

**Conclusions of the 6th Meeting of the  
Citizens' Energy Forum,  
London, 16-17 December 2013**

The sixth meeting of the European Citizens' Energy Forum took place in London on 16 and 17 December 2013. The Forum was opened by keynote speeches from Neven Mimica, EU Commissioner for Consumer Policy, and Lord Mogg, chair of the Council of European Energy Regulators (CEER) and former chair of Ofgem.

The Forum was chaired by the Commission and attended by national and European consumer associations, representatives of Member States, national energy regulators, public consumer authorities, standardisation bodies and the European Economic and Social Committee. Also in attendance were representatives of the Energy Community and Norway, the electricity, gas industries, independent ombudsmen and academia.

The Forum continued in its sixth year to provide a central platform, for the European energy sector, consumers and policy makers alike, to evaluate current work and to identify and prioritise future plans. Focusing on the development of competitive retail markets for the benefit of consumers as well as on cornerstone principles of a consumer-centric vision for the energy sector, the Forum reached the following conclusions.

**1. Implementing the IEM Regulatory Framework**

The Forum recognises that although the internal energy market (IEM) is starting to bear fruit for Europe's consumers, a significant amount of work is still needed for them to reap the benefits and to complete the retail part. This depends not only on the enforcement of applicable legislation, but also on further promotion of competition that should lead to competitive and consumer-oriented service offers in all segments of the retail market and in all Member States.

*The Forum acknowledges that enforcement of legislation needs to be stepped up.* It welcomes the fact that infringement proceedings have been launched against several Member States for incomplete or insufficient transposition of the 3rd Energy Package, and that transposition checks and the launch of new infringement proceedings against other Member States will continue in 2014. *The Forum urges close structural collaboration on enforcement at Member State level among relevant actors, including energy regulators, public consumer authorities, independent energy ombudsmen and consumer organisations.* Collaborative enforcement between regulators (responsible for both energy regulation and consumer affairs) and consumer associations (where they exist in Europe) represents progress in this direction and should be the case throughout the EU. *The Forum requests to be informed on activities undertaken at the next meeting.*

At the same time, the Forum acknowledges that, for some energy regulators, consumer issues represent relatively new territory. Equally, public consumer authorities may find energy issues quite technical.

The Forum notes with concern that many consumers do not yet have sufficient choice of energy retailers, and/or access to competitive, comparable, easy-to-understand tariffs and prices and innovative services. This may prove a barrier to market engagement as there is often limited incentive for consumers to review their options. *The Forum encourages action in this regard, stressing that all stakeholders, from Government and regulators to industry to consumer associations and NGOs, have a role to play and should contribute to making the IEM work better. The Forum agrees with the need to urgently complete the IEM and*

*welcomes the Commission's plan to analyse the drivers of energy prices and costs and to propose further policy initiatives for the retail sector in 2014.*

The Forum notes the data from the annual monitoring report prepared by ACER and CEER, which contributes to the understanding of how electricity and gas markets are working in the EU and whether they are delivering benefits for consumers. Its results for 2012 reveal that energy consumer rights are being implemented across the EU, but there is some disparity in how consumer-related provisions of the 3rd Energy Package are applied across Member States. The findings in the report, including those related to retail prices and consumer switching rates, strongly suggest that more work is needed to remove barriers to switching, to increase price transparency, to move away from regulated end-user prices set below cost, and to fully implement (and enforce) consumer rights in practice. ***The Forum encourages further deepening of the analysis of customer issues in the next report.***

The Forum underlines the RASP principles (reliability, affordability, simplicity, and protection and empowerment) of the 2020 Energy Customer Vision as touchstones for an IEM that delivers benefits for consumers. The Forum remains committed to continuing dialogue and to monitoring implementation of the 2020 Vision at the annual London Forum. Noting that the Vision for 2020, presented at last year's Forum, is gaining further traction with representatives of civil society, the Forum welcomes the complementary regulators' initiative "Bridge to 2025". The Forum appreciates its intention to examine the effect that changes to energy markets may have on consumers and the way in which consumers will be likely to interact with EU gas and electricity markets of the future.

***Noting that consumers are the final points in the energy flow and are affected by decisions which are made upstream by other players, the Forum calls on the industry, regulators, and consumer and civil society organisations to be enablers of consumer awareness and choice and of the development of accessible, competitive and innovative services that will stimulate market activity. The Forum encourages harmonised gas and electricity market development and requests that there be greater collaboration in the interests of consumer choice and security of supply.*** The Forum notes the need for well-functioning, transparent and accountable wholesale energy markets.

## **2. Consumer Engagement and Empowerment**

The Forum considers consumer engagement both possible and necessary for proper functioning of retail energy markets. ***As consumer engagement depends on access to simple, transparent and actionable information and tools for consumer participation, the Forum calls on national regulators to ensure fair competition for all services as well as consumer access to non-biased and accurate relevant information.***

Noting the potential of collective action and of new intermediaries, for example in switching or distributed/self-generation, the Forum stresses the importance of proper conditions and the legislative framework for consumers to participate in such campaigns. ***The Forum therefore encourages new initiatives changing the landscape in energy markets.*** Examples include bottom-up actions such as collective switching or energy cooperatives which can open up more competitive offers to more consumers and potentially increase the number of consumer options or market players. ***The Forum further calls for analysis of these trends and of the impact of existing legislation; it welcomes in this context the creation by the Commission of a new working group on consumers as energy market agents.***

The Forum recognises that consumer engagement in energy markets should not be considered solely the responsibility of consumers: regulators, government, industry, independent energy

ombudsmen and consumer associations should work together closely in the interests of consumers. ***The Forum welcomes forthcoming advice from regulators (CEER) on ways to involve and engage consumer representatives in the regulatory process at the national level and invites regulators to prepare a discussion on these issues for the next Forum.***

The Forum welcomes the benefits for consumers from demand response, such as greater control of energy consumption and expenditure and the possibility to reduce energy bills. However, some consumers may be unable to shift their consumption times or may be risk-averse. The Forum therefore stresses that demand response should be voluntary, never mandatory, and should be rewarded. Consumers who are unable to engage should not be unfairly disadvantaged. It should enhance retail market competition amongst market actors.

The Forum acknowledges that demand response can develop into a win-win situation for both consumers and energy businesses but requires for its success a sufficient level of consumer awareness, trust and choice. The Forum stresses that successful roll-out of smart meters and demand response-ready appliances and energy management systems are important for full consumer delivery and benefits from demand response.

The Forum also recognises that the ability of household consumers to engage in demand response activities is limited by how well the policies covering product design, energy efficiency of buildings and demand response are co-ordinated. ***The Forum calls on Member States and NRAs to remove present regulatory barriers to participation of the demand side in electricity markets, including through aggregation of load, on a comparable basis to the supply side.***

Noting the already ongoing studies on the future role of DSOs, the Forum welcomes the planned work under the Smart Grids Task Force on regulatory and commercial aspects linked to these changes in system flexibility, tasks and incentives. ***It invites the Commission to keep the Forum informed of the work's progress.***

The Forum notes with concern that lack of trust in the players and of knowledge of processes in the energy markets is widespread and can impede consumers' participation in markets. The Forum stresses that greater citizens' engagement in energy topics can best be achieved through a continued structured dialogue, with stakeholders and the wider public, including at national level, about energy issues.

### **3. Consumer Information, Rights and Protection of Vulnerable Consumers**

The Forum is concerned that price comparison websites are not accessible to all consumers and that even consumers with internet access may not yet be aware of their existence or may not be able to effectively use information from them for action. The Forum notes with equal concern that many consumers are not yet aware of the possibility to switch between suppliers, and they thus remain on standard tariffs, which may be more expensive than the newest offers introduced to the market.

The Forum underscores that the report of the e-Billing and Consumer Management of Personal Data Working Group shows that consumers' access to objective and transparent energy consumption data (via, for example, e-billing or smart meters) encourages energy savings and changes in behaviour by, inter alia, enabling feedback on investments in energy efficiency measures. The Forum notes that recommendations and innovative best practices in the report can help interested parties design better systems for consumers. ***The Forum urges Member States currently legislating on online energy bills in the framework of the Energy Efficiency Directive to use this report as a reference.*** The Forum took note of the example

of an e-billing model designed by the Commission. The Forum notes that billing and billing information based on actual consumption data encourage consumers to be active in the energy market.

The Forum recognises that putting consumers at the centre of a competitive retail market also means that consumers/prosumers should be the owners of their consumption data, own production data and personal data. For innovative energy services to further develop, consumers should be able to use their data for various purposes and with various partners while having their privacy fully protected.

While noting the efforts to strengthen the provisions for legal prosecutions that can result from weak data protection, the Forum stressed that consumers need to be able to trust the way in which a company handles their data. ***The Forum therefore calls on energy businesses to recognise the potential reputational risks from weak data protection as the way of handling consumers' data is increasingly associated with a company's brand. The Forum emphasises the importance of privacy by design and strongly encourages all energy market actors to proactively embed privacy requirements as a core element in the design and architecture of system and product development.***

The Forum welcomes the work carried out by the Smart Grid Task Force on the Best Available Techniques and on the Data Protection Impact Assessment template and encourages their swift completion. Furthermore, the Forum welcomes the Commission's intention of issuing a Recommendation on the Data Protection Impact Assessment template in order to further promote its use. ***The Forum calls on national data protection authorities to be fully involved and provide support during the test phases of the template, as suggested by the Article 29 Data Protection Working Party.***

***The Forum calls on different stakeholder groups to take action to ensure consumers are fully aware of their rights and opportunities as energy markets develop.*** This requires providing information to consumers through various channels and by various actors, building on identified good practices and positive results as well as learning from negative experiences. The Forum stresses the need to continuously mobilise consumers.

The Forum recognises that the effects of 3rd Energy Package legislation on the IEM will soon be reinforced by the implementation of the Energy Efficiency Directive which requires Member States to introduce various new policy measures, many of which are expected to bring new rights and benefits to consumers. The Forum welcomes the Commission's intention to promote awareness of consumers' rights under existing EU legislation and notes that a range of information is already provided, under existing legal obligations or from own initiative, by the regulators, consumer associations, energy companies, etc.

The Forum considers that the report by the Vulnerable Consumer Working Group provides useful guidance on the vulnerability drivers specific to energy as it demonstrates that although it can be addressed also by social measures, energy vulnerability is not necessarily linked only to financial means. ***The work on the drivers of vulnerability and the examples of Member State instruments and practices can help Member States to ensure that the concept of vulnerable customers is well designed. It can also assist Member State authorities - when reviewing their national policy mix - with ensuring that social, energy and other policy is addressed with the aim of reducing the risk of vulnerability and supporting consumers in a vulnerable situation.*** The Forum underscores the point from the report that investment in energy efficiency measures can represent a long-term means of reducing the risk of vulnerability for some consumers.

*To effectively protect vulnerable consumers, the Forum calls on Member States urgently to define the concept of vulnerable customers where they have not already done so. The Forum further calls on Member States to thoroughly consider, in the implementation of the 3rd Energy Package and in the transposition of the Energy Efficiency Directive, the specific needs and conditions of vulnerable consumers to ensure that these consumers also fully benefit from the new energy efficiency measures and new opportunities offered by competitive markets. The Forum requests that interim conclusions of the study on consumer vulnerability across key markets recently launched by the Commission be presented at the next Forum.*

#### **4. Roles of Market Players in Enforcing IEM Legislation and Enhancing Consumer Benefits from New Business Opportunities**

The Forum highlights that facilitation of access to information, a choice of clear market offers and products, collective switching, more effective complaint handling by the appropriate body, stronger monitoring and supervision of the state of markets and/or abuses of a dominant position, and removal of regulated prices, can all significantly contribute to better and more effective retail competition.

The Forum highlights that, with the opening of energy markets and the increasing sophistication of energy systems, new roles, responsibilities and activities for energy consumers as market agents are emerging (through micro-generation, collective purchases, consumption flexibility and reduction, etc.). These trends merit greater attention and call for appropriately designed policy and regulation, which will enhance their potential to improve market outcomes for consumers and intensify competition.

The Forum acknowledges that the scenario of DSOs diversifying from core activities towards including the role of a market facilitator will bring new requirements on DSO performance regarding consumer satisfaction, communication and competition. *The Forum stresses that the operation of distribution networks should be based on principles of cost-efficiency and long-term sustainability, facilitating competition and consumer interest.*

*Acknowledging that DSOs' traditional role in the energy supply chain is affected by new developments such as micro-generation and demand response, the Forum calls for further analysis of the tasks, incentives and responsibilities of DSOs and the role of retail market actors.*

*The Forum underlines that DSOs facilitate the entry of new service providers to the market and, in the case of vertically integrated DSOs, should not draw unfair advantages over their competitors in supply activities and commercial services.*