



Implementation of EC Good Practice Guidance for Billing EREGG Status Review

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INFORMATION PAGE

Abstract

This document (E10-CEM-36-03) is an ERGEG report monitoring the implementation of the Good Practice Guidance for Billing published by the European Commission in 2009.

This document seeks to investigate which billing improvements are carried out or envisaged in ERGEG member and observer countries. Furthermore, the status quo of energy billing requirements is covered as are the different approaches countries may have chosen to provide for requirements and guidelines on billing form, content and design.

Target Audience

Energy suppliers, traders, gas/electricity customers, gas/electricity industry, consumer representative groups, network operators, Member States, academics and other interested parties.

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Related Documents

CEER/ERGEG Documents

- Public Consultation on Draft Guidelines of Good Practice on Regulatory Aspects of Smart Metering for Electricity and Gas (E10-RMF-23-03), 2010/06/22-2010/09/03, http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_CONSULT/OPEN%20PUBLIC%20CONSULTATIONS/Smart%20metering/CD/E10-RMF-23-03_GGP-SmartMetering_PC_10-Jun-2010.pdf

External documents

- Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:211:0055:0093:EN:PDF>
- Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:211:0094:0136:EN:PDF>

- European Commission (DG SANCO) Working Group on Billing: Good Practice Guidance for Billing, 2009, http://ec.europa.eu/energy/gas_electricity/doc/forum_citizen_energy/2009_09_29_citizens_energy_forum_reports_and_materials.zip
- Directive 2003/54/EC of the European Parliament and of the Council of 26 June 2003 concerning common rules for the internal market in electricity and repealing Directive 96/92/EC, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32003L0054:EN:NOT>
- Directive 2003/55/EC of the European Parliament and of the Council of 26 June 2003 concerning common rules for the internal market in natural gas and repealing Directive 98/30/EC, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32003L0055:EN:NOT>

Table of Contents

EXECUTIVE SUMMARY	6
1 INTRODUCTION.....	8
2 METHODOLOGY.....	9
2.1 Definitions	9
2.1.1 Energy bill	9
2.1.2 'Bill validation process'	9
2.1.3 'Billing review' (or 'billing review process')	9
2.1.4 Code of conduct	10
2.2 Questionnaires.....	10
3 THE GOOD PRACTICE GUIDANCE FOR BILLING.....	13
4 FINDINGS.....	15
4.1 Status Quo.....	15
4.1.1 Customers' opinion on bills.....	15
4.1.2 Scope of requirements	16
4.1.3 Customers' choice in relation to some aspects of billing	17
4.1.4 Billing frequency	18
4.1.5 Form of billing.....	22
4.1.5.1 Separate bills for network and supply	22
4.1.6 Format, Content & Design of bills	23
4.1.6.1 Content of the bill	23
4.1.6.1.1 Minimum requirements for the content.....	24
4.1.6.1.2 Receipt of general information.....	27
4.1.7 Design / layout of the bill	27
4.1.7.1 Minimum requirements on the design of bills.....	28
4.2 Billing improvements	30
4.2.1 Type of requirements regarding billing.....	30
4.2.2 Bill validation process	31
4.2.3 Code of Conduct	33
4.2.4 Responsible authority for billing review.....	35
4.2.5 Measures taken by authorities and the industry regarding billing improvements	36
5 CONCLUSIONS.....	41
ANNEX 1 – PASSAGES FROM THE GOOD PRACTICE GUIDANCE FOR BILLING	42
ANNEX 2 - RELEVANT PROVISIONS IN 2009 ELECTRICITY AND GAS DIRECTIVES	45
ANNEX 3 - LIST OF ABBREVIATIONS	46

ANNEX 4 - ERGEG47

INDEX OF TABLES AND FIGURES

Graphs

Graph 1: Scope of requirements regarding bills	17
Graph 2: Customers' choice regarding formal criteria of bills	18
Graph 3: Number of bills	22
Graph 4: Requirements regarding content of bills I	25
Graph 5: Requirements regarding content of bills II	26
Graph 6: Receipt of general information.....	27
Graph 7: Type of requirements regarding billing	31
Graph 8: Billing validation process	32
Graph 9: Code of Conduct for DSOs/suppliers.....	33
Graph 10: Responsible authority for billing review	35

Tables

Table 1: Countries consulted and answers received	11
Table 2: Billing frequency - electricity	19
Table 3: Billing frequency - gas.....	21
Table 4: Requirements on design of bills	28
Table 5: Measures taken to make bills more understandable.....	37

EXECUTIVE SUMMARY

In 2009, the European Commission together with stakeholders worked on a Good Practice Guidance for Billing. This Guidance¹ set out guidance for billing with recommendations for consumer-friendly energy bills, both in terms of the information provided and the form of communication and design/layout of the bills themselves.

Following a request from the 2nd Citizens' Energy Forum, ERGEG has drafted this Status Review on the implementation of the EC Good Practice Guidance for Billing to depict the situation within ERGEG member and observer countries, to be published ahead of the 2010 Citizens' Energy Forum.

The present report does not constitute ERGEG's opinion of the Good Practice Guidance for Billing, neither an assessment of this Guidance. It exclusively deals with a description of the present situation in the ERGEG member and observer countries regarding billing requirements and voluntary measures and the changes that are already in progress or decided. The objective of the report is to evaluate, as far as possible, the level of implementation of the Good Practice Guidance for Billing within ERGEG member and observer countries. This Guidance – and consequently the present Status Review – covers paper bills for household customers which refer to calculations of amount to pay related to consumption, either actual or estimated (regular bills – monthly, bimonthly and quarterly – as well as annual reconciliation bills). It does not cover statements where the amount of money due is not related to a consumption value.

Online questionnaires for electricity and gas were submitted to national regulatory authorities and this report was compiled during the first quarter of 2010.

Findings:

The majority of countries have chosen legal requirements to ensure the quality of energy bills. In addition, some countries have a combination of legal requirements and self-regulation by service providers. Only two countries rely entirely on self-regulation by the industry to ensure bills meet minimum standards.

Often, knowledge of customers' understanding and opinion of bills is quite limited. Only a very small number of countries have access to this kind of data. Further research in this field is necessary to be able to gain an in-depth picture of the complex issue of customers' opinion.

As far as the content of a bill is concerned, the essential information necessary to manage the payment of the bill is delivered to the customer in most of the countries.

¹ Two representatives from two national energy regulatory authorities participated, with other stakeholders, in the working group set up by the European Commission's Directorate General for Health and Consumers (DG SANCO) to draft the EC Guidance. However, the EC Guidance for Good Practice on Billing, which was not approved by ERGEG, cannot be considered as an ERGEG position.

Regarding billing frequency, yearly bills are still very common: in 14 countries they are used along with other frequencies, and in 7 of these 14 countries they are used for more than 95% of customers.

In the majority of countries, there are no requirements to include on the bill information useful for the customer to compare offers (such as consumption for 12 months, energy price(s) per kWh, etc.).

Furthermore, in the majority of countries customers receive combined bills (energy and network). In some Member States, customers supplied by alternative suppliers receive two bills. This leads to the question whether this might constitute a form of discrimination of alternative suppliers and could therefore mean a source of market distortion by hindering customers from switching suppliers.

In parallel to this Status Review, ERGEG wishes to reiterate its views on the following subjects:

- The customer should be properly **informed of actual electricity and gas consumption and costs** frequently enough to enable him/her to regulate the electricity and gas consumption. This information would not necessarily be presented through billing. When equipped with a smart meter, the customer should receive, at a minimum of once a month, information on consumption as well as costs. This information should be free of charge.
- Beyond paper bills, **other means** to inform customers on their consumption and costs may also be relevant, like e.g. e-bills, other statements (e.g. SMS, email, etc).
- ERGEG stresses the need for **comparable information within the bills** (useful information which allows customers to assess the offers on the market with respect of their needs, e.g. consumption for 12 months, energy price(s) per kWh, etc) to ensure that customers are treated fairly, get the best possible deal available and are empowered to exercise their right to choose on an open market. Better insight into customers' opinions/understanding of their energy bills could help determine the relevant measures (either legal or voluntary) to improve bills.
- Any obstacle and discrimination among suppliers from DSOs within vertically integrated companies, towards billing practices, have to be avoided.

1 Introduction

The 1st Citizens' Energy Forum advocated the importance of energy billing and called on energy companies to make their bills understandable, frequent and based on actual consumption. The Forum invited the European Commission (DG SANCO) to establish a working group on good practice guidance for billing and present its recommendations in the next Citizens' Energy Forum².

The outcome of this, the Good Practice Guidance for Billing³, is the product of discussion among relevant stakeholder representatives at European level and is intended to serve as a basis for improving billing at national level. It was presented during the second Citizens' Energy Forum in London (September 2009). The Forum asked ERGEG *"to provide a short monitoring report at the next Forum on the progress towards the implementation of the Working Group's recommendations"*⁴.

In its 2010 Work Programme, ERGEG included the task *"Preparation of a report monitoring the implementation of Good Practice Guidance for Billing published by the European Commission. The monitoring exercise will be based on online ERGEG questionnaires to the National Regulatory Authorities."* This report depicts the situation within ERGEG member and observer countries and publication was envisaged ahead of the 2010 Citizens' Energy Forum.

² http://ec.europa.eu/energy/gas_electricity/forum_citizen_energy_en.htm

³ http://ec.europa.eu/energy/gas_electricity/doc/forum_citizen_energy/2009_09_29_citizens_energy_forum_reports_and_materials.zip

⁴ Conclusions of the 2nd meeting of the Citizens' Energy Forum, London, 29 – 30 September 2009
http://ec.europa.eu/energy/gas_electricity/doc/forum_citizen_energy/2009_09_29_citizens_energy_forum_conclusions.pdf

2 Methodology

2.1 Definitions

The following definitions have been drafted for this report or quoted from the Good Practice Guidance for Billing to clarify the subject matter for this report.

2.1.1 Energy bill

“**Energy bill**” is not explicitly defined in the Good Practice Guidance for Billing, therefore the following definition has been elaborated to clarify the subject matter of the Good Practice Guidance for Billing:

An energy bill (electricity and/or gas) is a statement (sent by mail or email) sent by a service provider to its customer on a regular frequency, which includes information on the customer’s consumption (real or estimated consumption) and information on payments (former and/or future payments)

The present report only covers paper bills⁵ for household customers which refer to calculations of amount to pay related to consumption, either actual or estimated (regular bills – monthly, bimonthly and quarterly – as well as annual reconciliation bills).

This report does not cover statements where the amount of money due is not related to a consumption value.

2.1.2 ‘Bill validation process’

The Good Practice Guidance states:

- “**Bill validation process:** National energy regulators or other competent bodies could work with industry and consumer representatives to help ensure the bills that consumers receive are clear.”

2.1.3 ‘Billing review’ (or ‘billing review process’)

The Good Practice Guidance for Billing uses the expression ‘**billing review**’ as a general term for overall billing improvements conducted by a “competent authority” that has been previously defined by a Member State.

⁵ This approach is used in order to be in line with the scope of the Good Practice Guidance, which states: “The WG decided to focus on “standard” **paper bills** since they are still the most commonly used billing medium in Europe”.

2.1.4 Code of conduct

The Good Practice Guidance for Billing states:

“Code of conduct: Energy industry representatives could subscribe to implement a number of actions for better bills. This voluntary action could include guidelines on bills' layout and consumer awareness campaigns in partnership with consumer organisations and regulators.”

2.2 Questionnaires

Separate questionnaires covering electricity and gas were compiled in the first quarter of 2010 and were administered to all ERGEG member and observer national regulatory authorities (NRAs) for data collection.

The questionnaires consisted mostly of closed questions in order to enable easy comparability. Due to the fact that the matter was covered in various degrees of implementation (legal requirements vs. self-regulation), ample room was given to respondents to comment on country-specific situations.

In order to keep the present document light and easily understandable, not all data gained from the questionnaire is presented in the report. In particular, country-specific details were not listed exhaustively but compiled in the general findings. However, in some cases, it was necessary to cover individual specificities in more detail to illustrate differences between countries.

Complete or partial answers were received from 25 countries in electricity and 24 countries in gas.

	Electricity	Gas
Austria	X	X
Belgium	X	X
Bulgaria		
Croatia	X	X
Cyprus		no gas
Czech Republic	X	X
Denmark	X	X
Estonia	X	X
Finland	X	X
France	X	X
Germany	X	X
United Kingdom (GB only) ⁶	X	X
Greece	X	X
Hungary	X	X
Iceland		no gas
Ireland	X	X
Italy	X	X
Latvia	X	X
Lithuania	X	X
Luxembourg	X	X
Malta		no gas
Norway	X	no gas
Poland	X	X
Portugal	X	X
Romania	X	X
Slovak Republic	X	X
Slovenia		
Spain	X	X
Sweden	X	X
The Netherlands	X	X
Turkey		

Table 1: Countries consulted and answers received

General remark

In Lithuania, the situation is quite unique. Household customers are not sent energy bills; instead the country applies another billing system:

⁶ Data and information referring to the United Kingdom covers the Great Britain electricity and gas markets only and is exclusive of the situation in Northern Ireland.

Household customers declare their consumption, price (publicly announced) and payment every month in their individual payment books (given by the energy company) or internet (bank) sheets and pay for it. The consumption data should be taken on the 1st day of the month and paid during the next 20 days. Representatives of the energy company control or check data on a regular basis (read the local meter data and check with their database). Payment can be made in banks, post offices, shopping malls or by direct debit.⁷

Despite this system, Lithuania provided answers to the questionnaire and these are included when in the scope of the document.

⁷ Further information: <http://www.rst.lt/en/residents/payment-information/about-payment-books/489>

3 The Good Practice Guidance for Billing

The July 2007 deadline for opening household electricity and gas markets to competition increased the need for good energy bills to assist consumers to choose the supplier that best meets their needs. The 3rd Package⁸ also seeks to improve consumer rights across the EU with, inter alia, provisions on billing.

The 1st Citizens' Energy Forum (London, 27-28 October 2008) put forward the importance of energy billing and called on energy companies to make their bills understandable, frequent and based on actual consumption. The Forum invited the European Commission (DG SANCO) to establish a working group on good practice guidance for billing and present its recommendations in the next Citizens' Energy Forum.

The European Commission (DG SANCO) set up a Working Group on Billing which met 3 times in 2009 with the aim of preparing guidance for billing with recommendations for consumer-friendly energy bills.

The outcome of this work, the Good Practice Guidance for Billing, is the product of discussion among relevant stakeholder representatives at European level and is intended by the European Commission to serve as a basis for improving billing at national level. ERGEG underlines here that the Guidance does not represent ERGEG's position on this issue and that the present document evaluates implementation of the Guidance upon a request of the Citizens' Energy Forum and the European Commission.

The Good Practice Guidance for Billing encourages a voluntary approach at national level and aims to foster effective structures for dialogue at national level bringing together all stakeholders.

The Good Practice Guidance for Billing focuses on regular paper bills for households and considers items that should appear in annual reconciliation bills. On the basis of five country best practice examples, it advocates billing principles and requirements that may be put into practice through 3 different options:

- A Code of Conduct would be a voluntary approach of energy industry representatives to implement a number of actions for better bills.
- Also, in a bill validation process national energy regulators or other competent bodies could work with industry and consumer representatives to help ensure the bills that consumers receive are clear.
- Furthermore, new legislation is also one possible option to ensure necessary improvements.

The Guidance also contains an extensive list of billing content items and a prioritisation of the same. It sums up 10 recommendations on energy billing; the original text of which can be found in Annex 1 of this report.

⁸ See Annex 2 on Relevant Provisions in the Energy Directives.

Billing is - according to the Good Practice Guidance for Billing - a key source of information for energy customers, vital to play an active role in the market, manage one's own energy consumption and costs and make an informed choice. However, there is a difficult balance to strike between providing enough and all the essential information to the customer and a possible information overload.

The Good Practice Guidance for Billing promotes a voluntary approach. In order to respect national diversity, the Guidance puts forward three different options for European countries to consider depending on their national context. As listed above, these options are to either work on legislation to achieve clear and understandable bills for customers or to carry out a so called billing validation process or for service providers to comply with a code of conduct. These three options are well-chosen examples but not an exhaustive list of approaches. Other, different options are possible and may be more suitable within national context.

4 Findings

This Status Review deals with the main issues covered within the Good Practice Guidance for Billing: the status quo of energy billing, billing improvements envisaged or carried out and the format, design and content of energy bills in the countries consulted.

The findings section of this report is divided into two parts. The first provides a picture of the current status quo of energy billing requirements as well as the provisions and guidelines on billing form, content and design in ERGEG member and observer countries.

The second part of the report looks at how billing improvements are carried out or envisaged throughout Europe. This concerns whether legal requirements or self-regulation (billing validation process, code of conduct) are in place and whether a responsible authority for billing improvements has been defined. Furthermore, other measures taken or planned by authorities or industry are covered.

4.1 Status Quo

It is important to take a look at the actual situation of energy customers and the choices they are offered since there may be markets that are failing to deliver the required services to customers. Sufficient quality regarding billing can be provided not only through legal requirements but also through self-regulation.

When analysing the following information, the different states of market models and market maturity within ERGEG member and observer countries must be taken into consideration.

4.1.1 Customers' opinion on bills

Background

Recommendation 1 of the Good Practice Guidance for Billing states: *"bills must be accurate, transparent, readable, thus easily understandable. The bill is the primary means by which consumers obtain information on their consumption and on the price they pay. It is, indeed, an important tool which helps consumers to manage their consumption and, if possible, consume less."*

Reaching this goal of "accurate, transparent, readable and easily understandable bills" requires information on customers' understanding and opinion of bills.

Findings

In electricity, 13 out of 24 responding countries have some information on customers' opinion of electricity bills (Austria, Belgium, Czech Republic, Finland, the United Kingdom, Greece, Hungary, Italy, Latvia, Poland, Portugal, Spain and Sweden).

In gas, 7 out of 22 responding countries have information on customers' evaluation of gas bills: Belgium, Czech Republic, the United Kingdom, Greece, Hungary, Italy and Poland.

As far as comments and analysis of this data are concerned, only a few countries could provide explanations. It is therefore very difficult to draw relevant conclusions from the answers returned.

There is some evidence that customers think that bills are not always user-friendly or understandable. However, knowledge of the customers' opinion is quite limited. Only a few countries have access to this kind of data. Further research by Member States would be necessary to gain insight into this complex matter.

Also, when analysing these data one has to bear in mind that this information on customers' opinion is always qualitative and partial information. Additionally, the maturity of markets and national situations must be taken into account when analysing data.

4.1.2 Scope of requirements

Background

This section takes a closer look at the kinds of requirements (legal and/or self-regulation) that are already effect in ERGEG member and observer countries.

The Good Practice Guidance for Billing advises countries to provide for bills that offer customers with a *"choice in their billing and payment service (frequency, detail, method of delivery). Nevertheless, a guaranteed minimum quality of billing information is needed."* Also Recommendation 3 states that *"all bills should contain information about payment modalities. Where payment of a first bill is overdue, subsequent bills for the same period should contain information about procedures for dealing with payment difficulties and encouraging consumers to make contact with their supplier."* (Recommendation 4)

The Good Practice Guidance for Billing also states that the bill *"is the primary means by which consumers obtain information on their consumption and on the price they pay. It is, indeed, an important tool which helps consumers to manage their consumption and, if possible, consume less."* (Recommendation 1)

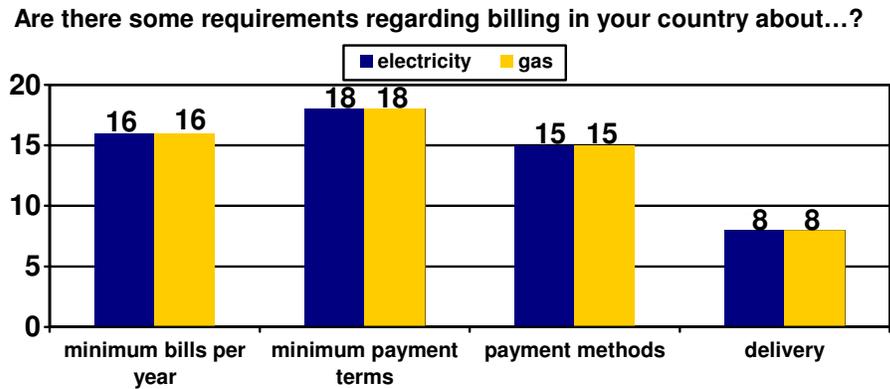
In the following findings, both legal requirements and self-regulation standards may be represented. It should be noted that the latter puts a customer in a weaker position in the case where a service provider is not complying with the standards.

ERGEG members and observers were asked whether requirements were in place to guarantee:

- a **minimum number of bills per year**;
- minimum **payment terms**;
- the possibility to choose between different **payment methods**. (The choice of different payment methods is also stated in Annex A of the Energy Directives.⁹); and
- the **form of delivery** of a bill (e.g. mandatory form of billing or requirements to offer different forms of delivery).

⁹ Directive 2003/54/EC for internal market in electricity and Directive 2003/55/EC for internal market in natural gas

Findings



Graph 1: Scope of requirements regarding bills

The majority of countries have minimum requirements regarding the number of bills issued per year and the choice of payment methods. Although the choice of different payment methods is enshrined in the Energy Directives, only 15 countries report requirements on this issue.

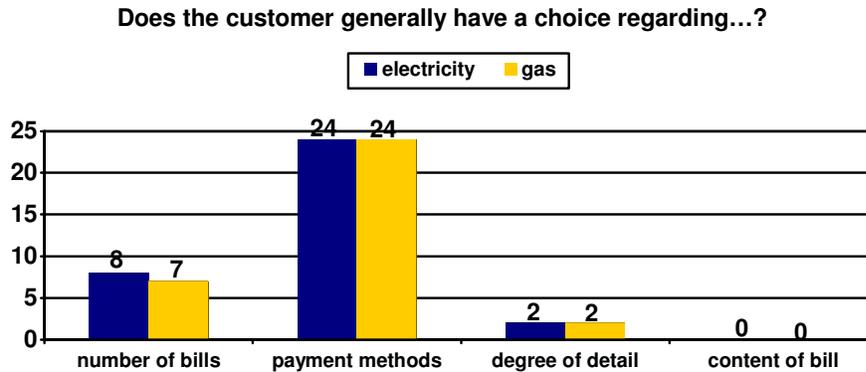
Three quarters of the countries consulted have requirements concerning payment terms. However, the form of delivery of energy bills is not subject to requirements in most countries.

4.1.3 Customers' choice in relation to some aspects of billing

Background

Furthermore ERGEG members and observers were asked to give information on whether household customers have a choice – regardless of any requirement – regarding formal criteria of the bill such as the number of bills issued per year, the payment methods, the degree of details of the bills and the content of the bill.

Findings



Graph 2: Customers' choice regarding formal criteria of bills

Customers in one third of the 24 countries answering generally have a choice on the number of bills they receive per year. In all countries, customers have a choice regarding payment methods, even if this choice may not be enshrined in some form of requirement.

When it comes to the degree of details on a bill, only customers in Denmark and the Netherlands have a choice. As far as the content of the bill is concerned customers do generally not have a choice to alternate this.

4.1.4 Billing frequency

Background

ERGEG members and observers were asked for a rough estimation of the percentage of household customers who receive their bills and at which frequency.

There are great differences in billing frequency across the ERGEG members and observers. The following tables show the percentage of customers' billing frequency for electricity and gas respectively.

Findings

What percentage of household customers in your country receive bills... (estimated data is sufficient)?

ELECTRICITY¹⁰

	Monthly	Bi-monthly	Quarterly	Yearly	Longer than a year	Other	N/A
Austria				100%			
Belgium				99.8%		0.2%	
Croatia	100%						
Czech Republic				100%			
Denmark	4%		1%	95%			
Estonia	90%		5%	5%			
Finland	X	X	X	X			
France		49%		39%		12%	
Germany	<1%		<1%	99%		<1%	
United Kingdom (GB)	X	X	X	X			
Greece		100%					
Hungary	X			X			
Ireland	8%	90%				2%	
Italy		90%					
Latvia	100%						
Lithuania						0%	
Luxembourg				99%		1%	
Norway	X	X	X			X	
Poland	X	X	X			X ¹¹	
Portugal	19%	57%	1%	24%			
Romania	100%						
Slovak Republic	100%			100%			
Spain	95%	5%					
Sweden	X	X	X				
The Netherlands	2%			98%			

Table 2: Billing frequency - electricity

¹⁰ "X" in the Table denotes countries where the types of billing frequency are known, but no data is available on the percentage of each.

¹¹ Although specific figures are not available, a majority of customers in Poland received a half-yearly (6-month) bill.

In **Italy**, the billing frequency is fixed by the NRA for customers with regulated contracts. Estimated shares of how many customers with market contracts receive bills monthly or quarterly or annually are not known by the Regulator.

According to general terms of agreement, **Swedish** customers should receive bills, 3, 6 or 12 times per year. However, the development after the introduction of monthly meter readings in Sweden shows that an increasing number of customers are being billed every month. The majority of customers now receive a monthly bill.

In the **Slovak Republic**, 100% of electricity and gas consumers receive regular monthly bills (with their consumption being estimated) and once a year, 100% of electricity and gas consumers receive a reconciliation bill.

In **Estonia**, billing can be monthly, bi-monthly, every three months, twice a year or yearly.

In 7 countries, most customers receive yearly bills (Austria, Belgium, Czech Republic, Denmark, Germany, Luxembourg and the Netherlands), while the monthly bill is the most common form of bill in 6 other countries (Croatia, Estonia, Hungary, Latvia, Romania and Spain).

GAS¹²

	Monthly	Bi-monthly	Quarterly	Yearly	Longer than a year	Other	N/A
Austria				100%			
Belgium				99,9%		0,1%	
Croatia	100%						
Czech Republic					100%		
Denmark				100%			
Estonia	95%		5%				
Finland							X
France		37%		52%		11%	
Germany	<1%		<1%	99%		<1%	
United Kingdom (GB)	X	X	X	X			
Greece		100%					
Hungary	X			X			
Ireland		100%					
Italy	X		X			X	
Latvia				100%			
Lithuania							X
Luxembourg				100%			
Norway							
Poland	X	X	X			X	
Portugal	8%	81%		11%			
Romania	100%						
Slovak Republic	100%			100%			
Spain	5%	95%					
Sweden	X	X	X				
The Netherlands	2%			98%			

Table 3: Billing frequency - gas

In **Italy**, for gas customers with regulated contracts billing frequency is fixed by the regulator. According to regulation, households must receive a bill at least monthly, quarterly or every three months (depending on consumption). However, exact or estimated shares are not available to the regulator.

¹² "X" in the Table denotes countries where the types of billing frequency are known, but no data is available on the percentage of each.

In the United Kingdom for both electricity and gas, where a customer receives a bill, the frequency of receipt is dependent on the particular product the customer has, and its associated billing frequency. Estimated shares of how many customers receive bills at different frequencies are not known by the regulator.

In 8 countries, most customers receive yearly bills (Austria, Belgium, Czech Republic, Denmark, France, Germany, Luxembourg and the Netherlands), while the monthly bill is the most common form of bill in 4 other countries (Croatia, Estonia, Hungary, and Romania).

Electricity and gas

Although there are a significant number of countries where household customers receive monthly bills, the yearly bill is still the most common form of billing. In countries where there are yearly bills, the percentage of customers receiving it is mostly above 90%.

4.1.5 Form of billing

Form of billing refers to formal standards like the number of bills customers receive (separate bills for energy and network tariffs or combined bills) and other choices the customer might have regarding payment methods, method of delivery (post or electronic mail) and terms of payment.

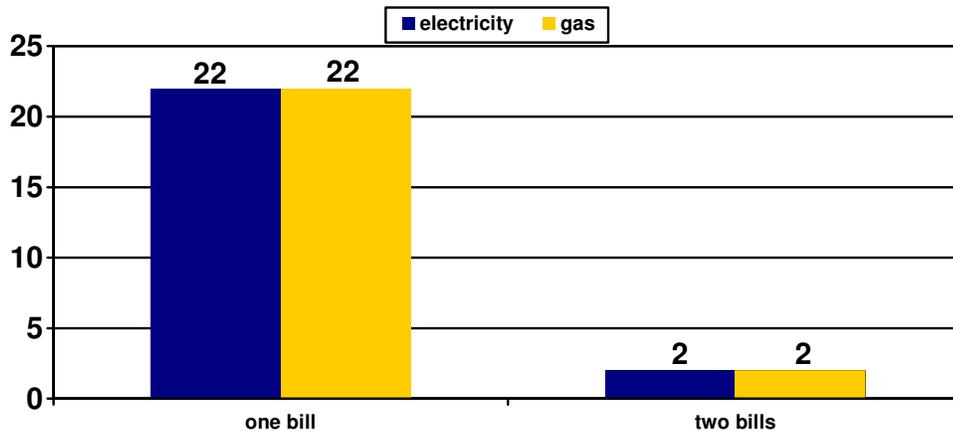
4.1.5.1 Separate bills for network and supply

Background

ERGEG member and observer countries were asked whether household customers in general receive combined bills for energy and network or whether separate bills for energy and network were issued.

Findings

In general, do household customers in your country receive...
 two bills (one for network, one for enery consumed) or
 one single bill (covering both, network and energy consumed)?



Graph 3: Number of bills

The results are identical for electricity and gas. In the majority of countries, customers receive combined bills. Only Sweden and the Netherlands state that in general separate bills are issued to electricity and gas customers. However, the country-specific situations are far more complex, as can be seen in the examples below.

This question addresses the majority of the customers and no conclusions can be drawn on how many customers receive two bills in countries where most customers receive one bill. There is some evidence in some ERGEG member and observer countries (see following examples) that customers supplied by alternative suppliers receive two bills.

The use of two bills by alternative suppliers leads to the question of whether this might constitute a form of discrimination against alternative suppliers. It could be the case that the receipt of separate bills is an obstacle towards switching for household customers and would therefore mean a market entry barrier for alternative suppliers.

Examples

The Netherlands has chosen to answer in both categories, one and two bills. The method applied depends on the model that is being used by the supplier. There are two models:

1. Network model
2. Supplier model

In the first model, customers will receive two bills: one from the DSO and one from the supplier. In the second model, the customer will receive one bill, which covers both.

In **Austria and Finland**, incumbent suppliers and some alternative suppliers issue combined bills, whereas some alternative suppliers issue separate bills for energy supply.

In **Denmark, Latvia and Poland** the majority of household customers receive one bill; only customers who switched supplier receive separate bills.

In **Luxembourg**, it is a legal requirement to have only one bill.

In **Norway**, the DSOs usually offer one bill for the incumbent supplier and the grid tariff. The DSOs are required to offer this to other suppliers in the grid area too, if the suppliers ask for it. Not many suppliers ask for it though as often the customer data are not stored in the same format as required by the DSO data system for an automatic transfer. The job of manual (mail, etc.) transfers is considered too labour-intensive.

4.1.6 Format, Content & Design of bills

The following section considers the requirements referring to the actual format, content and design of energy bills across ERGEG member and observer countries.

4.1.6.1 Content of the bill

It is a difficult task to determine which information is needed by customers to manage their energy consumption and, above that, to determine how much information is the optimum between insufficient data and an information overload.

In the following part of the report, minimum requirements are investigated concerning the design of energy bills throughout Europe.

4.1.6.1.1 *Minimum requirements for the content*

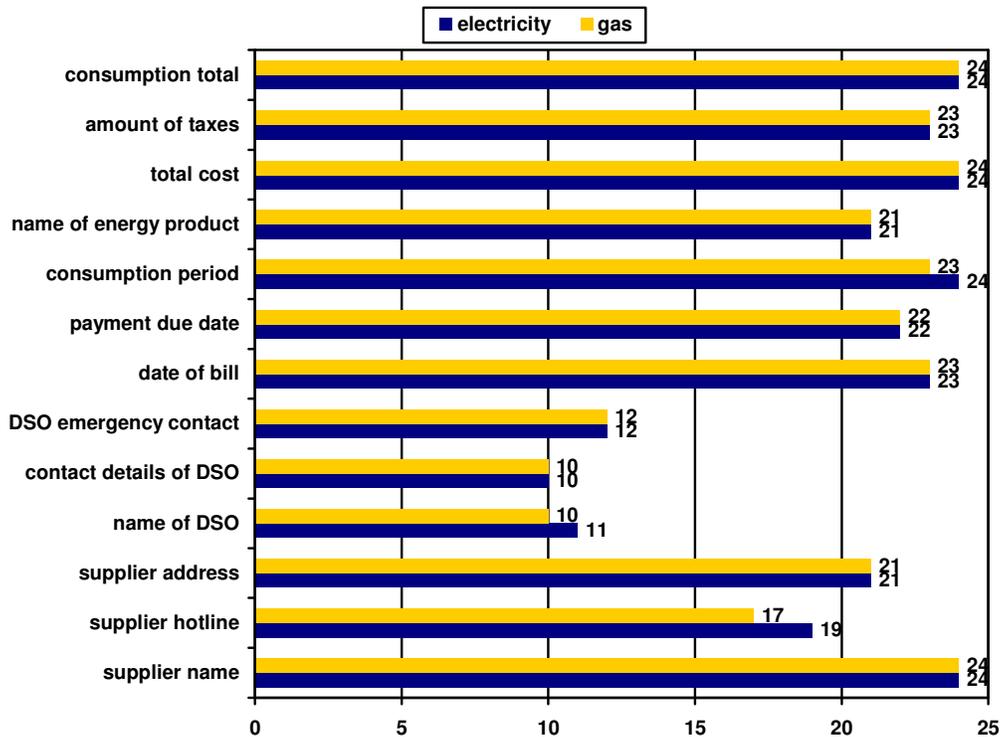
Background

In its Annex 1, the Good Practice Guidance for Billing provides an extensive and very elaborate list of content for a bill that will allow customers to take informed choices and use their energy bill to manage their consumption and compare offers.

ERGEG members and observers were asked to provide a compilation of the information that is required on energy bills.

Findings

If there are minimum requirements regarding bills - legal requirements and/or by self regulation - is it necessary for bills to include...

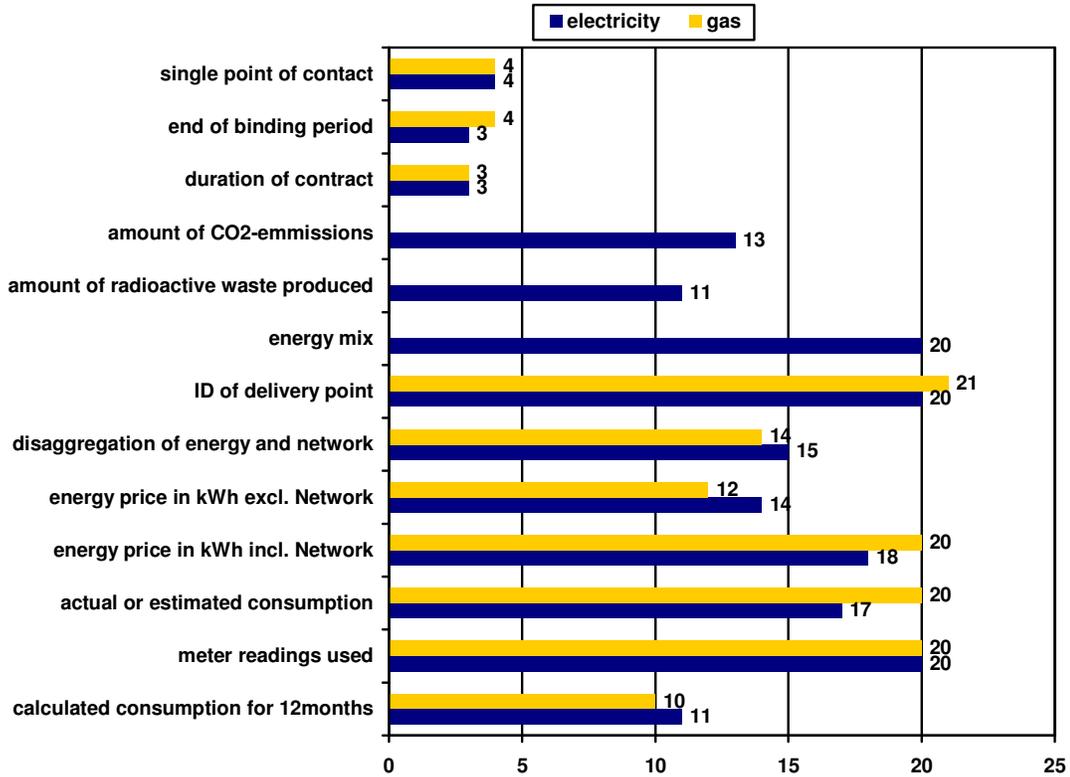


Graph 4: Requirements regarding content of bills I

Graph 4 shows that the information necessary to manage the payment of the bill (total cost, consumption total, payment due date, etc.) is required in a majority of countries.

Additionally, it seems that contact information for the DSO is only required in about half of the countries. This could stem from different market designs since there are markets where all communication of the customer is dealt with – at least at a first level - by the supplier.

If there are minimum requirements regarding bills - legal requirements and/or by self regulation - is it necessary for bills to include...



Graph 5: Requirements regarding content of bills II

As regards information vital for the customer to compare offers and take an active role in the market, the results in Graph 5 show that in the majority of countries there is no requirement to include data such as calculated consumption for 12 months, energy price in kWh excl. network, disaggregation of network and energy or contract information.

Although the 2009 Electricity Directive¹³ states that information on the energy mix must be delivered to the customer, only 20 countries report having such requirements.

¹³ Ref.: Article 3.9 (a) of Electricity Directive 2009/72/EC: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:211:0055:0093:EN:PDF>

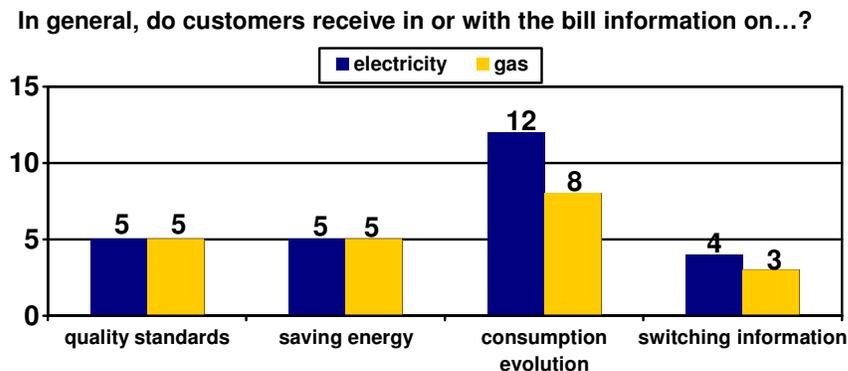
4.1.6.1.2 Receipt of general information

Background

It is also important to take a look at the information received by energy customers, regardless of the requirements (legal and/or self-regulation).

EREG members and observers were therefore asked to give information on the kinds of information household customers generally receive in or with the bill such as information about quality standards, guidance on how to save energy, data on the customer's consumption evolution and information on how to switch suppliers.

Findings



Graph 6: Receipt of general information

In many EREG member and observer countries, customers do not receive general information on quality standards, how to save energy or how to switch. At least, in nearly half of the countries, customers are provided with an overview of their electricity consumption evolution.

As far as all other categories are concerned, there is ample room for improvement.

4.1.7 Design / layout of the bill

The Good Practice Guidance for Billing clearly states that *“billing is not only about information (and how much information) but also about communication and design/layout.”*

The DG SANCO Working Group considered that it is crucial, for the customers' understanding, to be thoughtful of the design and layout of the bill and to consider carefully how data may be presented.

On the other hand, due to the fact that competition should drive free markets, the DG SANCO Working Group's position, that *“the design of energy bills should be left to suppliers since competition and innovation could produce better bills”* also has its grounds.

This leaves ERGEG member and observer countries with a difficult balance to strike in order to provide for minimum standards but also to give room for competition and different suppliers' ideas of how to serve the customer best with a bill (to offer higher quality standards also for billing).

The following part of the report investigates the requirements (legal or self-regulation) for the design of energy bills throughout Europe.

4.1.7.1 Minimum requirements on the design of bills

Background

In its recommendation 5, the Good Practice Guidance for Billing states that: *“Competition and innovation could improve the design of bills. Although suppliers remain free to determine the design of bills, the WG agrees that certain good practices across Europe improve bills to the benefit of consumers. Colour and the use of boxes/frames can help consumers understand bills.”*

Some further advice is given in the Good Practice Guidance for Billing on how to use elements of design and layout of bills, such as a suggestion *“to reduce the **size of the bill to two pages**, where possible, at least in the case of regular bills.”*

Additionally, customers should be able to manage their consumption with the information provided on the bill, which requires data on the customer's **consumption pattern**.

Furthermore, it is suggested, the customers receive information on:

- *Evolution of consumption during last year(s) and*
- *Product mix per energy source and global mix of supplier*

A **“comparability box”** is strongly recommended by the Good Practice Guidance for Billing to allow customers to obtain the necessary information to take an active role in the energy market.

Findings

Question asked: *Are there minimum requirements - legal requirements and/or self-regulation - in your country about....?*

Requirements on...	Electricity	Gas
Number of pages	1	1
How to present past consumption pattern	5	6
How to present energy mix	10	NAP
Summary section	7	9
Comparability box	1	1
Use of boxes/frames	3	1
Use of colours	0	0
Minimum character size	1	1

Table 4: Requirements on design of bills

There are not many countries where certain aspects of billing design are required. Requirements for how to present the energy mix are the most common, but only in place in less than half of the countries surveyed.

All other issues are not subject to minimum requirements in most ERGEG member and observer countries. The following country-specific examples may give an insight into the different approaches chosen.

Examples

Electricity bills

In **Austria**, a model bill issued by the Association of Electricity Companies, which is going to be advocated for implementation to service providers, has 3 pages.

In **the United Kingdom**, there are no requirements on a minimum character size but suppliers must make reasonable adjustments for those customers with disabilities such as large print for the partially sighted.

In **Italy**, there are no requirements on minimum character size, but suppliers are requested to use "a readable character size".

In **Norway**, it is required that the DSO bills are easy to understand and that they contain a graph of the consumption of last year compared to this year.

In **Sweden**, the electricity suppliers are obliged in all kinds of selling and marketing of electricity to show a so-called "price comparison" (jämförpris) for every single electricity supply contract. This allows the electricity consumer to compare the price of electricity from different suppliers. "Price comparisons" are made in SEK (Swedish Krona) per kWh and include all variable and fixed fees, plus energy tax and VAT. Networks fees are not included. "Price comparisons" are given for three different electricity consumption levels, 2 000 kWh/year, 5 000 kWh/year and 20 000 kWh/year. With the purpose of getting electricity consumers active and well-informed about the electricity supply contracts and "price comparisons," the Swedish Energy Markets Inspectorate has been given the task to publish the "price comparisons" of all electricity suppliers at a comparison website (www.elpriskollen.se).

Gas bills

In **Austria**, a model bill issued by the Association of Gas and District Heating Supply Companies, which is going to be advocated for implementation to service providers, has 3 pages.

In **Denmark**, there is a legal requirement to present information about past consumption, but no requirements on how and in what form to present the information.

In **the United Kingdom**, there are no requirements on a minimum character size but as in electricity, suppliers must make reasonable adjustments for those customers with disabilities such as large print for the partially sighted.

In **Italy**, there are no requirements on minimum character size, but suppliers are requested to use “a readable character size”. There is also an obligation to give the customer, once a year, some information about the average daily consumption, but there is no provision on how the suppliers have to present this information.

4.2 Billing improvements

The following part of the report considers billing improvements as stated by the Good Practice Guidance for Billing.

Firstly, this requires taking a closer look at which type of requirements are chosen by ERGEG member and observer countries to enable billing improvements, but also to find out whether a bill validation process or a code of conduct has been implemented. Moreover, this section investigates whether an authority responsible for billing review has been defined and which other measures – both by authorities and the industry – have been taken to enable improvements in the field of energy billing.

The Good Practice Guidance for Billing is based on a voluntary approach. In order to respect national diversity and also to put forward meaningful recommendations for everybody in Europe, the Guidance proposes three different options for European countries to consider, depending on their national context. These options are to either work on legislation to achieve clear and understandable bills for customers, to carry out a so-called billing validation process or for service providers to comply with a code of conduct.

These three options are well-chosen examples but not an exhaustive list of approaches. Other, different options are possible and may be more suitable in the national context.

Recommendation 8 of the Good Practice Guidance for Billing states that: “*Diverse traditions and legal requirements, together with different levels of household energy market development in EU countries, have led the WG to propose a number of options for the implementation of the billing recommendations at the national level. These options include the **signature of a Code of Conduct**, the possibility of a **bill validation process** or **enactment of new billing legislation**.*”

4.2.1 Type of requirements regarding billing

Background

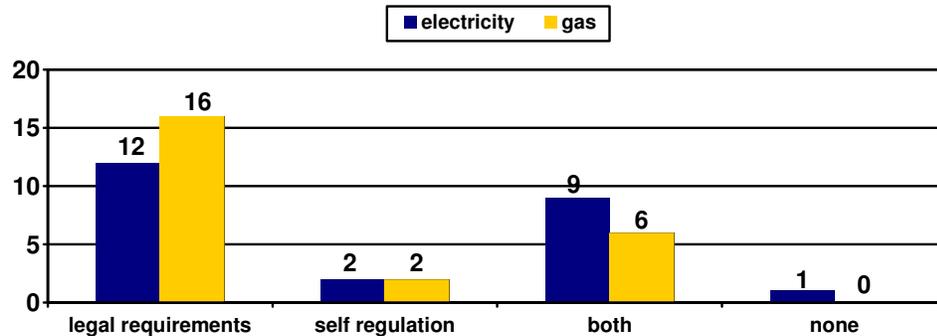
ERGEG members and observers were given the possibility to state whether the requirements in place for bills regarding household customers were ensured by legal requirements, by requirements resulting from self-regulation of the industry, by both or whether there were no requirements for bills at all.

It is important to keep in mind that there may be a vast difference between a legal requirement and a guideline resulting from industry self-regulation. It has to be noted that the latter puts a customer in a weaker position in the case where a service provider is not complying with the standards.

ERGEG supports the willingness of service providers to deliver higher standards that minimum legal requirements have foreseen.

Findings

Are there some requirements regarding bills in your country in place?



Graph 7: Type of requirements regarding billing

The majority of countries have chosen the option of legal requirements to ensure quality of energy bills. In addition, some countries have a combination of legal requirements and self-regulation by service providers.

Only a very limited number of countries rely entirely on self-regulation by the industry to ensure bills meet minimum standards.

4.2.2 Bill validation process

Background

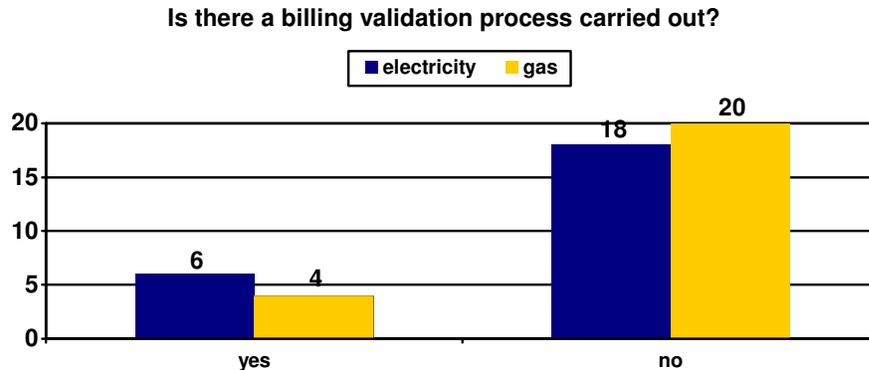
Another possible approach to improve billing is the implementation of a billing validation process.

It is stressed within the Good Practice Guidance for Billing that this will only make a difference for consumers if effective structures for dialogue are put in place at national level, bringing together all stakeholders (national administrations, energy regulators, consumers and energy industry representatives). Exchange of best practice among EU countries could be facilitated by the existing structures of ERGEG, European energy industry associations and consumer organisations.

As regards the bill validation process it is suggested that “*national energy regulators or other competent bodies could work with industry and consumer representatives to help ensure the bills that consumers receive are clear.*”

However, how a billing validation process could be designed is not explained in detail in the Guidance. For the present report, it was therefore not only of interest whether ERGEG members and observers had implemented a billing validation process but also the way this was or is going to be put into practice, as approaches may vary greatly. The examples given illustrate this diversity.

Findings



Graph 8: Billing validation process

In electricity, there is a billing validation process carried out in 6 of 24 countries: Austria, Czech Republic, Latvia, Lithuania, Portugal and Romania.

In gas, a billing validation process is carried out in 4 countries: Austria, Czech Republic, Lithuania and Portugal.

In electricity, only 1 country out of 16 reporting stated that there a bill validation process is envisaged: the Netherlands.

In gas, out of 17 responding countries, again only the Netherlands plans to carry out a billing validation process.

Examples of billing validation processes

In **the Netherlands**, the situation is the following: the Dutch 2010 Guidelines on consumer energy bills, developed in close collaboration with the energy industry, are non-mandatory guidelines for clearer and more understandable energy bills. The intention is that all energy companies will adopt these 2010 Guidelines. The energy companies are given until January 1, 2011 to adopt these guidelines and to adjust the recommendations in their energy billing formats. The Netherlands Competition Authority (NMa) is expecting that many energy companies (supply companies) will eventually adopt the 2010 Guidelines. The NMa shall start an investigation in early 2011 in order to find out to what extent the energy companies have actually changed their billing formats. Energy companies that are in compliance with the 2010 Guidelines will be listed by the NMa on the energy-product related website EnergieWijzer (part of the government-owned consumer information portal ConsuWijzer, www.consuwijzer.nl).

In **Austria**, the NRA monitors that bills issued to household customers meet minimum legal requirements and opens infringement procedures if this is not the case.

In the **Czech Republic**, this issue is in the competence of the NRA. There is a public survey of household customers governed by the energy regulatory office in cooperation with DSOs relating to billing in electricity supply; the results could be used appropriately on billing in gas.

In **Latvia**, the bill validation process is carried out by the supplier and the regulator.

In **Lithuania**, the supplier controls the billing process at least 1 time per year.

In **Portugal**, for last resort suppliers the bill validation process is carried out by the regulator. For market suppliers, even if it is not a legal obligation, most of them have developed their own bill validation processes (work with NRA and/or consumer representatives).

In **Romania**, even if it is not a legal obligation, most of the suppliers have developed their own billing validation process.

4.2.3 Code of Conduct

Background

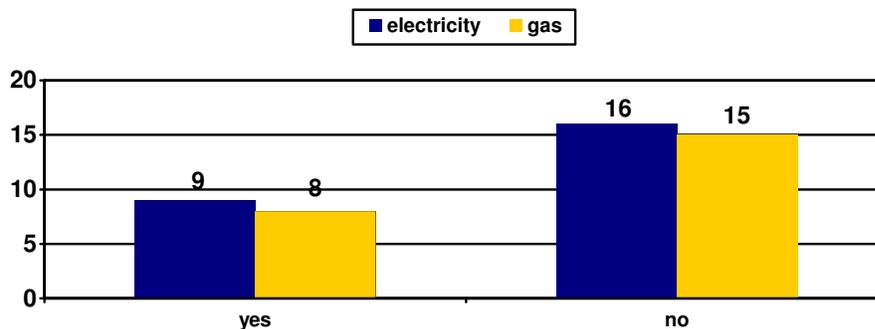
Another option given by the Good Practice Guidance for Billing is the signature of a so-called Code of Conduct. This is the second voluntary approach suggested by the Good Practice Guidance for Billing in order to respect national diversity.

Recommendation 9 illustrates one possible way how this could be done: *“National administrations, regulators, industry, consumer associations and other specialist groups are urged to work co-operatively fostering dialogue and partnerships to ensure the full implementation of these recommendations on the ground.”*

ERGEG members and observers were asked whether a Code of Conduct was in place for service providers. A deeper look into the different approaches can be taken in the country-specific examples.

Findings

Is there a code of conduct for DSOs/suppliers regarding billing activities?



Graph 9: Code of Conduct for DSOs/suppliers

The picture is nearly identical in electricity and gas:

8 countries have codes of conduct for service providers of both types of energy: Belgium, Czech Republic, Germany, the United Kingdom, Ireland, the Slovak Republic, Sweden and the Netherlands. Latvia has a code of conduct in electricity but not in gas.

A little more than a third of countries have chosen the means of a Code of Conduct – perhaps among others - to provide for energy bills to be clear, correct and user-friendly.

Examples

In **Belgium**, there is an agreement between suppliers in cooperation with the regulator and other public authorities to improve the consumer protection in the liberalised energy market. Its content deals with price transparency, marketing & sales practices, switching, moving (customer), information regarding general contract conditions, availability/presentation of consumer information/consumption info, tariffs, complaint handling, etc...

In the **Czech Republic**, the code consists of provisions regarding metering standards, billing standards, rules for electricity market functioning etc.

In **Germany**, the energy-association BDEW published in 2008 a guideline document which has been developed in cooperation with the German ministry of economics. It is a Guideline for a transparent bill to household customers in electricity/gas. It contains information on what needs to be and what should be on the consumers' bill. It also gives advice on how the information should be presented on the bill. Additionally the DVGW, a German natural gas association, publishes detailed rules on the specifics of gas billing (e.g. the paper DVGW G685).

In **the United Kingdom**, there is a suppliers' Billing Code of Practice for Accurate bills - it is self-regulatory and does not apply market-wide (only for those suppliers who have signed up, although this covers the majority of the market). It covers what consumers can expect from suppliers in terms of:

- meter readings and estimated bills;
- the key features on the bill (overall clear and understandable, explanation of how the bill has been calculated; when payment is due, any change in price and contact details);
- the way they will deal with direct debit payments;
- help available for those in payment difficulties;
- the bill when changing supplier/moving home;
- when mistakes are made by the supplier and complaint process.

In **Ireland**, there is a code which requires certain information to be provided on bills, minimum payment methods; indication of what information is being presented.

The **Polish regulator** prepared a code of conduct and presented the code to use it by the energy entrepreneurs.

In the **Slovak Republic**, the Operational Orders of the DSOs include payment and billing conditions.

In **Sweden**, the "General contractual terms and conditions" is an agreement between the Swedish Consumer Agency and the electricity companies that is applicable to this industry.

In **the Netherlands**, the code of conduct primarily focuses on the content of the bill, not the layout. Also, information about the origins of the electricity has not been included into the code, while there are legal requirements on information of the energy mix.

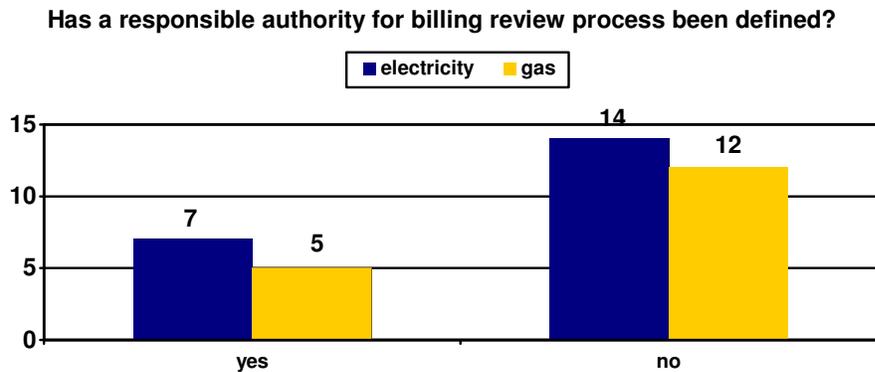
4.2.4 Responsible authority for billing review

Background

To take a deeper look into the matter, ERGEG members and observers were also asked whether a responsible authority was defined for billing review, which covers the overall billing improvement.

The relevant recommendation of the Good Practice Guidance for Billing (Rec. 9) recognises the need for a “... a competent authority in the EU Member States **able to lead the billing review process** at the national level. The WG invites EU Member States to define the body responsible for this activity.”

Findings



Graph 10: Responsible authority for billing review

In electricity, 7 out of 21 responding countries have defined responsibilities for billing review: Austria, Hungary, Italy, Latvia, Lithuania, the Slovak Republic and the Netherlands.

In gas, there is a defined responsible authority for billing review in 5 of the 17 responding countries: Austria, Denmark, Italy, the Slovak Republic and the Netherlands.

In countries where there is a responsible authority for the billing review, this is generally the NRA. More detailed insight into the matter can be gained from the national examples.

Examples

In **Greece**, a new Electricity Supply Code is under public consultation. The new code foresees minimum requirements for electricity bills, which are mainly focused on information items to be added, and not layout requirements. The NRA will be responsible for the billing process.

In **Hungary**, the Hungarian Energy Office, the National Authority for Consumer Protection and also the consumer protection organisations set up a recommendation on billing in 2008.

In **Italy**, the NRA has defined the minimum billing requirements since 1999 for gas and 2000 for electricity. The regulation changed in 2006 for electricity and a new harmonised regulation for both electricity and gas will be effective from 1 January 2011. The minimum requirements are enforced through infringement procedures when not met by the suppliers.

In the **Slovak Republic**, the NRA, bears the responsibility for billing validation process.

In **Sweden**, Swedish Energy (Svensk Energi), an organisation which gathers almost all the DSO and electricity suppliers in the Swedish market has been performing a customer offensive with the purpose to increase the credibility of DSOs and electricity suppliers. One of the projects in this work has been to standardise fundamental information on the bills so that the same type of terminology is used and important information is shown uniformly and with the same contents.

In **the Netherlands**, from 1 January 2011 suppliers will be asked to publish on their website whether their bills comply with the requirements stated in the code of conduct on billing. This gives the customer more insight into the quality of service of the supplier. The Dutch NRA will also validate whether the suppliers follow the code of conduct and make this information transparent to the customers.

4.2.5 Measures taken by authorities and the industry regarding billing improvements

Background

It is stressed by the Good Practice Guidance for Billing that it is inevitable to take into account national situations and diversity of Member States when looking at the steps taken by different countries to provide clear, correct and easily understandable bills.

Even with its broad approach of identifying three possible options on the way towards better bills, the Good Practice Guidance for Billing may not cover all measures taken by authorities. A view which is as broad as possible seems adequate to deliver an elaborate picture of the situation. Therefore ERGEG members and observers were asked whether there were any measures taken in the field of billing improvement.

Findings

Are there measures taken by authorities to make bills more understandable for customers?

Measures taken for.... by....	For electricity customers	For gas customers
By authorities	Austria, Belgium, Czech Republic, Finland, France, Germany, United Kingdom, Greece, Hungary, Ireland, Italy, Latvia, Luxembourg, Poland, Portugal, the Slovak Republic, Spain, the Netherlands: 18	Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, United Kingdom, Hungary, Ireland, Italy, Lithuania, Luxembourg, Poland, Portugal, Romania, the Slovak Republic, Spain, the Netherlands: 19
By suppliers/DSOs	Austria, Belgium, Czech Republic, Estonia, Germany, United Kingdom, Greece, Hungary, Latvia, Norway, Poland, Portugal, the Slovak Republic, Spain, Sweden, the Netherlands: 16	Austria, Belgium, Czech Republic, Denmark, Germany, United Kingdom, Hungary, Poland, Portugal, Romania, the Slovak Republic, Spain, the Netherlands: 13

Table 5: Measures taken to make bills more understandable

The majority of countries report meaningful activities and measures taken by authorities as well as by service providers to enhance and improve energy billing. About two thirds of the countries report measures that are or have been taken.

An in-depth picture of the diversity of approaches can be gained by studying the national examples.

Examples

Measures taken by authorities to make bills more understandable for customers

In **Austria**, a model bill has been designed in cooperation with national experts on billing design, tested in a sample survey with household customers and suggested to the industry for implementation.

In **Belgium**, there is an agreement between suppliers in cooperation with the regulators and other public authorities to improve the consumer protection in the liberalised energy market.

In **Denmark**, the billing regulation tries to make **electricity and gas bills** more understandable for consumers.

In the **Czech Republic**, a public survey of household customers concerning their understanding of electricity bills and most important information, etc. was carried out.

In **Finland**, regulation on invoicing is laid down in a Regulation given by the Energy Market Authority (367/441/2006). The Energy Market Authority handles individual cases related to content of electricity and gas bills. In these cases, whether bills comply with Regulation given by the Energy Market Authority is evaluated.

In **France**, the customer information service “Energie Info” (website and information hotline), dedicated to households and small businesses, and shared and funded by the NRA and the public Ombudsman, provides, among others, general information on the content of electricity and gas bills, information on customers’ rights and a price comparator available on the website. The price comparator helps customers to make the best deal for their electricity and gas supplies. During the price comparison process, customers are invited to pick up in their bills the relevant data to proceed with the calculation. Such a price comparison tool contributes in enhancing customers’ understanding of their bills and the price of their energy.

In **Germany**, the energy association, in cooperation with the economic ministry, set up a guideline defining the content and presentation of the content of a transparent energy bill in 2008. The NRA is frequently in contact with the consumer associations in order to receive feedback on future policy actions. In the future, it is planned to include billing practices in monitoring, to provide the information as feedback to lawmaker and to publish the NRA’s position on understandable bills.

In **the United Kingdom**, through licence requirements resulting from Ofgem’s Energy Supply Probe each bill displays:

- name of the customer's current tariff;
- the customer's consumption for the past 12 months (except where a customer has been with a supplier for less than 12 months);
- an estimated cost in pounds per year of the customers’ supply for the next 12 months (if the customer remains on the same tariff, if the tariff remains unchanged and if the customer uses the same amount of energy, except where the customer has been with the supplier for less than 12 months).

In **Greece**, there are informal steps taken. The NRA carried out a survey among consumers in order to measure the level of satisfaction with their supplier. Satisfaction from billing was one of the issues surveyed. Results were communicated to the supplier who is dominant.

The **Hungarian Energy Office** has prepared an explanation of the contents of bills, and is available on the website. The Hungarian Energy Office has made a proposal for new legislation on billing items.

In **Italy**, information on prices and tariffs are provided on the regulator’s internet website.

In **Ireland**, information is required to be presented in certain ways so that different supplier bills can be compared.

In **Luxembourg**, information is provided on a website by the regulator.

In **Norway**, this action has already been taken. The requirements are regulated.

In **Poland**, the Polish regulator organised and is currently organising conferences. Communications to explain bills for consumers are also published. On the Polish regulator's website there is a short film concerning the issue. The Energy Ombudsman also explains to consumers the issues to make it more understandable.

In **Portugal**, the format and content of the suppliers of last resort's invoices are subject to review by the regulator, which recommends the adoption of measures aiming a better understanding of bills by customers.

In **Romania**, minimum requirements regarding the content of the **gas bill** are established by the energy regulatory authority (ANRE) and by fiscal legislation. Also, according to ANRE regulations, the supplier has the obligation to distribute informational materials to all its customers regarding billing, the content of the bill and payment facilities.

In the **Slovak Republic**, the NRA shall publish a detailed description of the items in a bill on its website in the very near future. Section 20 par. 7 of Act No. 656/2004 on Energy: Electricity supplier and gas supplier shall duly and fully inform on the invoice prepared for the household customer and household gas customer about individual component parts of the price for the supply of electricity and supply of gas including their numeric notation...."

In **Spain**, working groups formed by authorities and companies have regular meetings in order to make bills more understandable for customers. The Industry Ministry includes some measures in the legislation to make bills with minimum content and more understandable.

In **the Netherlands**, the new Code of conduct has been set up by both the Dutch NRA and the energy companies. Also, 'ConsuWijzer', an initiative of several (consumer) authorities, gives more information about the energy bill. Consuwijzer can be contacted through email, telephone and via internet (www.consuwijzer.nl)

Measures taken by DSOs/suppliers to make bills more understandable for customers

In **Austria**, the industry associations, Association of Austrian Electricity Companies and Association of Gas and District-Heating Supply Companies, have or are currently designing model bills for household customers.

In the **Czech Republic**, service providers carried out a public survey across household customers concerning their understanding of electricity bills, most important information, etc. in cooperation with the energy regulatory office.

In **Denmark**, suppliers/DSOs can develop the graphic design, which can contribute to make **gas bills** easier to understand.

In **Estonia**, there is clarifying information about bills available on webpages, for example <http://www.energia.ee/index.php?id=434&L=1>.

In **Germany** the energy association, in cooperation with the economic ministry, set up a guideline defining the content and presentation of the content of a transparent energy bill in 2008. The federal network agency is frequently in contact with the consumer associations in order to receive feedback on future policy actions. In the future, it is planned to include billing practice in monitoring activated, provide the information as feedback to lawmaker and publish NRA's position on understandable bills.

In **the United Kingdom**, some suppliers have signed up to a Billing Code of Practice (this covers the majority of the market).

In **Greece**, actions are taken not as a result of the previous actions, but more in order to discriminate network from supply costs, presented on the bill.

In **Hungary**, suppliers send to each customer an explanation of bills and this also available on their websites.

In **Norway**, this could vary. At least the DSOs have to follow the minimum requirements of the regulation.

In **Poland**, some suppliers and DSOs are publishing on their websites information how to read bills to make the bills more understandable for consumers. Some of them are publishing projects of bills with explanation for consumers. Consumers can also make contact with a hotline to talk with experts on how to read a bill.

In **Portugal**, the largest electricity supplier of last resort promoted a focus group, composed of several consumers, to analyse the electricity bill. In gas, there is no knowledge of any specific measure, but the NRA believes that some initiatives have been developed to collect information on the understanding of gas bills.

In **Romania**, most of the suppliers publish on their websites information designed to help the customer to understand the content of the **gas bill**. Also, the gas bill contains explanations on its content.

In the **Slovak Republic**, there are suppliers' websites with bill patterns and description of their parts.

In **Spain**, working groups formed by authorities and companies have regular meetings in order to make bills more understandable for customers. The Industry Ministry includes some measures in the legislation to make bills that have a minimum content and are more understandable.

In **Sweden**, the above-mentioned Swedish Energy (Svensk Energi), an organisation which gathers almost all the DSO and electricity suppliers at the Swedish market have been performing a customer offensive with the purpose of increasing the credibility of DSOs and electricity suppliers. One of the projects in this work has been to standardise fundamental information on the bills so that the same type of terminology is used and important information is shown homogeneously and with the same contents.

In **the Netherlands**, the new Code of conduct has been set up by both the Dutch NRA and the energy companies.

Even if the situations are very different from one country to another, it is possible to draw some useful conclusions to be found in the following part of the report.

5 Conclusions

Regarding billing frequency, the yearly bill is still standard practice, and in 7 countries in particular it is the predominant frequency used for billing customers.

Considering the energy efficiency goals, frequent information on consumption – through bills or other statements – is vital to allow customers to act energy efficiently.

In the majority of countries, customers receive **combined bills covering supply and network**. In some countries, customers receive two bills when they switch from the incumbent to an alternative supplier. This leads to the question whether this might constitute a form of discrimination against alternative suppliers and could therefore mean a source of market distortion by hindering customers from switching suppliers. ERGEG believes that any obstacle towards switching for household customers has to be avoided.

The Good Practice Guidance for Billing is based on a **voluntary approach**. In order to respect national diversity, the Guidance puts forward **three different options** for European countries to consider depending on their national context. These options are to either work on **legislation** to achieve clear and understandable bills for customers, to carry out a so-called **billing validation process** or for service providers to comply with a **code of conduct**. These three options are well-chosen examples but not an exhaustive list of approaches.

ERGEG stresses that other, different options are possible and may be more suitable in the national context.

The majority of countries have chosen the option of **legal requirements** to ensure quality of energy bills. In addition, some countries have a **combination** of legal requirements and self-regulation of service providers. Only a very limited number of countries rely entirely on **self-regulation** by the industry to ensure bills meet minimum standards.

A majority of countries report that there are some activities and measures taken or envisaged (either by authorities and/or the industry) to make bills more understandable for customers. However, these measures may vary according to country-specific situations.

Often, knowledge of the **customers' opinion of bills** is quite limited and requires a customer-oriented approach. Only a very limited number of countries have access to this kind of data. In some Member States, further research with consumers (qualitative studies, focus groups, etc.) in this field may be necessary to be able to gain an in depth picture.

As far as the **content of a bill** is concerned, information necessary to handle the payment of the bill (what, how and when to pay) is delivered to the customer in a majority of countries.

In the majority of countries, there are no requirements to include on the bill information which is useful for the customer to compare offers (such as consumption for 12 months, energy price(s) per kWh, etc.). Improvements in this field may be necessary to enable customers to participate actively in a well-functioning market.

ERGEG stresses the need for comparable information to ensure that customers are treated fairly, get the best possible deal available and are empowered to exercise their right to choose on an open market. Better insight into customer's opinions of their energy bills could help determine the relevant measures (either legal or voluntary) to improve the bills.

Annex 1 – Passages from the Good Practice Guidance for Billing

3. Improvement of billing at national level - WG guidance & national practices: Dialogue, Options & design of bills

3.1 National structures for dialogue

The WG underlines that the present guidance is based on a voluntary approach. It will only make a difference for consumers if effective structures for dialogue are put in place at national level bringing together all stakeholders (national administrations, energy regulators, consumer and energy industry representatives). Exchange of best practice among EU countries could be facilitated by the existing structures of ERGEG, European energy industry associations and consumer organisations.

3.2 Options

In order to respect national diversity and also put forward meaningful recommendations for everybody in Europe, the WG puts forward options for European countries to consider depending on their national context.

Code of Conduct

Energy industry representatives could subscribe to implement a number of actions for better bills. This voluntary action could include guidelines on bills' layout and consumer awareness campaigns in partnership with consumer organisations and regulators. Good examples of such code of conduct and awareness actions come from Great Britain and Spain.

Bill validation process

National energy regulators or other competent bodies could work with industry and consumer representatives to help ensure the bills that consumers receive are clear. See, e.g. the Irish regulator bill validation model in the next section – Design of energy bills.

Legislation

New legislation is also an option. Italy has done so by defining bill templates, while a new consultation for further improvements in energy bills is currently underway.

Progress in improving billing at national level will be examined in the Citizens' Energy Forum.

3.3 Design of energy bills

The design of energy bills should be left to suppliers since competition and innovation could produce better bills. At the same time, WG members agree that a guaranteed minimum quality of billing information is needed. Further research on consumer attitudes would be useful. To determine if or whether a bill is understandable and comparable it needs to be empirically tested.

Consumer representatives put forward Ireland's example as a good practice. In Ireland, the energy regulator (CER) reviews energy bill templates proposed by industry against certain minimum principles and requirements, defined by CER. However, only very few energy regulators currently have the powers to embark upon such a process. Moreover, in many Member States it is not clear who is competent to lead the process for improving energy bills.

Priority billing items, including Comparability box

WG members consider that a balance must be struck between too much versus too little information in energy bills.

Priority billing items to appear on the first and/or second page of the bill should cover the essential information consumers need to understand how much they pay for the amount of energy consumed and contact information of their supplier and/or other relevant body for further bill/service related inquiries. Secondary information should appear in the bill or reach consumers in an additional document (e.g. as information leaflets).

Priority billing items are:

- *Supplier details (name and contact details for queries) and contact hours*
- *Customer's name, billing address and supply address (if different)*
- *Customer account reference number*

- *Date of the bill and when payment is due*
- *The period over which the energy shown on the bill has been consumed*
- *The energy product (gas/electricity/both) supplied*
- *The total cost (for each product)*
- *The total consumption (kWh)*
- *If costs excluding VAT are stated, the VAT charged*
- *The total amount payable (including VAT)*
- *The telephone number (and contact hours) customers can call for queries and payment difficulties.*
- *The telephone number for reporting gas emergencies and/or electricity problems*
- *Contact information e.g. client services, for questions and/or complaints*
- *Identification of point of delivery i.e. customer switching code, EAN, MPRN, MPAN, MPID – as relevant per Member State.*
- *Disaggregation between network and supply price components, if appropriate to national market conditions*
- *Meter readings used at the beginning and end of the billing period, the reading date and the method used for the reading (e.g. whether actual or estimated)*
- *Name and contacts of network operator (if the contact on network issues)*

An option to consider to improve market transparency and comparability of offers is the inclusion of key elements in a "Comparability Box". This box would include all necessary information for consumers about their energy company, tariff and contract:

- *Supplier name and contact details*
- *Duration of contract, including any notice requirement*
- *Energy product name e.g. tariff name and reference to where a detailed description can be found.*
- *Base price and price €cent (or other currencies) /KWh, including any variable tariffs and any min/max price variations, other discounts*
- *Identification of point of delivery*
- *Information telephone number (helpline, regulator's number, or other).*

The template in Annex 1 attempts to give a visual presentation of what this could look like.

Secondary billing items

Additional billing information would appear in the bill or reach consumers in an additional document:

- *For each meter, the amount (units) consumed during the billing period. If this amount is not simply equal to the difference between initial and final meter readings, any corrections or calculations made should be explained.*
- *For each energy product, details of fixed (time-dependent) and variable (consumption-dependent) charges as required by the customer's tariff*
- *Bill payment methods facilities for consumers experiencing payment difficulties (e.g. a help line), in the case of second or warning bills a description of late payment and at a later stage an explanation of possible disconnection processes.*
- *Evolution of consumption during last year(s)*
- *Tips on energy savings or green tips*
- *Product mix per energy source and global mix of supplier*
- *Advice on switching process*

Items for annual reconciliation bills

The WG suggested that the following items should be included in annual reconciliation bills:

- *The total amount of regular payments (including VAT) already made by the customer*
- *The debit/credit balance*

- *Whether the regular instalment needs to be recalculated and how consumers can change the sum they pay.*
- *The total consumption (kWh)*

The Comparability Box would also be included in the annual bill if consumers receive just one bill per year.

4. Recommendations

The WG Billing, therefore, recommends the following:

- 1. Bills must be accurate, transparent, readable, thus easily understandable. The bill is the primary means by which consumers obtain information on their consumption and on the price they pay. It is, indeed, an important tool which helps consumers to manage their consumption and, if possible, consume less.*
- 2. Bills should allow consumers to compare offers and serve as a basis for helping consumers decide to switch supplier when appropriate.*
- 3. Consumers should be free to exercise choice in their billing and payment service (frequency, detail, method of delivery). Nevertheless, a guaranteed minimum quality of billing information is needed. In accordance with national legislation, specific provisions should be made for consumers with particular disabilities. The Working Group recognises as good practice to put in place alternative arrangements such as giving the possibility for consumers to request their bill in large print.*
- 4. All bills should contain information about payment modalities. Where payment of a first bill is overdue, subsequent bills for the same period should contain information about procedures for dealing with payment difficulties and encouraging consumers to make contact with their supplier. Finally, providers should put in place procedures to establish the circumstances of non-payment of bills.*
- 5. Competition and innovation could improve the design of bills. Although suppliers remain free to determine the design of bills, the WG agrees that certain good practices across Europe improve bills to the benefit of consumers. Colour and the use of boxes/frames can help consumers understand bills.*
- 6. Primary information should be the information which is essential for consumers to understand the price they pay for the service they receive. It should be displayed prominently on the bill. Consumers should benefit from information on their electricity and gas supply which is simple, easy to read and facilitates comparison with other suppliers, other users or other consumption periods. Such data could be presented in a "Comparability Box" that should feature prominently in their bill. Secondary billing information, with details about the bill, should also be included in the bill or reach consumers in an additional document.*
- 7. Energy stakeholders (national administrations, regulators, industry and consumer associations) are invited to put in place consumer awareness raising activities such as information campaigns and education tools and involve advice bodies, such as Consumer Ombudsmen. These campaigns should aim to improve consumer understanding of energy bills. Energy consumers could also make use of online price calculators administered by objective third parties or independently verified.*
- 8. Diverse traditions and legal requirements, together with different levels of household energy market development in EU countries, have led the WG to propose a number of options for the implementation of the billing recommendations at the national level. These options include the signature of a Code of Conduct, the possibility of a bill validation process or enactment of new billing legislation.*
- 9. The WG recognises that there needs to be a competent authority in the EU Member States able to lead the billing review process at the national level. The WG invites EU Member States to define the body responsible for this activity.*
- 10. National administrations, regulators, industry, consumer associations and other specialist groups are urged to work co-operatively fostering dialogue and partnerships to ensure the full implementation of these recommendations on the ground.*

Annex 2 – Relevant Provisions in 2009 Electricity and Gas Directives

Article 3

5. Member States shall ensure that:

(b) customers are entitled to receive all relevant consumption data. [Author's note: for switching supplier]

...

9. Member States shall ensure that electricity suppliers specify in or with the bills and in promotional materials made available to final customers:

(a) the contribution of each energy source to the overall fuel mix of the supplier over the preceding year in a comprehensible and, at a national level, clearly comparable manner;

...

(c) information concerning their rights as regards the means of dispute settlement available to them in the event of a dispute.

The regulatory authority or another competent national authority shall take the necessary steps to ensure that the information provided by suppliers to their customers pursuant to this Article is reliable and is provided, at a national level, in a clearly comparable manner.

Annex I

1. (c) receive transparent information on applicable prices and tariffs and on standard terms and conditions, in respect of access to and use of electricity services;

...

(d) are offered a wide choice of payment methods, which do not unduly discriminate between customers. Prepayment systems shall be fair and adequately reflect likely consumption. Any difference in terms and conditions shall reflect the costs to the supplier of the different payment systems. General terms and conditions shall be fair and transparent. They shall be given in clear and comprehensible language and shall not include non-contractual barriers to the exercise of customers' rights, for example excessive contractual documentation. Customers shall be protected against unfair or misleading selling methods;

...

(h) have at their disposal their consumption data, and shall be able to, by explicit agreement and free of charge, give any registered supply undertaking access to its metering data. The party responsible for data management shall be obliged to give those data to the undertaking. Member States shall define a format for the data and a procedure for suppliers and consumers to have access to the data. No additional costs shall be charged to the consumer for that service;

(i) are properly informed of actual electricity consumption and costs frequently enough to enable them to regulate their own electricity consumption. That information shall be given by using a sufficient time frame, which takes account of the capability of customer's metering equipment and the electricity product in question. Due account shall be taken of the cost-efficiency of such measures. No additional costs shall be charged to the consumer for that service;

Annex 3 – List of abbreviations

Term	Definition
CEER	Council of European Energy Regulators
CEM TF	Customer Empowerment Task Force
CWG	Customer Working Group
DG SANCO	(European Commission) Directorate General for Health and Consumers
DSO	Distribution System Operator
EC	European Commission
ERGEG	European Regulators Group for Electricity and Gas
EU	European Union
GGP	Guidelines of Good Practice
kWh	Kilowatt-Hours
NRA	National Regulatory Authority
WG	Working Group

Annex 4 – CEER and ERGEG

The Council of European Energy Regulators (CEER) is a not-for-profit association in which Europe's independent national regulators of electricity and gas voluntarily cooperate to protect consumers' interests and to facilitate the creation of a single, competitive, efficient and sustainable internal market for gas and electricity in Europe. CEER acts as a preparatory body for the European Regulators' Group for Electricity and Gas (ERGEG).

ERGEG is the European Commission's formal advisory group of energy regulators. ERGEG was established by the European Commission, in November 2003, to assist the Commission in creating a single-EU market for electricity and gas. ERGEG's members are the heads of the national energy regulatory authorities in the 27 EU Member States.

The work of the CEER and ERGEG is structured according to a number of working groups, composed of staff members of the national energy regulatory authorities. These working groups deal with different topics, according to their members' fields of expertise.

This report was prepared by the Customer Empowerment Task Force of the Customer Working Group.