Conclusions of the 5th Meeting of the
Citizens' Energy Forum,
London, 13-14 November 2012

The fifth meeting of the European Citizens' Energy Forum took place in London on 13 and 14 November 2012. The Forum was opened by keynote speeches from Guenther H. Oettinger, EU Commissioner of Energy, and Martin Crouch of Ofgem, speaking on behalf of Lord Mogg, chair of the Council of European Energy Regulators (CEER) and of Ofgem.

The Forum was chaired by the Commission and attended by national and European consumer associations, representatives of Member States, national energy regulators, standardisation bodies, and representatives of the Energy Community and Norway, the electricity and gas industry, and independent ombudsmen.

The Forum continued in its fifth year to provide a central platform for the European energy sector, consumers and policy makers alike, to evaluate current work and to identify and prioritise future plans. By focusing on the development of competitive retail markets benefitting consumers as well as on cornerstone principles of a consumer-centric vision for the energy sector, the Forum gives an opportunity to all actors to work together in building a European energy sector which engages with and understands the diverse needs of consumers and delivers services that meet those needs.

1. Building a consumer-centred vision of the retail market

The Commission's consumer market scoreboard shows energy markets near the bottom of the list in terms of consumer satisfaction. While a lot has been done to develop a comprehensive legislative package with strong consumer provisions, much remains to be achieved to deliver fair markets for consumers.

As the European Consumer Organisation (BEUC) highlighted, liberalisation in energy markets has not yet fully delivered on the expected benefits, and consumers are still experiencing difficulties regarding for example switching, high prices, unclear billing, and poor complaint handling procedures. The engagement of Member States governments, regulators, consumer associations, ombudsmen, and industry actors is crucial to achieve more consumer-friendly energy markets.

The joint CEER-BEUC statement on a 2020 Vision for Europe's Energy Customers, presented by CEER at the Forum and annexed to these conclusions, promotes the four principles of reliability, affordability, simplicity, and protection & empowerment as the cornerstones of an energy sector where the European consumer truly comes first. To achieve this vision, decisive action, collective efforts and continuous dialogue between NRAs, governments, consumers, industry and European institutions are essential.

The joint CEER-BEUC statement has the support of the Forum as well as stakeholder groups, such as energy ombudsmen, and industry representatives. Industry needs to operate internationally, while working at a local level in each Member State to reflect differing requirements. Customers' expectations must be recognised by industry, and it should be clear to customers what they can expect in the coming years as the industry develops.

Retail market competition is not always evident immediately after transposition; it takes time for markets to develop, and stakeholders are encouraged to share good practice through working groups etc. ***The Forum invites all market actors and stakeholders to demonstrate their commitment to improving the EU's retail energy markets through concrete actions towards stronger consumer protection and empowerment, in line with the presented 2020 Vision for Europe's Energy Customers. They should be prepared to report to the next Forum on progress achieved.***

2. State of play in EU energy market integration and transformation

Full implementation and active enforcement of existing rules will be important for further progress in building an energy market that puts consumers first. Consumer-centric energy markets cannot be achieved without close market monitoring and strict enforcement of consumer legislation so that consumers are fully protected and can exercise their rights.

The ACER[1]-CEER retail market monitoring report to be published in late November will show that Member States are at different stages of transposition of market legislation, which is reflected in varying levels of competition.

As a result, customers suffer in some Member States due to slow transposition of the 3rd Energy Package; efforts should be made to ensure consumers understand their options and are empowered to make valid choices.

The Forum calls for ACER's and NRAs' continuous monitoring of retail markets, prices and consumer measures to provide important indications of whether markets are functioning in the consumers' interest and of what further improvements are needed.

2.1 Price transparency and price comparison tools

The Price Transparency Working Group report, presented by DG SANCO, gives 10 key recommendations on how to improve transparency in markets while implementing the Third Package. National perspectives and experience with public and private initiatives show that both public and private actions can provide best practices for improving market performance via transparency and tools helping consumers participate in the market. In this regard, CEER announced their guidelines of good practice (GGP) on price comparison tools.

The Forum welcomes CEER's plans to review customer access to information on the costs and sources of energy as well as efficiency schemes.

[1] Agency for the Cooperation of Energy Regulators

Customers are entitled to clear and easy-to-understand contracts, transparent prices, and information tools on energy sources as well as energy efficiency schemes. Customers should have access to clear information on the components of their energy bills and on current and past consumption patterns, and current practices in this field will be reviewed. ***The Forum welcomed the Commission's intention to revisit the 2009 Billing Recommendation, extending it to cover electronic billing and the management by consumers of their personal data.***

Linked to transparency and fair prices for consumers is a better understanding of so-called green offers for electricity. ***The Forum welcomed CEER's plans to analyse different approaches to defining green offers and to provide advice on how to make this information transparent and accessible for customers.***

The above actions should aim to help empower customers via the provision of reliable and simple information.

2.2 Protection of vulnerable consumers

Vulnerability is of growing concern due to actual and expected price increases, increased choice and complexity in the market, and new types of vulnerability linked to growing integration of IT technologies, Internet, etc. in energy services offers.

Member States have a clear responsibility to provide effective protection and assistance to consumers in vulnerable situations. This requires sensible identification of such consumers, respecting their privacy as well as the time-dynamic and diverse nature of their vulnerability. The Commission's work, in collaboration with a broad group of stakeholders, on the drivers of vulnerability can help Member States in defining the concept of vulnerable customers and addressing their needs, including energy poverty where applicable.

The Forum calls for the Vulnerable Consumers Working Group to continue its work in providing an indicative overview of possible drivers of vulnerability that could serve as useful guidance for Member States. Good practices as well as lessons learnt from negative experience need to be shared between Member States in order to ensure a high level of prevention and protection across the EU.

Social policy, specific energy policy, or a combination of the two, can be effective in addressing energy-specific consumer vulnerability. Either way, reducing energy consumption through energy efficiency measures should be the first means of public sector action regarding energy poverty in particular.

2.3 Energy efficiency

Energy efficiency actions should be linked to consumer needs (for lighting, heating, etc.) within the framework of the requirements of the Energy Efficiency Directive (published on the second day of the Forum). Timely and correct transposition by MS is considered to be key. **The Commission will adopt documents/interpretative notes by June 2013 to support Member States with transposition and implementation.**

The importance of bringing efficiency improvements through new service offers to consumers, and other measures (such as energy efficiency obligations), was highlighted; this can be further assisted through other energy efficiency policies such as the eco-design legislation. While smart meters should be an important tool in providing useful information and accurate billing to consumers, they will alone not achieve efficiency breakthroughs. Moreover, a number of efficiency measures should be introduced without smart meters. The Forum stressed the role of consumer information, education, and awareness, as well as the need to remove barriers to active involvement in implementing such efficiency measures.

Member States, including at local government level, as well as industry, consumer organisations, and regulators, have key roles to play in this respect, and the Forum called for their action in sharing best practices at national and European level. The concrete actions that regulators could take at European level will be considered further in the planned CEER Status Review of customer access to the cost and sources of energy and efficiency schemes.

3. Creating new benefits for consumers in energy markets

3.1 Demand response and smart metering

The rollout of smart metering systems calls for a collaborative approach of governments, industry, consumer organisations and regulators for consumer benefit. The state of play of smart meter rollout in MS, as presented by the Commission, shows that the success of the rollout depends on criteria decided largely by Member States, which should follow the Commission's Recommendation of March 2012, particularly as regards privacy issues and common minimum functionalities recommended for smart metering systems.

Sharing of best practices and lessons learned from initial stages of the rollout of smart metering systems should be reflected in any wider rollout so that appropriate consumer protection as well as empowerment is built into the emerging market models. Member States and national regulatory authorities should work towards bringing forward the benefits of the rollout of smart metering programmes, monitoring smart metering consumer information and demand response, and finding consensus on viable options to empower and benefit consumers while bearing in mind consumer diversity. Discussions at European level will continue under the Smart Grids Task Force during next year.

The Forum calls on Member States to report on the net benefits delivered to consumers, in addition to monitoring consumer experience with smart meters. The Forum welcomes the Commission's plan to issue a Data Privacy Impact Assessment template and a

benchmarking report on the rollout of smart metering in the EU in 2013. The main conclusions, including potential market models and regulatory implications, will be presented at the next Forum.

3.2 Future models in a smart grid environment

Installation of smart meters is only a first step in the transformation to smarter retail markets – the smart meter rollout needs to lead to fully-fledged smart metering systems focused on delivering benefits to both industry and consumers. BEUC's Consumer checklist, presented at the Forum and highlighting 11 consumer protection rules for future smart energy markets, can provide useful guidance when assessing the value created for consumers.

In this context, the Forum welcomed CEER's presentation of their benchmarking report on meter data management in some Member States in the smart metering environment. The Forum also welcomed CEER's plans to cover in its work how data management - technical and customer/prosumer data - should be developed in a future environment with smart metering and smart grids. ***In 2013 CEER also plans a Status Review of the regulation of smart metering, including an assessment of rollout and implementation of ERGEG GGP on regulatory aspects of smart metering.***

The Forum takes note of the three models[2] for data processing, under examination by the Smart Grids Task Force, and of the running analysis of expected consumer services and regulatory implications. ***Further stakeholder collaboration with the European Commission in the context of the Smart Grids Task Force on their respective findings should strengthen the outcome of the analyses to be conducted next year. The results achieved through such collaboration will be reported at the next London Forum.***

3.3 Stimulating innovative and competitive service

To best serve consumer needs, European retail energy markets need a framework that allows for maximum competition between suppliers and is conducive to the appearance of new business models and actors.

For delivering innovative services, free price formation is indispensable as it enables suppliers to compete not only on price but also to differentiate their products. This makes it possible to offer value–added services, and allows suppliers to compete on quality. The innovation should actively promote rather than detract from the principles of simplicity, reliability, affordability, and empowerment and protection.

[2] DSO as Market Facilitator, Third Party Market Facilitator (Independent Central Hub), Data Access Point Manager

Innovative services, such as real-time pricing, depend on data availability. It is thus important that we have rules in place that facilitate and clarify the roles and responsibilities around data hub management on which smart and innovative products and services depend. The roles should be distributed in a way which ensures a level playing field, for example, the clear separation of the role of market facilitator as opposed to that of market participant, and clarification of the role of intermediaries. The Forum welcomed CEER's overview of the state of play in smart meter data management in Member States and encouraged further work on the subject.

Local authorities can have an intermediate role in the development of innovative services by educating consumers. Through awareness raising campaigns and personalised advice (as demonstrated by the example of Sweden in the Introductory Panel Discussion), they can encourage customers to take up existing innovative services.

4. Strengthening consumer engagement and bringing the Forum closer to consumers

An important element in improving markets for the benefit of consumers is communication and dialogue with consumers. The Forum has called for the creation of a true coalition for consumers where each stakeholder group provides active contribution to improve the conditions in energy retail markets. For its part, CEER will develop additional, complementary formats for communicating its work in ways that relate directly to the Customer Vision, and in a form which is explicitly designed to be accessible to customers. Collectively and individually, the Forum participants should deepen and update their communication efforts and their approaches to engaging with consumers.

A Consumer Summit will be organised by the European Commission in early-2013. During the Summit, the Commission will organise a seminar for energy regulators, consumer authorities, and other stakeholders, focussing on enforcement and better co-ordination among relevant public authorities.

The new Commission video on supplier switching and its website focusing on consumer rights[3] are important steps towards achieving consumer engagement, as is the new CEER website[4] dedicated to providing information to energy customers.

On future issues and activities for the Forum, areas that are important include the impact of wholesale market competition on retail prices, the implementation of the Energy Efficiency Directive, and how to ensure that energy investments follow the principles of cost efficiency as well as consumer benefits.

The Commission will ensure that the key messages for consumers are conveyed between the London, Florence and Madrid Forums.

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[3] http://ec.europa.eu/energy/gas_electricity/consumer/rights_en.htm

[4] http://bit.ly/EnergyCustomers

Commission services will continue to review how a wider range of stakeholders can be included in activities linked to the Citizens' Energy Forum. Building on the success of the Madrid event held in July 2012, individual Member State visits ("Miniforums") will continue in 2013 (prioritising New Member States) to include a wider range of Member State stakeholders than those who are able to attend the Forum, and to discuss national issues.

The work of the Commission's European Consumer Consultative Group (ECCG) Sub-group on Energy may also result in activities for the year ahead. The Commission will ensure greater participation of consumer representatives from all MS in the ECCG Sub-group on Energy and at the London Forum, with particular focus on the new Member States.

As part of its efforts to give substance to the 2020 vision for energy customers to involve stakeholders from the consumer side in their regulatory work to protect and empower customers, CEER will undertake a review of the involvement of consumer organisations in the regulatory process. This will map the interactions of NRAs with organisations representing the interests of energy customers, and collect best practices describing how NRAs interact with consumer bodies and how to involve them in the regulatory process. CEER also plans a second Customer Conference in 2013 to bring together consumer bodies, industry, policymakers, and regulators, for an open dialogue on customer issues.

Annex 1

A 2020 Vision for Europe's energy customers

Joint Statement

13 November 2012

Energy is a vital part of our lives; in order to ensure our wellbeing and to participate fully in society, we all need access to energy – for warmth, lighting, cooking and appliances. The energy sector has a significant responsibility because its decisions determine how energy needs are met, and at what economic and environmental cost. These decisions, by businesses, regulators and policy makers at both national and European levels, affect everyone – including future generations of residential energy consumers and other customers. This is a particularly significant time because the energy sector is embarking on a profound period of change – in how we produce, consume and transport energy – designed to promote a more sustainable energy sector.

CEER and BEUC have a vision of an energy sector that puts smaller customers first. A sector that engages with and understands the diverse needs of customers, from residential consumers, including the most vulnerable and those with low incomes, through to small businesses, and delivers services that meet those needs. A sector that anticipates future needs and takes steps to protect the interests of current and future customers. A sector that uses resources efficiently, ensures that their activities translate into societal benefits, and offers all customers a fair and affordable deal for their services.

This vision can be characterised by four principles governing the relationship between the energy sector and its variety of customers: reliability, affordability, simplicity, protection and empowerment.

Reliability in the physical supply of energy, and in commercial systems and processes that provide continuous access and affect customer service levels, such as billing. It also means reliability in the processes that allow problems and disputes to be resolved transparently, fairly and quickly.

Affordability such that charges are clear and kept to fair and reasonable levels for all customers, reflecting value for money at a level consistent with funding necessary investments to develop energy networks and to achieve energy policy targets (for example renewables), taking into account the real needs of customers. This can be secured through network regulation and other appropriate measures, if and when necessary, and by providing customers with effective choice over truly competitive offers and new, innovative services. Energy sector specific measures as well as wider social policies have an important role to play, especially for the poorest and more vulnerable.

Simplicity	in how information is provided to customers, and especially residential consumers, such that it is easy for them to understand their bill and better manage their energy consumption, making the choices that are right for them. It also means simplicity and transparency in how processes that affect customers operate. Many customers, and especially many residential consumers, want to be able to take quick and simple decisions in energy markets.
Protection and empowerment	to ensure access to energy supplies, and to guard against unfair commercial practices and unsatisfactory outcomes, recognising the diverse needs of customers, in particular the most vulnerable in society. For customers to be engaged, to take choices and to exercise their rights as energy customers, based on trust in and knowledge of how the energy sector operates. As responsibilities shift and consumers are increasingly expected to become more active in energy markets (through developments such as demand response, smart metering, micro-generation or energy efficiency measures), our Vision recognises their right to choose by whom and how their energy is to be provided and charged. Although this freedom could be framed by regulation, offering meaningful choice for customers, including residential consumers, is a key way to ensure their full protection.

This Vision has been developed through an initiative by CEER, the organisation of European Energy Regulators, involving a wide range of stakeholders through an interactive consumer conference. The conference was held in Brussels in June 2012, and included input by 37 consumer bodies from 20 countries, in addition to representatives from the energy industry, the European Commission and the European Parliament.

Many different organisations will have a role to play if this Vision is to be realised. It will require effective engagement and consultation, and decisive action over a number of years and at different levels. This is a modernisation exercise to create a sector where the European consumer truly comes first. We, the undersigned, put forward this Vision and commit to engage and act in ways that promote it. We will monitor our own progress over time, and ensure that we are open and accountable to our stakeholders. Through this commitment, we will seek to ensure that the energy sector in 2020 delivers significantly better for consumers than it does today.

London, 13 November 2012

BEUC CEER

ANNEX: ORGANISATIONS SUPPORTING THE VISION

The following organisations have indicated their support for the Vision and a commitment to contribute to its achievement. They support this initiative by CEER and BEUC and believe in building a European market in electricity and gas that puts consumers first. To this end, they stand ready to engage with the European energy community to improve the functioning of our energy markets, to the benefit of customers.

CEDEC (*European Federation of Local Energy Companies*)

CEDEC represents the interests of local utilities in the energy sector at European level. It gathers around 2,000 companies (predominantly small and medium-sized companies) which have developed activities in electricity and heat production sectors; operation of electricity and gas distribution systems; and supply of electricity, gas and energy services.

EDSO for smart grids (*European Distribution System Operators' Association for Smart Grids*)

EDSO for Smart Grids is gathering 30 Distribution System Operators from 17 EU countries (covering 70% of the EU points of electricity supply). The association is committed to promote the reliability, the optimal management and the technical development of the electricity distribution grids while reaching the European targets of energy efficiency, reduction of greenhouse gas emissions, and higher share of renewable energy sources.

ENTSO-E (*European Network of Transmission System Operators for Electricity)*

ENTSO-E represents all electric TSOs in the EU and others connected to their networks, for all regions, and for all their technical and market issues. ENTSO-E was established by European legislation in order to promote the completion and functioning of the internal market in electricity and cross-border trade and to ensure the optimal management, coordinated operation and sound technical evolution of the European electricity transmission network.

ESMIG (*European Smart Metering Industry Group*)

ESMIG has a number of objectives including: the pan-European introduction and roll out of Smart Metering through harmonisation and interoperability; the creation and implementation of consistent standards for metering and communications; the identification and promotion of best practice solutions for smart multi-utility metering.

Eurelectric

Eurelectric represents the common interests of the whole electricity industry at pan-European level, plus its affiliates and associates on several other continents. Eurelectric has over 30 full members which represent the electricity industry in 32 European countries. Eurelectric's three major objectives are delivering carbon-neutral electricity in Europe by 2050; ensuring a cost-efficient, reliable supply through an integrated market; developing energy efficiency and the electrification of the demand-side to mitigate climate change.

Eurogas

Eurogas is the association representing the European gas wholesale, retail and distribution sectors. Its members are some 50 companies and associations from 27 countries. Eurogas represents the sector towards the EU institutions. The objectives of the organisation are to promote the interests of its members (involved in the supply, trading and distribution of natural gas and related activities such as storage and liquefied natural gas); to promote the development of natural gas in Europe particularly in the legal economic technical and scientific areas to prepare studies and to promote cooperation within the gas industry; to promote the smooth functioning of the European internal gas market and to take stance on issues of interest to the European natural gas industry.

GEODE (*European Group of Energy Distribution Companies and Organizations*)

GEODE is the voice of European independent distribution companies of gas and electricity across Europe. The association represents more than 900 companies in 14 countries - both private & public owned. GEODE defends the interest of the local distributors in front of energy authorities on national and international level and allows the exchange of expertise, the share of data and competence.

NEON (*National Energy Ombudsmen Network*)

NEON is a European association whose members operate as independent national ombudsman in the energy sector.

SEDC (*Smart Energy Demand Coalition*)

SEDC is a representative industry group dedicated to promoting the requirements of demand side programs in the European electricity markets to making the demand side a smart, interactive part of the energy value chain in order to ensure the long-term goals of the Smart Grid.