

Consumer Processes

European Commission proposal		
Switching		
Articles 12.1 Switching has to take place within 3 weeks	Electricity Directive	✓
Article 12.2-3 Distinction being made between switching related fees (forbidden) and early termination fees (which may still be charged)	Electricity Directive	✓
Article 12.3 Suppliers to prove demonstrable advantage from fixed term supply contracts before being allowed to charge early termination fees	Electricity Directive	✗
Comparison Tools		
Article 14 and Annex I Comparison tools	Electricity Directive	✓
Billing		
Article 18.1 Billing presentation has to enable comparison by consumers	Electricity Directive	✗
Article 18.7 Bills and request for payment	Electricity Directive	✗
Annex II.1 Billing - new list of minimum requirements	Electricity Directive	✓
Annex II Billing - requirements from former EED	Electricity Directive	✗
Annex II. 2 Billing - price breakdown into energy, network and taxes/levies	Electricity Directive	✓
Annex II.4 Disclosure of energy sources	Electricity Directive	✗

The distinction made between switching fees and early termination fees is welcome

We fully agree that **switching has to be free** and **we welcome the distinction made between switching fees (forbidden) and early termination fees for fixed term contracts (allowed)**. Early termination fees need to be allowable for fixed term deals - provided they are transparent and clearly communicated to customers up-front - as they help cover the costs suppliers face when customers leave early. Such contracts can be cheaper because suppliers have more certainty about how many customers they have and how much energy to buy in advance.

A certified comparison tool in each Member State will enhance transparency and choice

Be they public or private, **comparison tools will only be effective and used if they are trusted by consumers**. They should provide clear, impartial and transparent information about offers. They should not just compare prices but also the main features of products (e.g. contract duration, payment options, source of electricity, availability of value added services, etc.). They should always disclose the potential fees/payments they receive from suppliers in case of a switch. We therefore **welcome the certification criteria proposed by the Commission**.

Consumer satisfaction with bills won't improve if regulation is not made more flexible

It is a fact that existing EU requirements on billing are extensive and often complemented by stricter provisions at national level. Because of this, **the bill can be overloaded with information that is not useful to consumers** and can even be confusing. Instead of making rules more flexible and principle based, the Commission proposes additional, more stringent, rules for bills. **Consumer needs are different and we think more room should be given to suppliers to tailor bills and test innovative ideas**.

Key proposed amendments

Switching

Article 12.2-3

Member States may choose to permit suppliers to charge contract termination fees to customers willingly terminating fixed term supply contracts before their maturity. Such fees may only be charged if ~~customers receive a demonstrable advantage from these contracts they are clearly communicated to customers upfront and as part of their contract.~~ In addition, such fees shall not exceed the direct economic loss to the supplier of the customer terminating the contract, including the cost of any bundled investments or services already provided to the customer as part of the contract.

Electricity
Directive

Justification

Proving that a consumer receives a “demonstrable advantage” from a given fixed term supply contract will be very complex in practice. Indeed, suppliers do not know the future cost of electricity nor do they know the future consumption of customers. What is key is that, where fees may apply, they must be proportionate to the costs incurred by the current supplier, be clearly communicated to customers up-front, and be controlled ex-ante and ex-post by the national authorities.

Billing

Art 2.13-14 (new)

“Billing” means a written statement of the money owed for goods or services and containing the minimum information defined in Annex II.1

“Billing information” means separate additional information about consumers’ consumption and rights, as defined in Annex II.2 and II.5, and shall not constitute a request for payment.

Electricity
Directive

Justification

Clarifying the difference between billing and billing information is crucial for legal purposes and to facilitate the implementation of the Directive at national level.

Article 18.1

Member States shall ensure that **billing and billing information** fulfil the minimum requirements ~~for billing and billing information as~~ set out in Annex II. The information contained in bills shall be correct, clear, **and** concise ~~and presented in a manner that facilitates comparison by consumers.~~

Electricity
Directive

Justification

Bills are not intended to facilitate comparison by consumers, other tools such as Comparison tools are meant for this. However if bills contain minimum requirements in a clear and concise way, consumers will easily find the information they need to compare their existing tariff with other offers available on the market.

Article 18.7

~~Member States may lay down that, at the request of the final customers, the information contained in these bills shall not be considered to constitute a request for payment. In such cases, Member States shall ensure that suppliers offer flexible arrangements for payments~~

Electricity
Directive

Justification

This provision is very confusing; it contradicts Article 18.3 and the broader goal of energy efficiency. A bill is a request for payment.

Annex II.2

2. Billing information

Where appropriate, the following **billing** information shall be **made available prominently displayed** to final customers ~~in or with their bills and periodical settlement bills:~~

- (a) current actual prices and actual consumption of energy;
- (b) comparisons of the customers' current energy consumption with consumption for the same period in the previous year in graphic form;
- (c) contact information for consumer organisations, energy agencies or similar bodies, including website addresses, from which information may be obtained on available energy efficiency improvement measures, comparative end-user profiles and objective technical specifications for energy-using equipment.

Electricity
Directive

In addition, **wherever possible and useful**, comparisons with an average normalised or benchmarked customer in the same user category shall be made available to final customers ~~in, with or signposted to within, their bills and periodical settlement bills.~~

Justification

It is crucial to make a clear distinction between billing and billing information to simplify the current regulatory framework and to increase consumer satisfaction with bills.

- *Billing should only contain key information (e.g. consumption, price to pay, etc.) as defined in Annex II par1;*
- *Billing information should be distinct from the bill. It should contain separate additional information about consumers' consumption and rights, as defined in Annex II.2 and II.5.*

Bills are not intended to facilitate comparison by consumers, other tools such as Comparison tools are meant for this. However if bills contain minimum requirements in a clear and concise way, consumers will easily find the information they need to compare their existing tariff with other offers available on the market.

Annex II.5

4. 5. Disclosure of energy sources

Suppliers shall specify in ~~billing information:~~

- (a) the contribution of each energy source to the overall fuel mix of the supplier ~~(at national level i. e. in the Member State where the supply contract has been concluded, as well as at the level of the supply undertaking if the supplier is active in several Member States)~~ over the preceding year in a comprehensible and clearly comparable manner; **and/or**

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- (b) the contribution of each energy source to the electricity purchased by the customer in accordance with the supply contract (product level disclosure);

Justification

It would be much clearer for consumers to receive information about one mix only. This should be the product mix and/or the supplier mix depending on national circumstances. In addition, we think such information should primarily be communicated as billing information and not through the bill itself.