

A CEER consumer strategy: Contributing to a 2020 Vision for Europe's energy customers

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Presentation outline

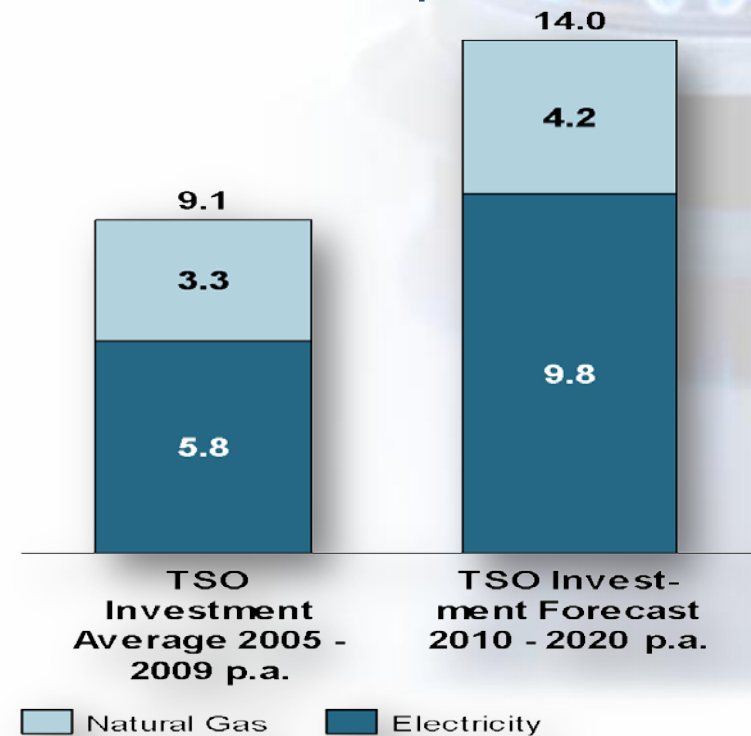
- **EU energy challenges**
- EU Institutional organisation on energy customers
- Towards a 2020 vision for Europe's energy customers
- Some examples:
 - Smart meters
 - Demand response

Challenges by 2020

- European 20-20-20 energy/environmental goals
- A single energy wholesale market by 2014

➔ **Substantial investments needed** with consequences on energy prices

- Power generation
- Transmission
- Distribution, including roll-out of **smart metering** systems for electricity and gas



Market development is progressing

- Retail markets have been **fully opened to competition** since July 2007
- **Customer-focused dispositions** introduced in EU legislative framework applicable since 2011:
 - **Regulators' duty** is to help develop in a cost-effective way a **customer-oriented energy market**
 - **Detailed customer rights**
 - **Monitoring duties shared** among NRAs and ACER

Key features of EU retail energy markets in 2011

| Observations | Conclusions/recommendations |
|---|--|
| Still predominant regulated end-user prices | Regulated prices should be removed where a sufficient level of competition is achieved |
| Upward trend in prices | Crucial role of taxes and levies (including RES support schemes) driving prices up Closer monitoring of wholesale-retail price transmission mechanisms needed |
| Low switching rates | Suggest that an improved level of competition would provide greater benefits Non-price obstacles requires closer monitoring |
| Differences in retail market designs | Barriers to entry should be removed Cross-border retail markets development need to be addressed |
| Complaints concern billing, metering, prices and switching | Practical implementation of legal requirements need to be ensured Greater transparency needed |

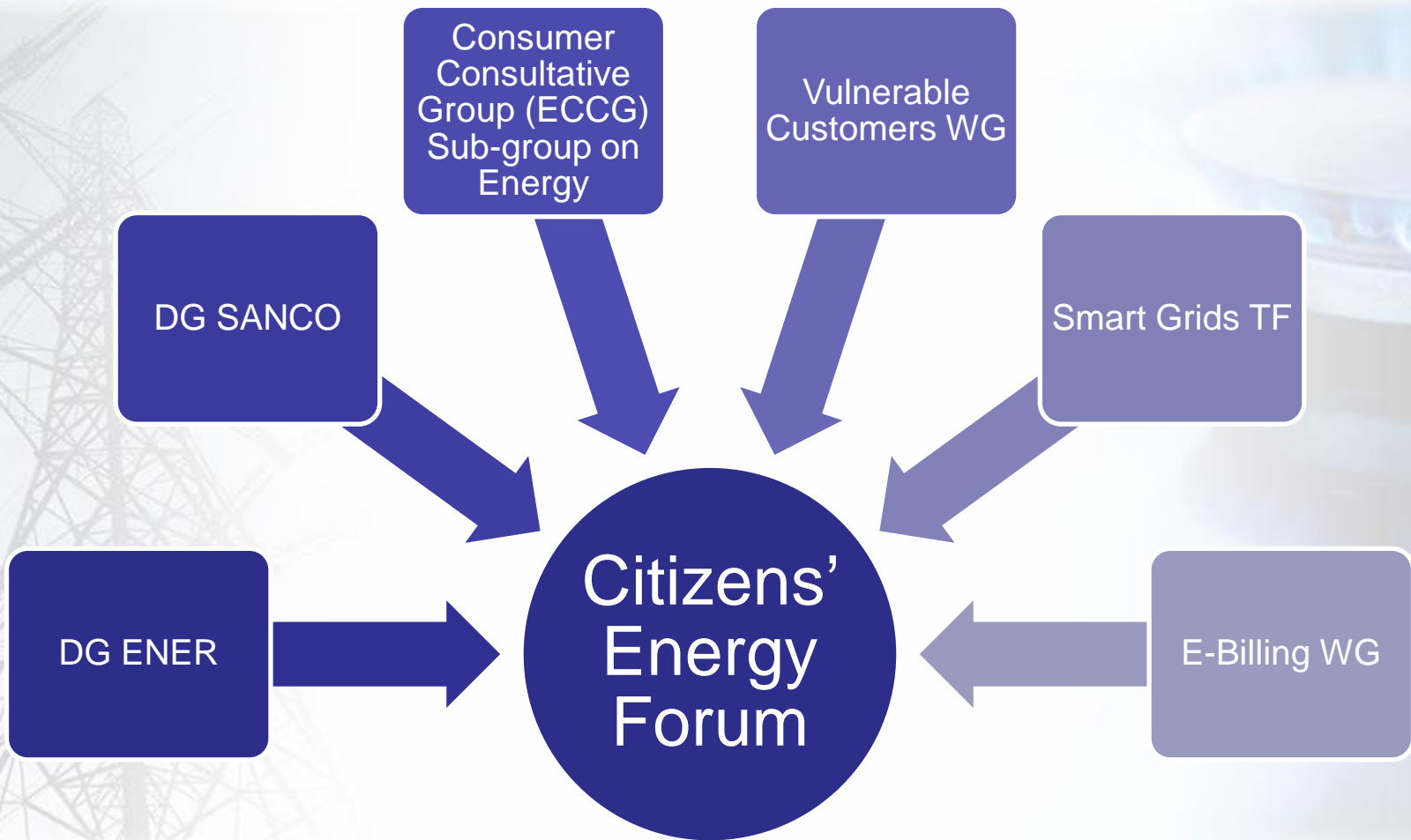
[ACER/CEER Market Monitoring Report](#)

- **Screening consumer markets**
 - 5 Top level indicators: complaints, prices, satisfaction, switching and safety
 - Identify malfunctioning markets for further in-depth analysis
- Energy markets have particularly **poor scores** on choice, comparability and switching suppliers and tariffs
- In 2012, it was estimated that **62 % of consumers could switch to a cheaper tariff** (contract), representing a potential average annual saving of EUR 13 billion EU-wide.

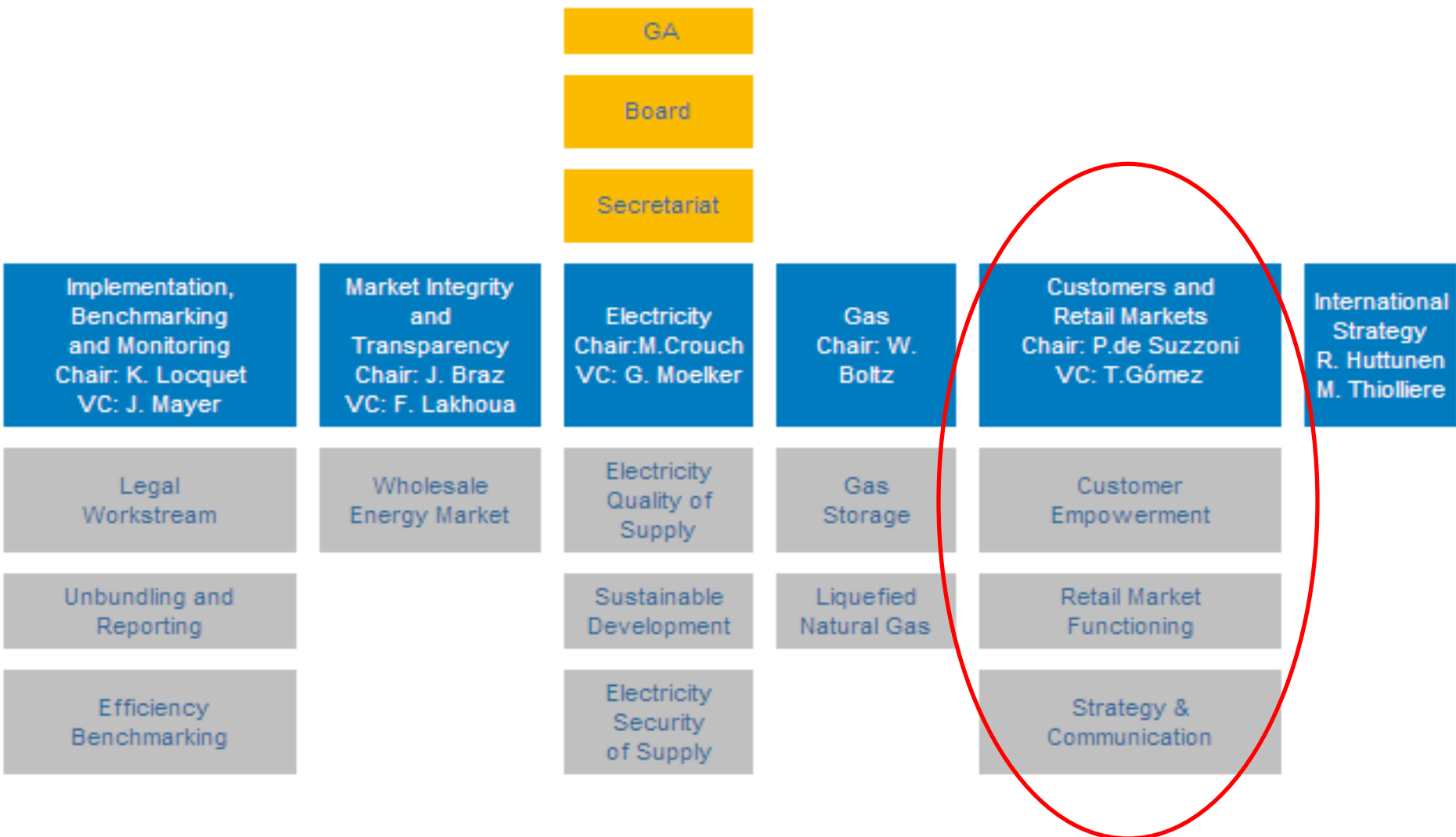
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EU Institutional organisation on Energy Consumers



Structure of CEER WGs' in 2013



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- **Towards a 2020 vision for Europe's energy customers**
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Towards a “2020 vision for Europe's energy customers”

- In 2012, CEER launched an **important consultation process** to build a shared “2020 vision for Europe's energy customers”



2020 vision supported by many stakeholders

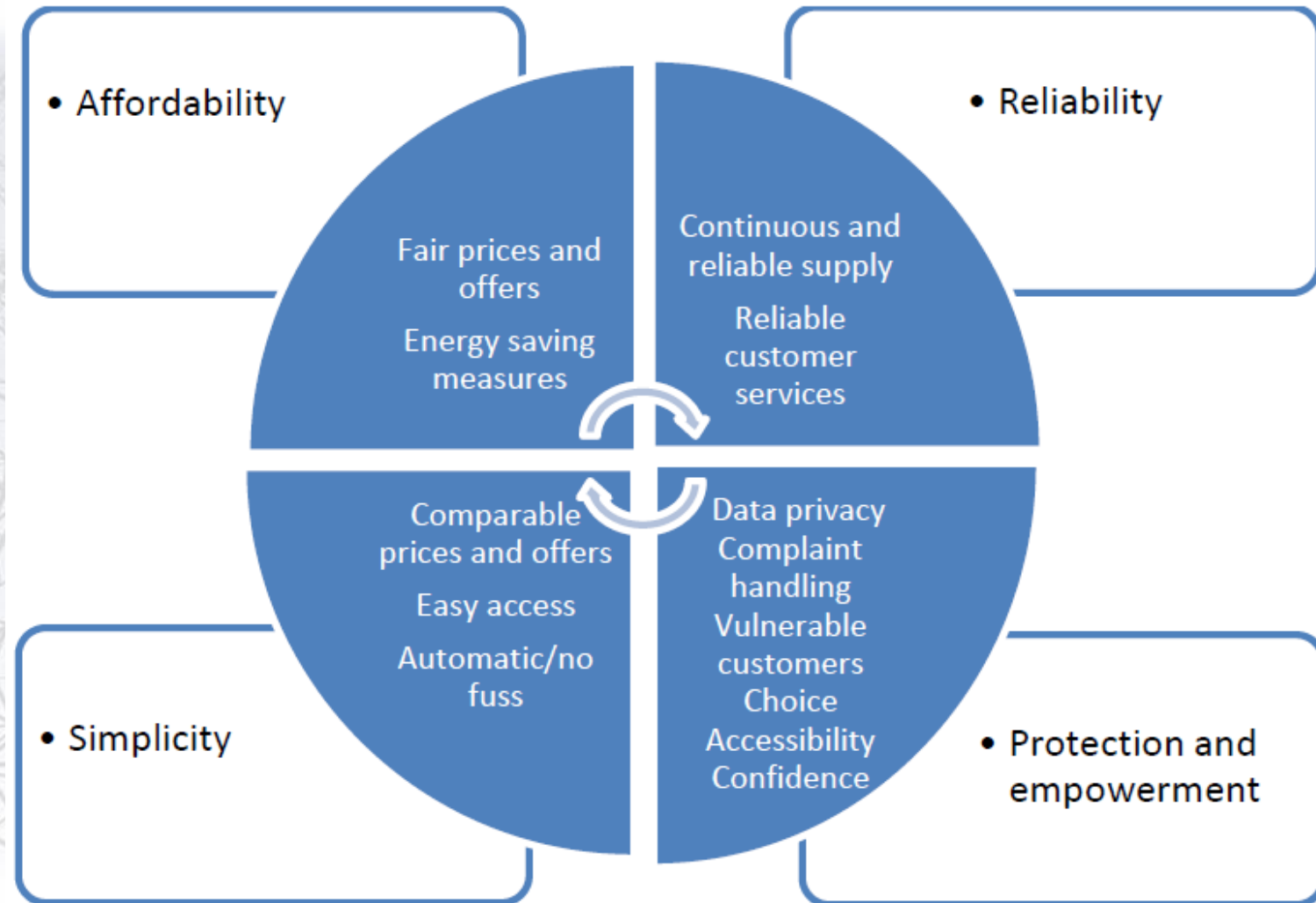
- **Joint statement of CEER and BEUC**, the European Consumers' Organisation
- **Supported by**
 - the **Citizen's energy forum**, which gathers Member State governments, the European Commission, energy consumers and stakeholders as well as regulators annually to discuss implementation of competitive, energy-efficient and fair retail markets
 - **Stakeholders groups**, including alternative dispute resolution bodies, suppliers, DSOs, TSOs, IT industry
- **Translated** into multiple European languages

2020 vision of the retail market

- A market that
 - puts **smaller customers** first
 - understands the **diverse needs of customers** and delivers **services** that meet those needs
 - anticipates **future needs** and takes steps to **protect** the interests of **future customers**
 - uses **resources efficiently** and offers a **fair deal**



2020 vision principles



CEER contribution to achieve the vision

- **Engaging with policy-makers** to ensure appropriate consideration of customer interests into technical decisions
- Improving our own effectiveness in
 - **engaging** with customer organisations
 - **analysing** and **understanding** customer impacts
- Identifying and sharing **best practice**
- Ensuring that issues are identified early, analysed objectively and evidence is **clearly communicated**
- Developing **advice** and **guidance**

CEER action plan

2012

- Status review of **EU's legislation implementation**
- Benchmarking report on **meter data management**

2013

- Advice on **data management** for better retail market functioning
- Advice on **green electricity offers**
- Status review of **smart metering regulation**
- Status review of customer **access to the cost & sources of energy and efficiency schemes**

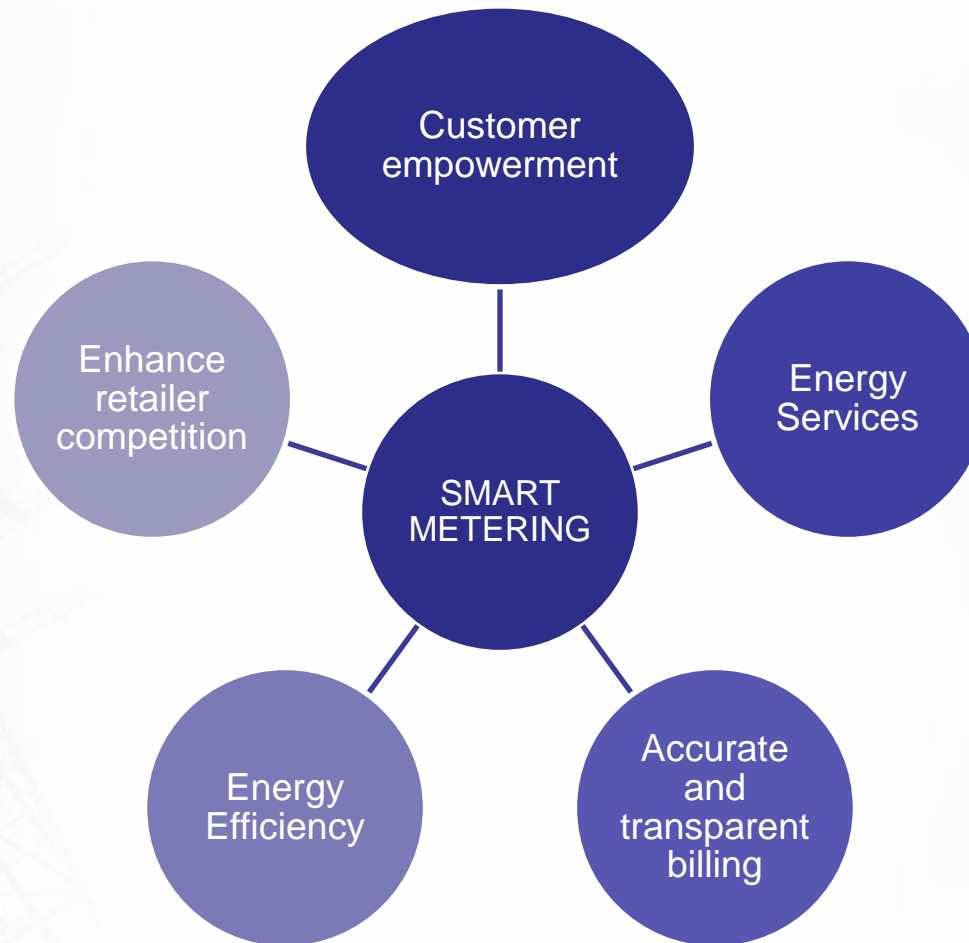
Wider measures

- Setting future work in relation with **EU legislation developments**
- Developing new forms of **communication / Better use of available information**
- Developing **new approaches to customer engagement**
- Supporting **capacity building**

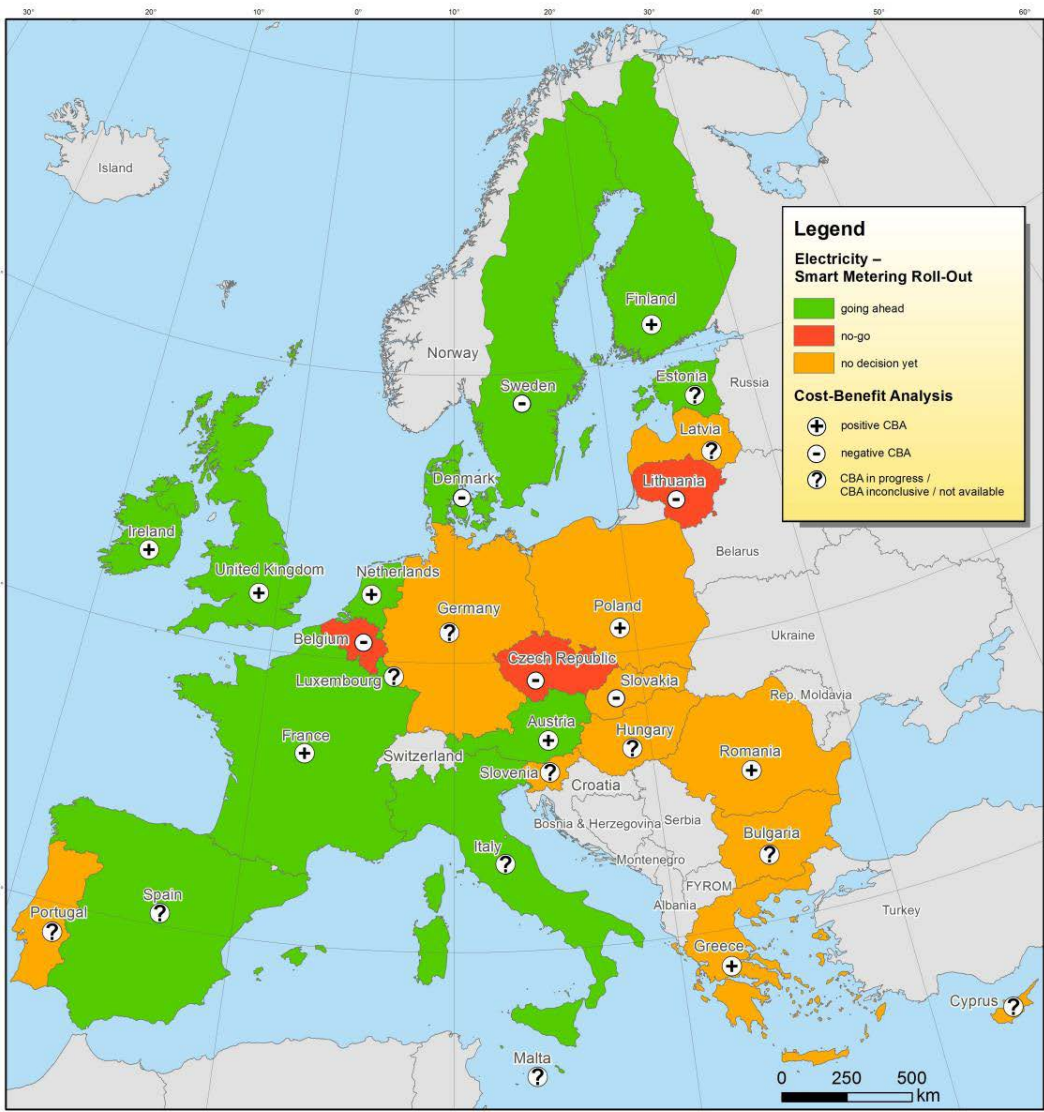
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 - **Demand response**

EU roll out of smart meters: legal basis



EU roll out of smart meters: Current deployment & perspectives



- 13 Member States have decided to go ahead with a national roll-out or have already completed it
- At least 170-180 million of smart meters by 2020 (70% penetration)
- At least €30 billion of investments by 2020

Source: European Commission.
Joint Research Centre(JRC) –
Institute for Energy and Transport.

CEER GGP on smart meters

- Data security and integrity
 - **Customer control** of metering data
- Customer services
 - Information on actual consumption and costs (monthly basis)
 - Access to information on consumption and cost data
 - Easier to **switch supplier**, move or change contract
 - **Bills** based on **actual consumption**
 - **Offers** reflecting actual consumption patterns
 - Remote **power capacity reduction/increase**
 - Remote activation/deactivation of supply
 - Capability of measuring consumption and injection
 - **Alert** in case of **non-notified interruption**
 - Alert in case of exceptional energy consumption
 - **Interface with the home** / Software to be upgraded remotely



CEER Advice on Demand Response

- **Demand response:** changes in electric usage in response to changes in prices or specific incentives
- **Pre-requisites:**
 - Customers' understanding of information (consumption and bills)
 - Customers' easy ways of becoming aware (new contracts)
 - Customers' trust in the market (active participation)
 - A non-conflicting grid tariff, and
 - The absence of price regulation
- **Specific roles for:**
 - Customers (including for instance micro-generation)
 - DSOs and metering operators
 - Suppliers / ESCOs
 - NRAs

- New Roles

- **Metering operators:** Responsible for ensuring that the meter is equipped with or connected to an open, **standardised, and secure gateway** where any market actor, after customer consent, can connect a device, without being hindered
- **Suppliers /ESCOS:** develop **innovative pricing** formulas, enabled by means of easy access to metering values; possibility to **aggregate consumption** from different customers in a DR programme; settlement of **micro generation** under a clear regulatory regime

Challenges for discussion

- Customer engagement: market oriented with environmental responsibility
- Effective retail competition
- Protection of vulnerable customers
- Active involvement of consumer organisations
- Demand market participation and the role of new technologies

The background of the slide is a light blue gradient. On the left, there is a faint, semi-transparent image of a high-voltage power transmission tower. On the right, there is a faint, semi-transparent image of a gas burner with blue flames.

Thank you for your attention!

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