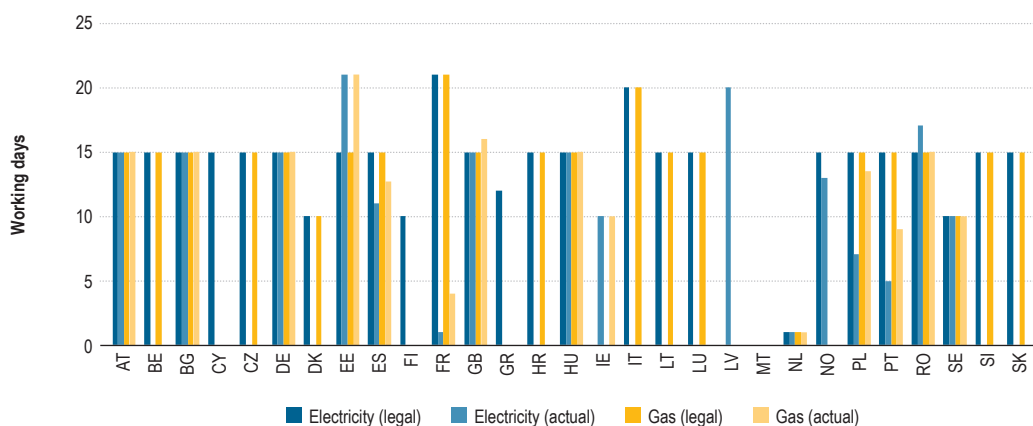
4.3 Supplier switching

77 Supplier switching is the most direct way for consumers to take part in the liberalised energy market. Furthermore, supplier switching strengthens competition. According to the Electricity and Gas Directives, a switch should take no longer than three weeks, and consumers should receive their final bill within six weeks.

4.3.1 Legal and practical duration of the switching process

78 As shown in Figure 13, the legal maximum duration of an electricity switch meets the Gas and Electricity Directive requirements in most MSs. However, in some countries the legal requirement is still set above this limit²⁰.

Figure 13 Legal and actual switching time in working days – 2016



Source: CEER Database, National Indicators (2015).

Note: In Belgium, legal switching time varies between 15 working days for Flanders and 20 working days for Wallonia and the Brussels Region.

79 In 2016, 17 countries in electricity and 15 in gas monitored the switching duration. The average duration of switches in Europe in 2016 was 12 working days (11.9 days in electricity and 12.3 days in gas), with nearly all countries fulfilling the limits specified in the Directives. In France, the actual (technical) switching time is one day in electricity and four days in gas, while in Portugal switching takes five days in electricity. These findings suggest progress toward the recommendation of ACER-CEERs “Bridge to 2025”, to enable consumers to switch within 24 hours on any working day. In fact, given the mass roll-out of IT in recent years, this target could be achieved by an earlier date (e.g. 2022) than the 2025 target set in the “Bridge to 2025”.

20 The countries reporting legal switching times above 15 working days (equivalent to 3 weeks) are France, Greece and Italy. In the Netherlands, suppliers are obliged to switch consumers within one working day, but the supplier has to be given a one month notice period. Switching is not applicable in countries with a derogation from Article 33 of Directive 2009/72/EC (Malta) or Article 49 of Directive 2009/73/EC (Malta, Greece and Finland).

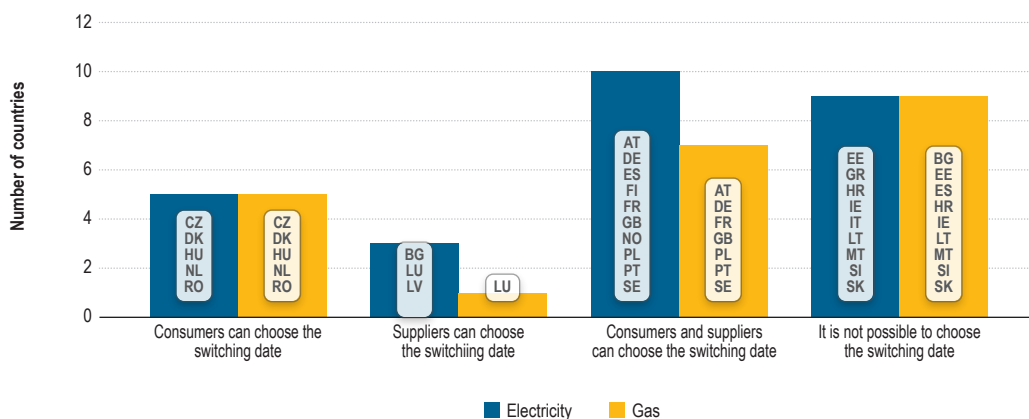
80 However, the Directives do not indicate the criteria to measure the duration of a switch. In order to meaningfully compare this, it is important to take into account that different national criteria are applied to measure the duration of switching. As shown in the last year’s MMR, about half of the MSs consider the switching period from a consumer point of view and the switching period starts when the new contract is signed or when the consumer asks for a switch. In the other MSs the switching period starts when the new supplier transfers data to the DSO or the managing entity.

4.3.2 Possibility to choose the precise switching date

81 In order to empower consumers, it is important that not only the switching period be as short as possible, but that it is also possible to switch on any day of the week. Therefore, the switching date should be as flexible as possible, adapting to consumer preferences (e.g. when the old contract expires, instead of as soon as possible).

82 In the electricity sector, in ten MSs, the consumers and suppliers can both choose the precise switching date while in five MSs only the consumers can choose and in three MSs only the suppliers decide. In ten MSs it is not possible to choose the precise switching date at all. As shown in Figure 14, the situation is similar in gas. Where it is not possible for either the supplier or the consumer to choose the switching date, specific legislation determines when switching can be executed.

Figure 14 Possibility to choose the precise switching date – 2016



Source: CEER Database, National Indicators (2016).

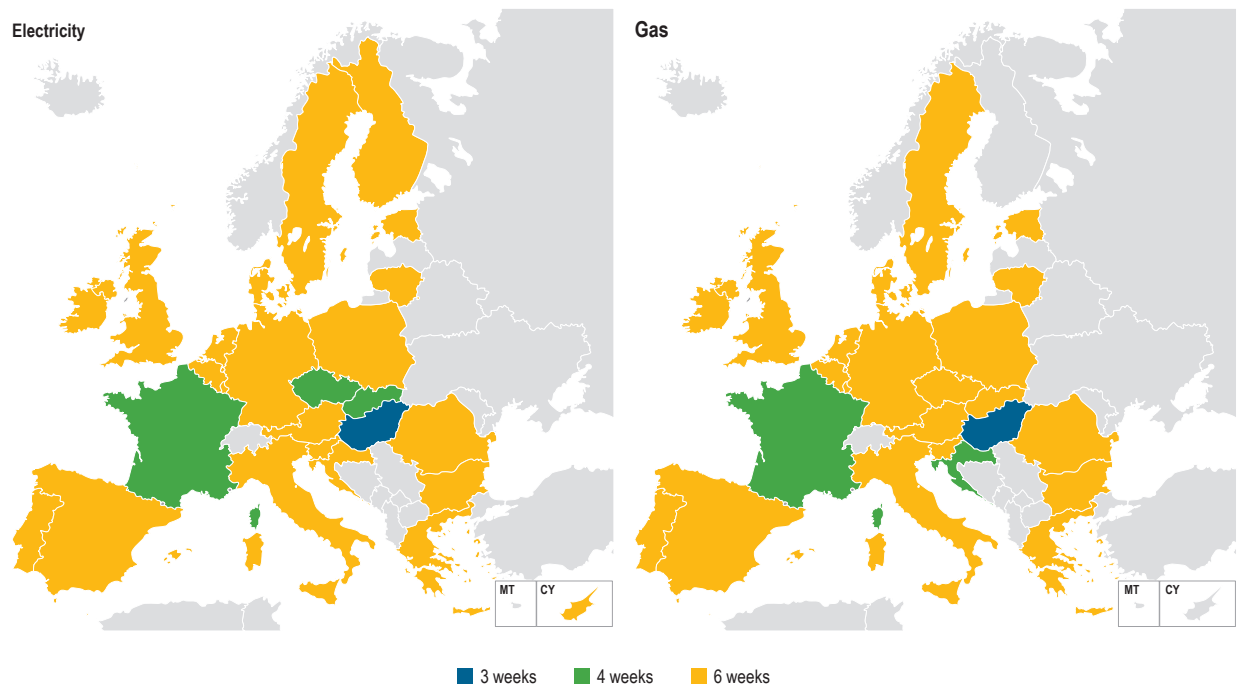
83 The possibility to choose the precise switching date will depend on the practical switching procedures in place. In MSs having this possibility, consumers have to contact the supplier to request a specific switch date. Otherwise, a consumer will typically be switched at the earliest possible date. However, this choice is not given if switching is restricted to certain days of the month or the week.

4.3.3 Time to receive the final bill after switching supplier

84 In almost all MSs, the regulation establishes that consumers should receive their final bill within six weeks after switching supplier, as required by the Directive²¹. A few MSs have shorter periods in one or both sectors as the maps in Figure 15 show.

21 Data for Belgium are 6 weeks in Flanders and 8 weeks in Wallonia, after recording of the meter.

Figure 15 Legal maximum time between switching supplier and receipt of the final closure account/bill – 2016



Source: CEER Database, National Indicators (2016).

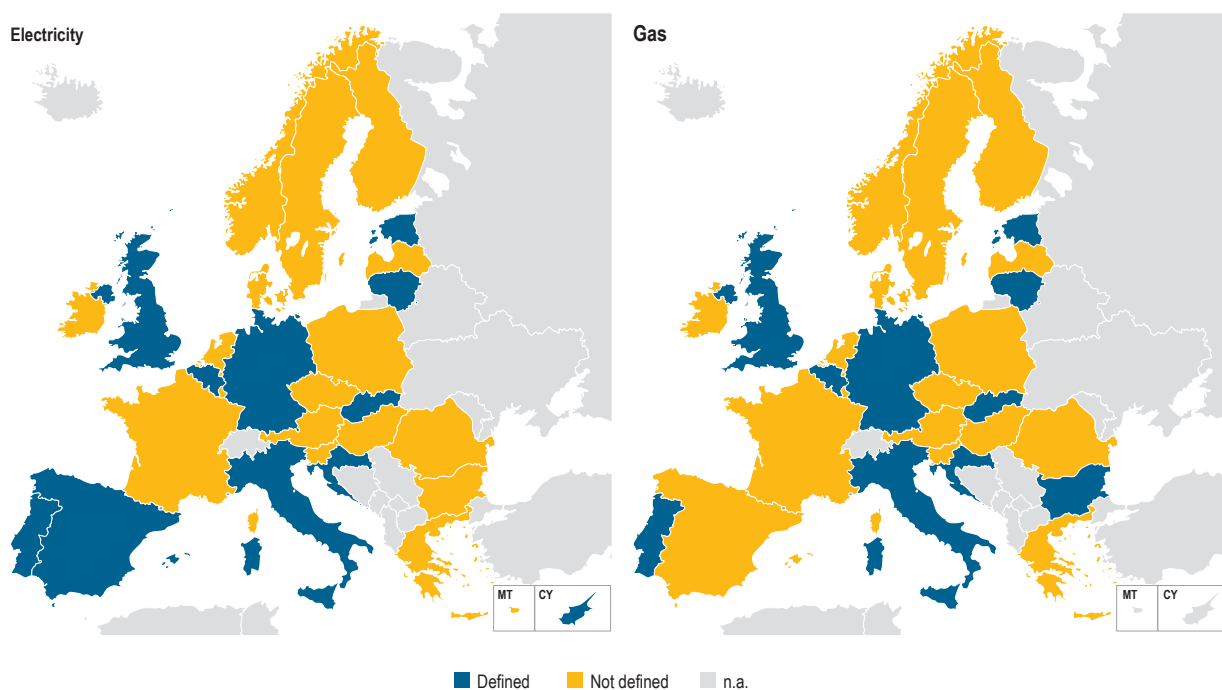
5. Consumer complaints and handling

85 The Directives state that regulatory authorities shall monitor complaints made by household consumers. Where a MS has assigned these monitoring duties to another authority than the NRA, the information is to be made available to the NRA as soon as possible.

5.1 Definition of consumer complaints

86 Ten MSs in electricity and nine MSs in gas declare to have legal definitions of what a complaint is while 19 MSs do without a formal definition (see Figure 16). All definitions reflect an understanding that a consumer complaint entails dissatisfaction with a received service or product. Whenever a consumer files a complaint, a response is either explicitly or implicitly required.

Figure 16 Member States and availability of a formal definition of a complaint – 2016



Source: CEER Database, National Indicators (2017).

Note: * Regional differences in Belgium: Flanders has a definition, while Wallonia has not; no information about the Brussels Region.
 ** In Ireland, there is no definition in legislation, but the NRA has defined a complaint as: the expression (through various possible channels, letter, email, phone call, physical claim) of a customer’s dissatisfaction and his/her explicit expectation for a response or resolution.

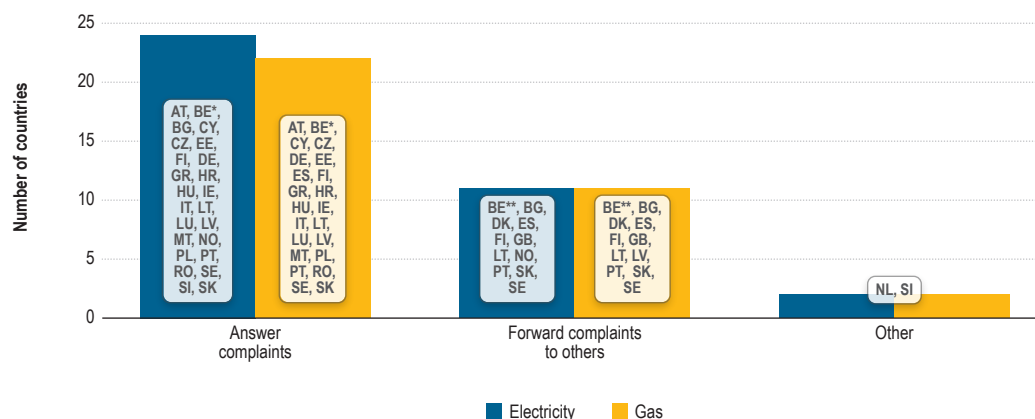
5.2 NRA’s role in handling consumer complaints

87 Compared to the previous year, more NRAs, i.e. the Bulgarian (electricity only) and Polish regulatory authorities reported having a role in handling consumer complaints in 2016 (Figure 17). In most MSs, NRAs generally answer complaints (24 MSs in electricity and 22 MSs in gas). In eleven MSs, NRAs (also) forward complaints to other responsible institutions, for example consumer organisations or the energy ombudsman.

88 In 19 MSs (electricity) and 13 MSs (gas), DSOs report complaints to NRAs. In 17 MSs, electricity and gas suppliers also report complaints to the NRA. This means that compared to 2015 the NRAs from two more MSs received reports on complaints from electricity DSOs and suppliers. In Ireland, suppliers and DSOs are required to report to the NRA the numbers and types of consumer complaints. In Denmark, electricity suppliers are required annually to report to the regulator the numbers of and reasons for disconnections.

89 In 2016, the situation regarding the publication of the findings on final household consumer complaints did not change compared to 2015. In 18 MSs, NRAs publish such information. However, other bodies are also involved in publishing findings about final household consumer complaints²².

Figure 17 Role of NRAs in handling consumer complaints – 2016



Source: CEER Database, National Indicators (2017).

Note: BE* - in Flanders and Wallonia, BE** - in Flanders only.

5.3 Complaint data

90 This section comments on the number of final household consumer complaints directly addressed to NRAs or received by the ADR/Ombudsman and other bodies. Furthermore, categories of consumer complaints are presented in this section to monitor the reasons for consumer dissatisfaction.

5.3.1 Number of complaints

91 The number of final household consumer complaints per 100,000 inhabitants received by NRAs and ADR/other bodies in electricity and gas varies enormously between countries for which data is available. Figures range from 0.6 in Croatia to 98 in Portugal, followed by Italy with approximately 64 complaints per 100,000 inhabitants. Regarding the final household consumer complaints received by ADR/Ombudsman and other bodies, the numbers vary from 5,369 in Great Britain²³ to 72 in Belgium. The main reason for such striking variation is differences in handling and reporting procedures across MSs, rather than any substantial reason concerning the quality of conduct in the industry. Unfortunately, this makes cross-national comparisons of complaints rather meaningless and makes it impossible to draw robust conclusions from complaints about market functioning and consumer protection.

5.3.2 Classification of consumer complaints

92 To gain a better understanding of complaints, Figure 18 presents the share of complaints in electricity directly received by NRAs²⁴ in the EU and Norway, according to the following main categories²⁵: connections, metering, quality of supply, disconnections, billing and prices.

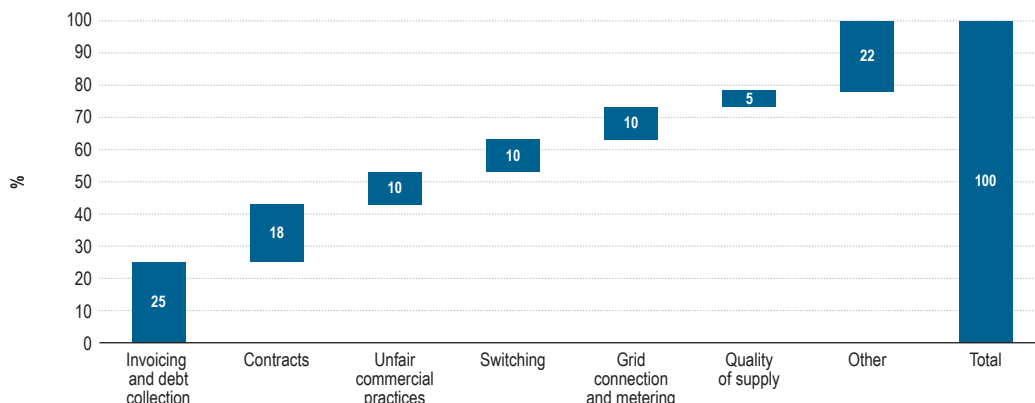
22 DSOs (Croatia, Portugal and Slovenia), suppliers (Great Britain, Greece, Portugal, Romania and Slovenia, and Croatia for gas only), ADR (Denmark, Finland, Germany, Greece, Lithuania, Luxembourg, the Netherlands, Norway), ombudsmen (Belgium, Denmark, Greece, Finland and Norway), other bodies (the Czech Republic, Norway, Slovakia, Spain, Sweden).

23 The figure for Great Britain also includes complaints that consumers sent directly to suppliers.

24 Due to data quality, the analysis here is limited to complaints addressed directly to NRAs.

25 CEER GGPs on Customer Complaint Handling, Reporting and Classification; Ref. E10-CEM-33-05, June 2010.

Figure 18 Share of different types of final household consumer complaints in electricity directly addressed to NRAs across the EU and Norway – 2016 (%)



Source: ACER based on CEER Database, National Indicators (2017).

Note: Other types of complaints include activation, redress, customer services, disconnection due to no or late payment, prices and tariffs.

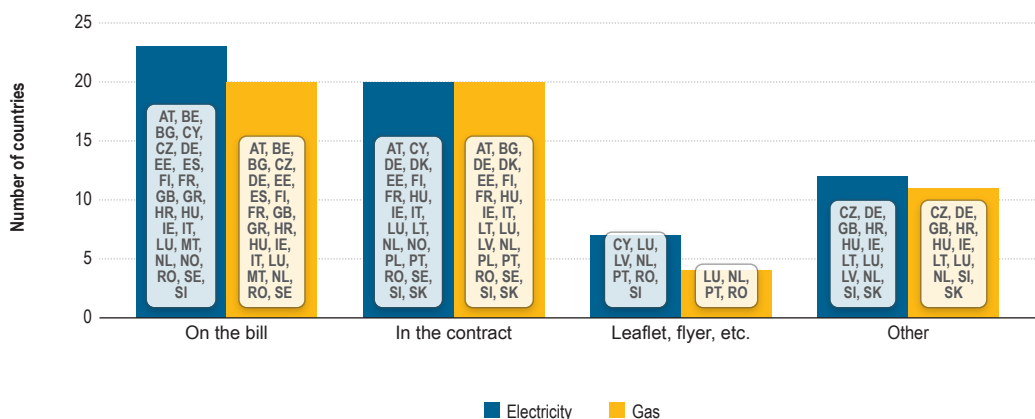
93 Like the previous year, the main share of consumer complaints relates to “invoicing/billing and debt collection” (25%). In 2016, the percentage of contracts and sales complaints increased by 6% compared to 2015. Likewise, percentage of complaints about unfair commercial practices and provider change/switching increased by 3% each. An increased activity of supplier switching could explain these developments. Similar results have been reported for the gas sector (see Figure iv in the Executive Summary).

5.4 Procedures for handling complaints

94 Complaint handling procedures of suppliers and DSOs are assessed through several indicators: the information available to consumers on how and where to complain, processing time to deal with the complaints and statutory standards on complaint handling.

95 A large number of MSs foresee at least two means to inform consumers about information on how and where to complain, *inter alia*, on the bill and in the contract, as shown in Figure 19.

Figure 19 Information about contact details of a complaint service – 2016

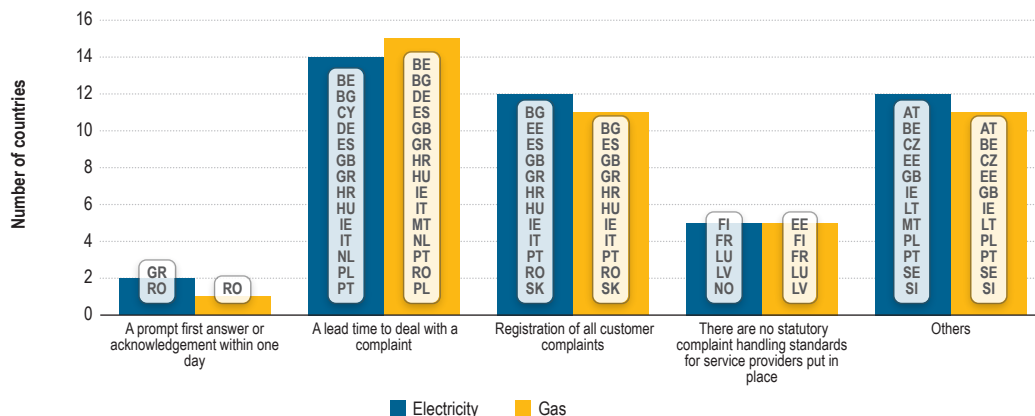


Source: CEER Database, National Indicators (2017).

96 The legal maximum processing time for service providers to deal with complaints in most countries is between one and two months for both electricity and gas. The entity responsible for issuing statutory complaint handling standards is the NRA in most MSs (14 MSs in electricity and 15 MSs in gas), followed by other public authorities or bodies such as the government, the national parliament or the ministry responsible for the economy. In Sweden, the service provider is responsible for issuing statutory complaints handling standards monitored by the NRA.

97 In 2016, even more MSs, such as Belgium and Croatia, introduced standards for handling complaints. Only five MSs remain declaring that there are no standards in place as compared to eight MSs in electricity and six MSs in gas a year before. Figure 20 presents an overview of the main categories of these standards.

Figure 20 Statutory complaint handling standards for service providers – 2016 (number of countries)



Source: CEER Database, National Indicators (2017).

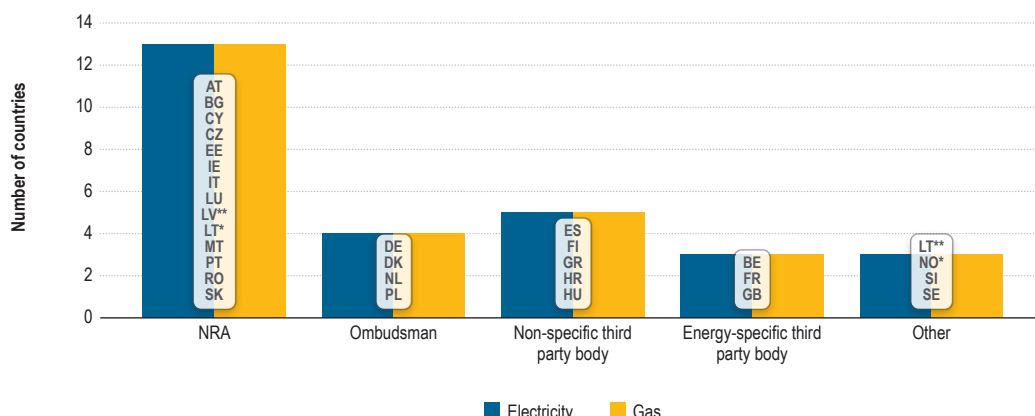
Note: The lead time is the time required to meet a consumer request or demand. The lead time is generally considered as the time between the consumer's request and its fulfilment.

5.5 Alternative dispute resolution

98 Thirteen MSs in electricity and gas have implemented ADR mechanisms which involve the NRA as the responsible body (Figure 21). Alternative dispute settlement is available and free of charge for final household consumers in 25 MSs in electricity and in 23 MSs in gas. Alternative dispute settlement is not free of charge in the Netherlands, Denmark and Malta (gas only).

99 The most common way to provide household consumers with relevant information on the ADR body is to include the information in bills (20 MSs in electricity and 18 MSs in gas) and/or supply contracts (16 MSs in electricity and 14 MSs in gas).

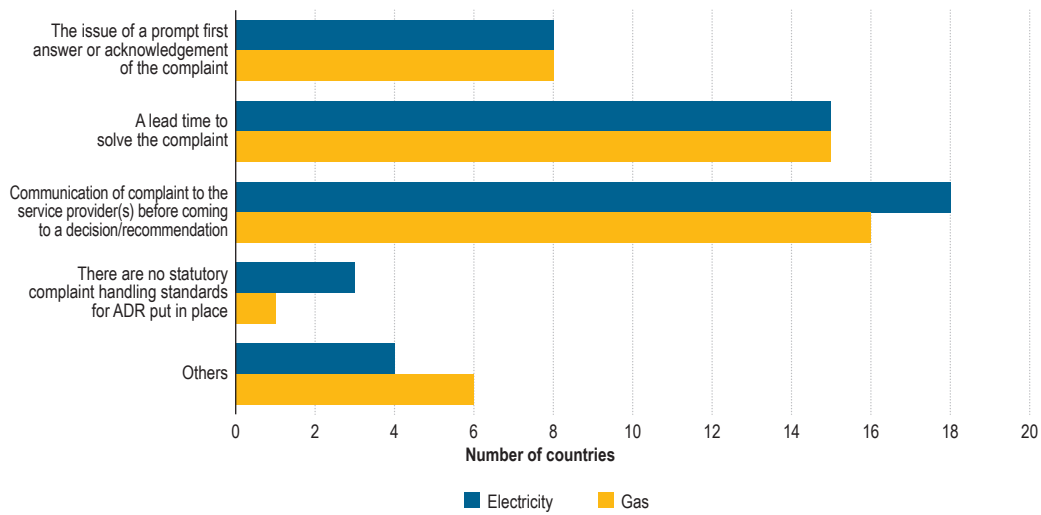
Figure 21 Entities responsible for ADR (number of countries) – 2016



Source: CEER Database, National Indicators (2017).

100 In eight MSs, both in electricity and gas, statutory complaint handling standards concern the issue of a prompt first answer or acknowledgement of the complaint (Figure 22). A legal maximum timeframe to resolve a complaint applies in 15 MSs in electricity and gas. Communication of the complaint to the service provider before resorting to ADR is mandatory in 16 MSs in electricity and 18 MSs in gas. There are no statutory complaints handling standards for electricity ADR in one MS (the Netherlands) and three MSs for gas (Estonia, Latvia and the Netherlands).

Figure 22 Statutory complaint handling standards set up for ADR/Ombudsman – 2016 (number of countries)



Source: CEER Database, National Indicators (2017).

101 The processing time to settle disputes differs across MSs. In over a half of the MSs, the processing time is around three months or more. However, some MSs, such as Greece and Finland, have no specific deadlines. In Portugal, the processing time is only recommended and not binding.

6. Protection of vulnerable consumers

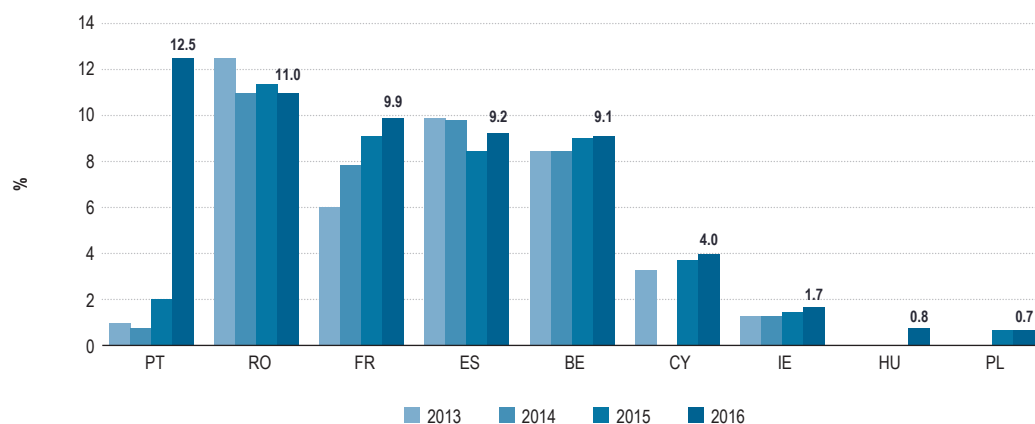
6.1 The concept of vulnerable consumers

102 Previous editions of this report presented at some length whether and how MSs defined the concept of vulnerable consumers. Since both Directives provide no further clarification on the concept of vulnerability, MSs have broadly used explicit or implicit definitions to fulfil the requirements of the Third Package.

103 Explicit definitions list groups of consumers as vulnerable based on their socio-demographic properties (e.g. age, health status) or based on circumstances (e.g. single parenthood, unemployment). Such definitions are used in 16 MSs for electricity and in 12 MSs for gas. In 11 countries, implicit definitions of the concept exist, meaning that consumers are recognised as vulnerable by the energy law and/or social security system without providing categories of affected households or persons. Belgium and Great Britain report having both explicit and implicit definitions. In Belgium, the co-existence is due to regional differences. NRAs mention that no definition exists in five countries for electricity and in three countries for gas²⁶.

104 Figure 23 shows the number of vulnerable electricity consumers for several countries. However, due to the nature of the definition used, many MSs are not able to collect such data – even more so in gas (five NRAs). Furthermore, some NRAs are not responsible for collecting data at national level because this is the task of social security institutions or other bodies. Apart from the rather limited availability of data across Europe, the differences in meanings of the concept of vulnerable consumer further complicate statistical comparisons across countries

Figure 23 Share of vulnerable consumers in electricity – 2013–2016 (%)



Source: CEER Database, National Indicators (2014–2017).

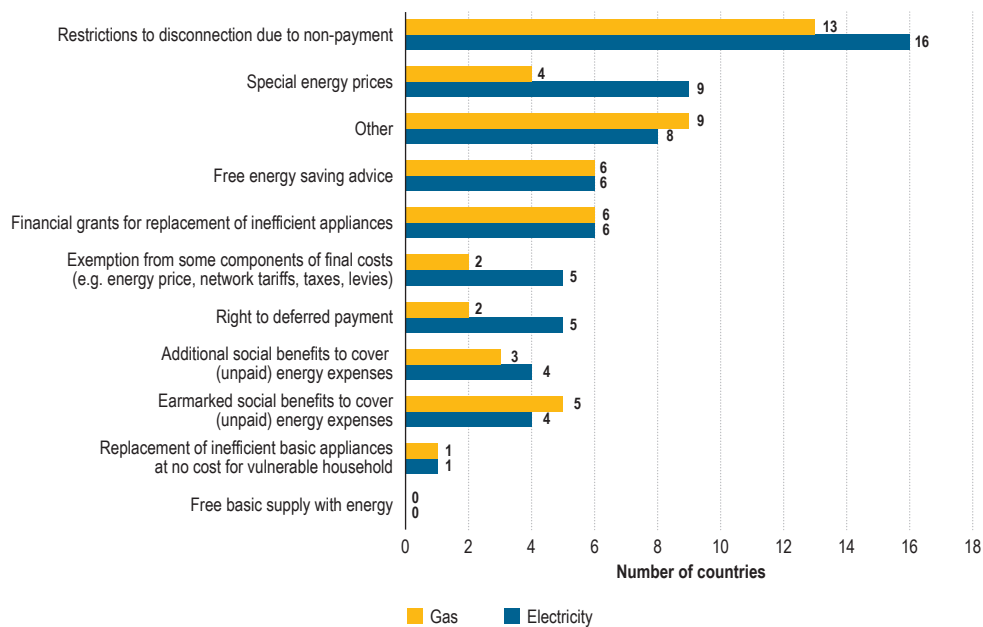
6.2 Protected consumers

105 Irrespective of the availability or type of definition of the concept of vulnerable consumers, MSs protect different categories of consumers through a variety of measures. In most cases, low income households enjoy specific protection. 19 and 14 MSs for electricity and gas, respectively, offer such additional means of protection to low-income households; 15 MSs in electricity and nine in gas have particular protection for chronically ill or sick persons. Other groups, such as the unemployed, elderly, households with (many) children or single parents enjoy specific protection in only a small number of MSs.

6.3 Protection measures

- 106 Both the Electricity and Gas Directives do not suggest particular measures to protect vulnerable consumers. European legislation also leaves it to MSs to decide to what extent specific measures are introduced in the energy laws or whether and how measures are taken from within the general social security system in a country.
- 107 Figure 24 gives evidence that a number of different measures have been implemented across Europe. Most MSs make use of restrictions to disconnection due to non-payment to protect vulnerable consumers. A significant number of MSs maintain special energy prices, also known as social tariffs, for such groups. Other measures, such as (non)earmarked social benefits to cover energy costs, exemptions from parts of the energy costs (especially funding contributions to renewable energy or energy efficiency) or (partial) grants for replacing old appliances with new, more energy efficient ones have gained popularity in only a few countries.

Figure 24 Number of countries protecting vulnerable consumers by type of measure – 2016



Source: CEER Database, National Indicators (2017).

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