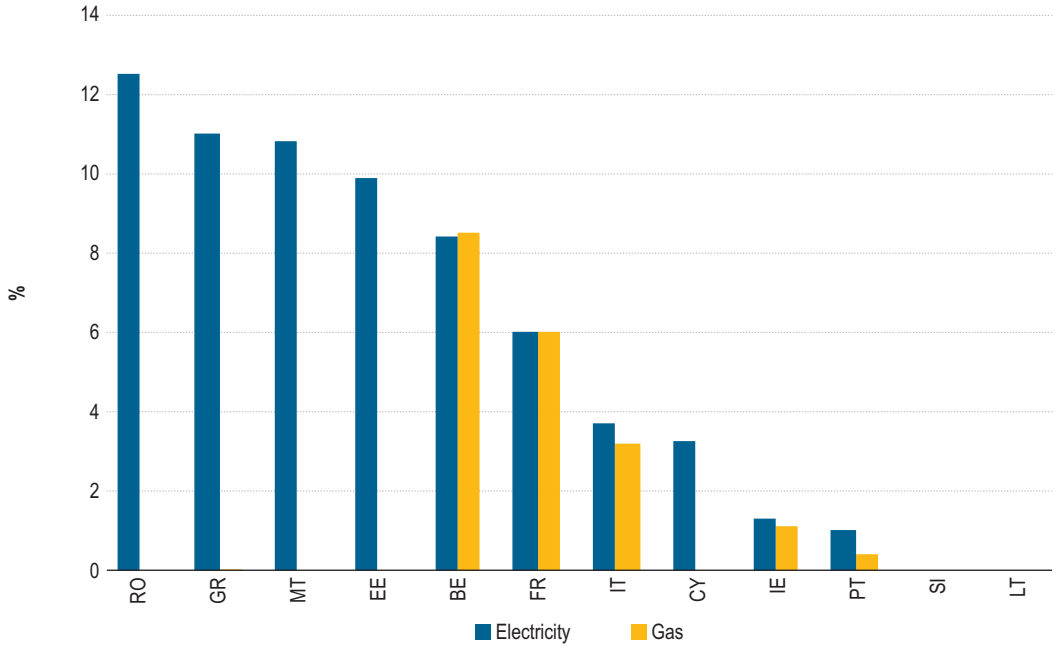
Figure 87: Share of vulnerable customers in a selection of MSs – 2013 (in % of household consumer metering points)



Source: CEER Database, National Indicators (2014)

509 To conclude, the concept of vulnerable consumers has been transposed into national laws in different ways. Some MSs opt for an explicit definition and identify specific groups of consumers or consumers in specific situations as vulnerable. Other MSs choose to define the concept of vulnerable consumers implicitly in their energy or social security laws. Nevertheless, most MSs report a number of protection means covering the energy sector, e.g. restrictions on the disconnection of vulnerable consumers, or social benefits to cover energy expenses. These national differences lead to limitations in the comparability of the number of vulnerable consumers across MSs.

5.2.3 Customer information

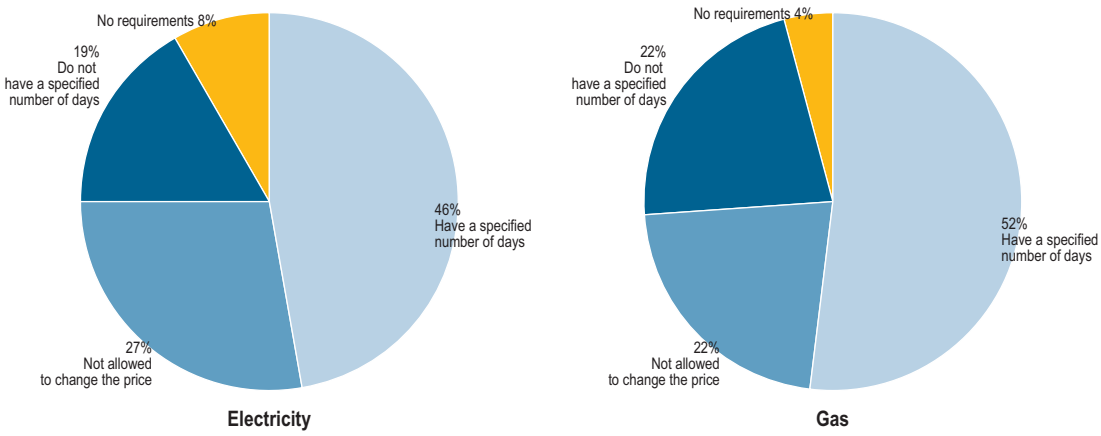
510 The Electricity and Gas Directives[343] consider the information provided to customers as the most important factor in customer protection and empowerment. Having the right information at one's disposal can make a difference to one's ability to exercise one's rights and actively participate in the energy market.

511 Here, both the legal and practical perspective in MSs concerning customer information provisions in the Directives are considered; this demonstrates the level of consumer protection in different MSs as a result of providing consumers with quick, transparent and accurate information. In order to identify good practices which exceed the minimum requirements, an overview of all issues covered under the consumer information umbrella will be presented.

343 Directives 2009/72/EC and 2009/73/EC.

512 First, the provision of information on price changes and other components of the bill varies among MSs. As shown in Figure 88, the legal requirement to inform household (end) consumers about energy price changes in fixed-price contracts[344] does not include a specific notice period (number of days) in Austria, Bulgaria, Poland and Portugal for either electricity or gas; this is also the case in Malta (for electricity) and Sweden (for gas). In Estonia and Sweden, an electricity supplier is not allowed to change the price in a fixed-price contract; while in Finland, Germany, Great Britain, Slovenia, and the Netherlands, suppliers are not allowed to change a fixed price for electricity or gas. In Hungary and Norway, there are no legal requirements for fixed-price contracts.

Figure 88: Legal requirements for information to consumers about price changes for fixed-price contracts – 2013 (% of jurisdictions)



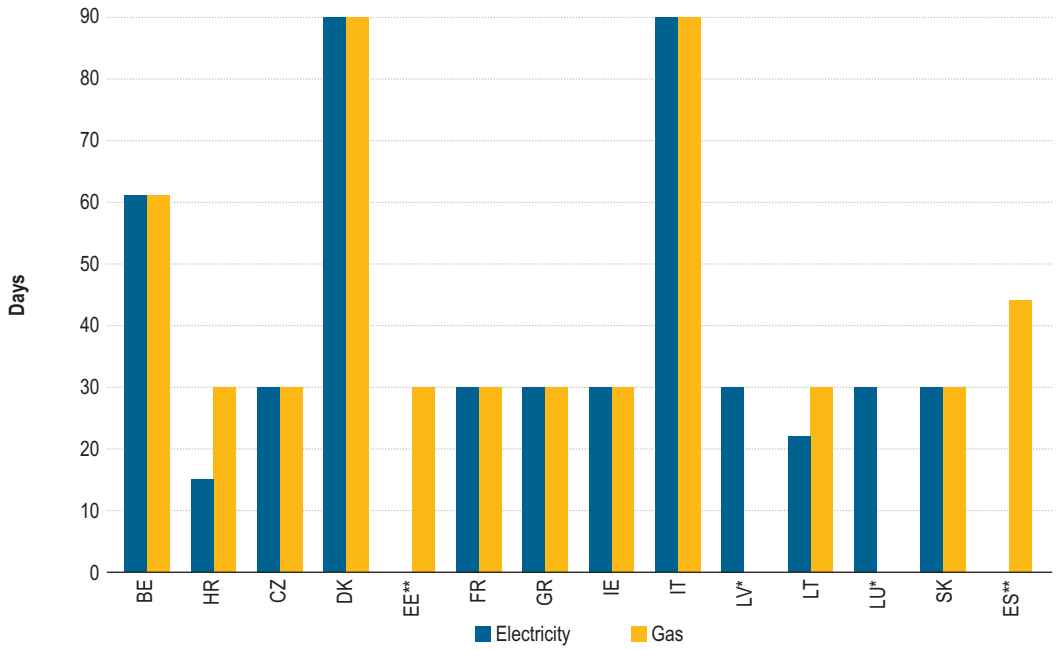
Source: CEER Database, National Indicators (2014)

Note: Data for electricity from 26 jurisdictions, data for gas from 23 jurisdictions.

513 In 14 countries, legal requirements specify that consumers must be informed about energy price changes in a fixed-price contract a specific number of days in advance of the change. The legal requirement for information on fixed-price contracts varies between 15 and 90 days for these countries. Figure 89 depicts this variation in the different countries according to national law. In practice, the timeframe in number of days does not differ, which means that the legal requirements are de facto applied.

344 A fixed-price contract refers to any contract in which energy price changes are not foreseeable by the supplier for the whole or unlimited duration of the contract. In contrast, variable-price contracts are contracts which explicitly bind the final household customer energy price component to an explicit pricing mechanism and is changed on a regular basis, e.g. an indexed wholesale energy price or indexed to regulated prices.

Figure 89: Number of days in advance that household consumers are informed about energy price changes – fixed-price contracts (legal perspective) – 2013 (days)



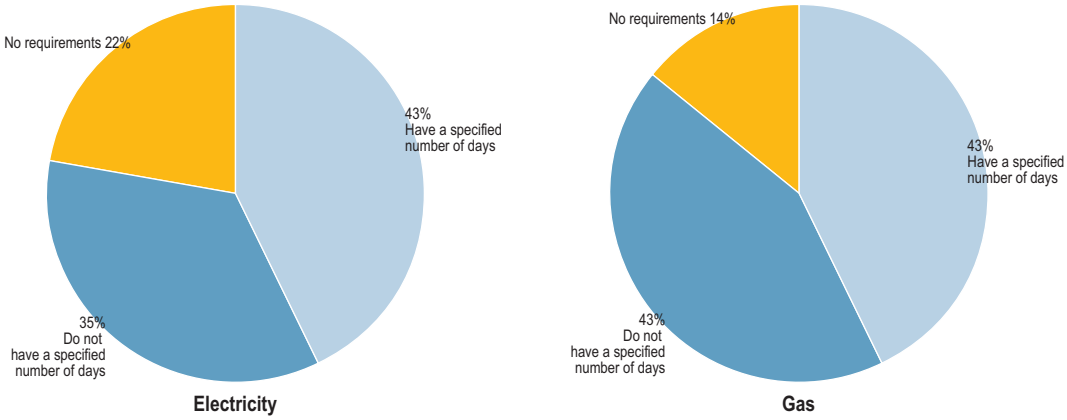
Source: CEER Database, National Indicators (2014)

*Notes: * only for electricity; ** only for gas.*

514 The legal requirement to inform household consumers about energy price changes in variable-price contracts does not include a specific notice period (number of days) in Austria, Belgium, Germany, Italy, the Netherlands, Poland[345] and Portugal (for both electricity and gas), or in Malta (for electricity) or Romania and Slovenia (for gas). There are no legal requirements for variable-price contracts for either electricity or gas in Greece, Hungary and Sweden, and no legal requirements for electricity in Estonia and Norway.

345 In Poland, the notice period is specified by the settlement period.

Figure 90: Legal requirements for information to consumers about price changes for variable-price contracts – 2013 (% of jurisdictions)

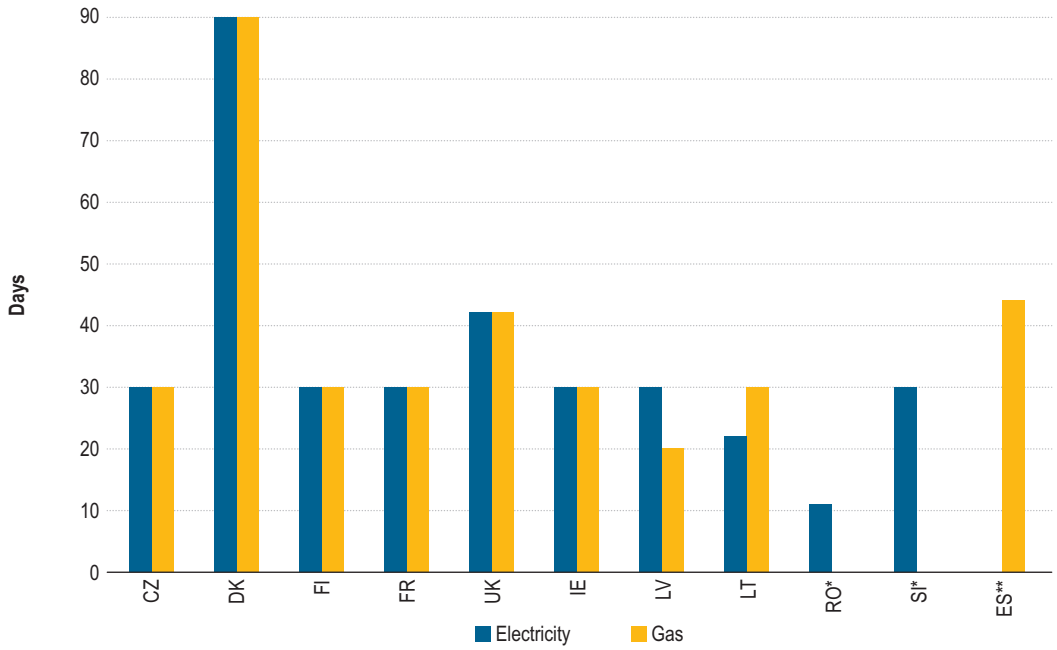


Source: CEER Database, National Indicators (2014)

Note: Data on electricity from 23 jurisdictions, data on gas from 21 jurisdictions.

515 In 11 countries, legal requirements specify that consumers must be informed about energy price changes in a variable-price contract a specific number of days in advance of the change (see Figure 91). The legal requirement for information on variable-price contracts varies between 11 and 90 days for different MSs. Figure 91 depicts this variation in the different countries according to national law. In practice, the results mirror the legal requirements for all MSs except Romania, where customers are informed less than 10 days in advance regarding energy price changes, compared to the 11 days required by law. In both Austria and Norway, customers are informed about price changes 14 days in advance in practice, although this is not required by national law.

Figure 91: Number of days in advance that household consumers are informed about energy price changes – variable-price contracts (legal perspective)



Source: CEER Database, National Indicators (2014)

*Notes: * only for electricity; ** only for gas.*

516 The data regarding consumer information on energy price changes allows for interesting comparisons with the data regarding information to consumers on changes in the other components of energy costs, such as network tariffs and taxes, etc. In 26 out of 28 countries, NRAs stated that there are legal requirements to provide consumers with information about these changes; Austria and Great Britain are the two countries with no such legal requirement[346] In practice, consumers in all MSs are provided with information about changes in other components of the bill; with the exception of Austria and Ireland (where the law is not applied). In Great Britain, this information is often provided to consumers in practice, although this is not required by law.

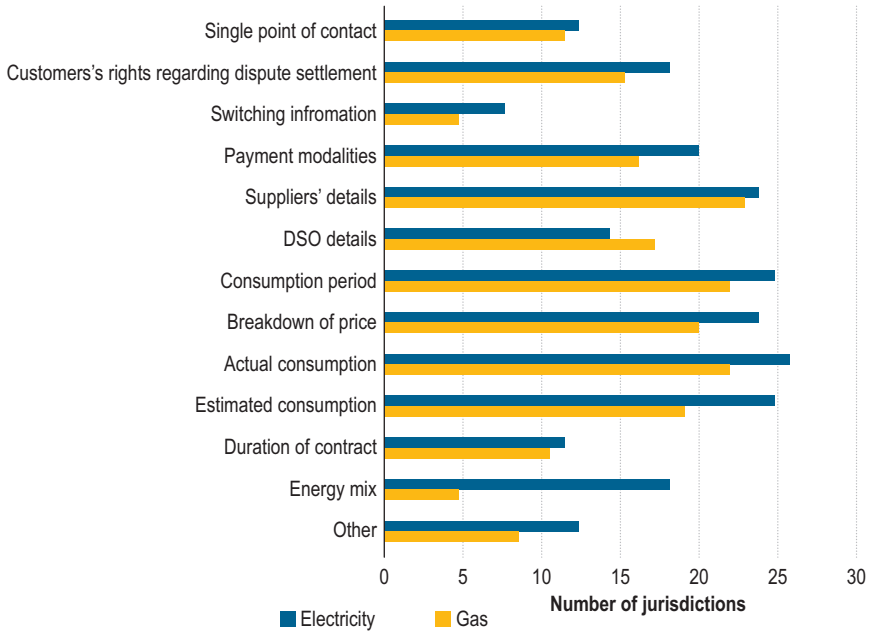
517 Consumers in almost all countries can find various items of information on their bills, such as information about the single point of contact, means of dispute settlement, switching, payment modalities, supplier and DSO contact details, actual and estimated consumption, the breakdown of prices, the energy mix, and the duration of the contract.

518 As can be seen from Figure 92, in some countries there is a lack of information on bills regarding consumer rights (i.e. the single point of contact) and empowerment (through switching information and the duration of the contract). In Great Britain, the regulatory authority Ofgem introduced new licence obligations for suppliers to also show information on the cheapest tariffs they offer and the tariff comparison rate[347] on consumers' bills. In the Netherlands, consumers can choose from two types of bill: a simple or extended one.

346 In Great Britain, all price changes are communicated as indicated in the previous paragraphs, since network costs and taxes are included in the retail price.

347 In Great Britain, all energy suppliers are obliged to publish a Tariff Comparison Rate for gas (TCR) for every tariff offered. The TCR is supposed to assist customers in comparing one tariff with another on a cost-per-kWh basis. It assumes typical consumption for a household and includes unit rates (energy price), standing charges and any applicable discounts. Hence, the TCR is not an actual price and not based on personal consumption.

Figure 92: Information on consumer bills – 2013 (number of jurisdictions)



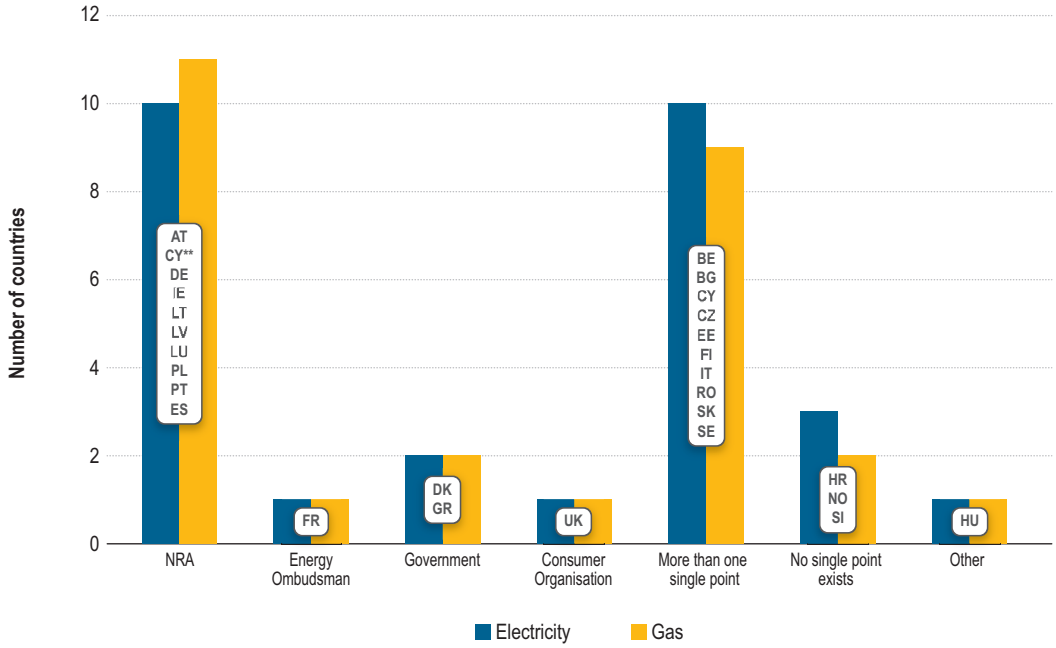
Source: CEER Database, National Indicators (2014)

Note: 29 jurisdictions have provided data for electricity, while 27 jurisdictions have provided data for gas.

519 MSs must establish a single point of contact which consumers can contact in order to obtain independent information about their rights and the market. Almost all of the respondent countries mention that they have such a service in place. Only Croatia, Norway and Slovenia note that there is still no single point of contact. In 10 out of 28 countries, this role for electricity falls within the responsibilities of the NRA. The NRA is the single point of contact for gas in 11 out of 27 countries. In France, the role is taken by the Energy Ombudsman in coordination with the NRA and the Government; while in Denmark[348] and Greece, it is the government, and in Great Britain, a consumer organisation. Hungary reported that the single point of contact is another body, without giving further details. In some countries, namely Belgium, Bulgaria, Cyprus, Czech Republic, Estonia, Finland, Italy, Romania, the Slovak Republic and Sweden, the single point of contact role for both electricity and gas is shared between two or three bodies. In Cyprus, the role of single point of contact for gas is shared between the NRA and the Government.

348 The Energy Suppliers Complaint Board in Denmark is a government institution established in co-operation with the Consumer Council and the industry.

Figure 93: Single point of contact – 2013 (number of countries)



Source: CEER Database, National Indicators (2014)

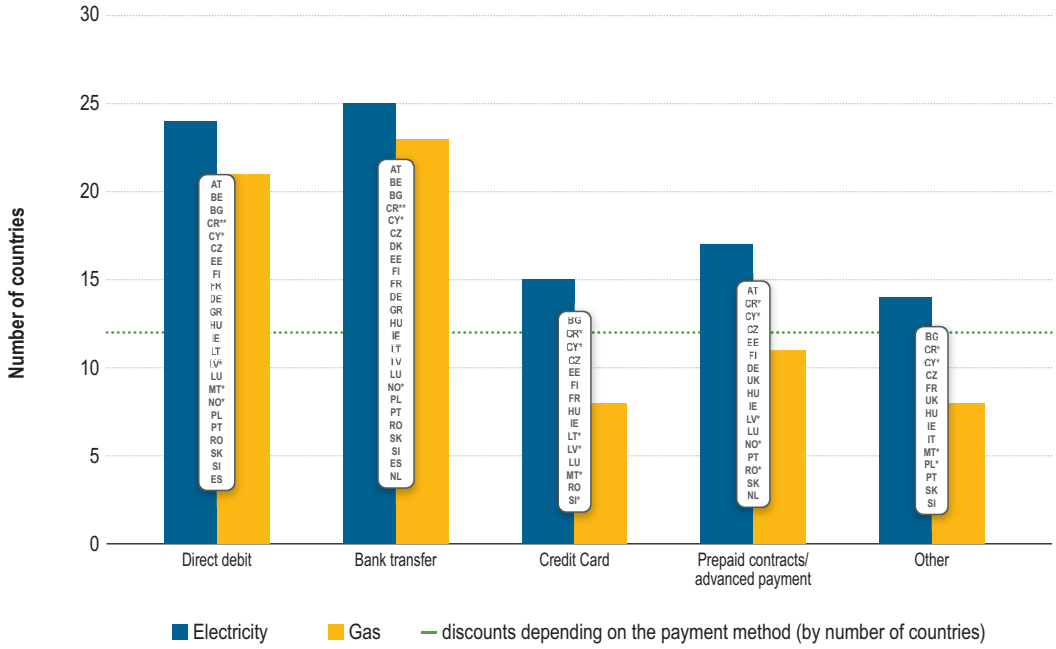
*Note: * only for electricity.*

520 The European Commission has called upon MSs to make available a consumer checklist or handbook of practical information related to energy consumer rights. In 14 out of 26 countries, such a consumer checklist exists and falls under the responsibility of the NRA. Few countries stated that there is no national legal requirement to have such a document. Other NRAs compare it to the single point of contact information. A third set of countries stated that the information contained in this kind of checklist can be found in several brochures/documents or websites, but not in one single document.

521 Finally, the Electricity and Gas Directives[349] require a variety of payment methods be made available to energy consumers. According to the data received and displayed in Figure 94, consumers in all MSs can choose from at least two different payment methods (for electricity). In 12 out of 25 countries, suppliers offer discounts or rebates according to the type of payment method.

349 Directives 2009/72/EC and 2009/73/EC.

Figure 94: Choice of payment methods – 2013 (number of coutries)



Source: CEER Database, National Indicators (2014)

*Notes: * only for electricity; ** only for gas.*

5.2.4 Supplier switching

522 Supplier switching offers consumers the most direct way to benefit from the market. Switching behaviour impacts highly on the level of competition development, because, in general, if customers are well informed about their switching rights and the benefits they can obtain, the more attractive the market will be to new potential retailers with competitive offers. The possibility for consumers to exercise this power (to switch) should place competitive pressure on suppliers to deliver the best services at the best prices. According to the Directives[350], switching should be done within a period of three weeks, and the consumer should receive their final bill from their previous supplier within six weeks.

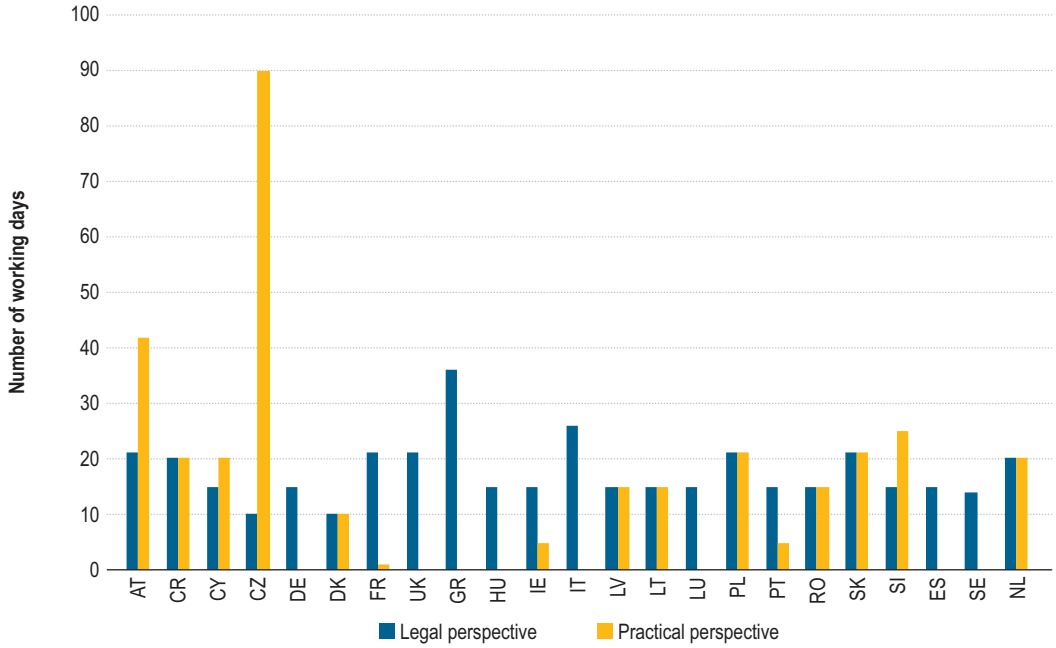
523 Regarding customer information, the goal is to show what MSs able to protect customers. Again, some good practices will be presented to show that some MSs have gone beyond the provisions in the Directives and offer consumers the rights they deserve in terms of supplier switching.

524 Figure 95 is a first illustration of how some MSs out-perform the provisions in the aforementioned Directives regarding the switching period. The figure shows that MSs are working towards better services and protection for consumers, which may encourage them to participate more actively in the market by giving them an opportunity, in this case, to change supplier rapidly and thereby contribute to the better development of the market and competition. In electricity, the three-week period required by the aforementioned Directives is met everywhere in Europe. In Austria, although the Directive is transposed into national law, switching in 2013 could take up to 42 days in practice (as roughly estimated by the Austrian NRA). On the other hand, several countries perform the switching process more quickly in practice than required by law, such as Ireland and Portugal, where switching is done within five days. In France, it is possible to change supplier in one day. In the case of Belgium, the supplier switching changes depending on the region (Flanders: 15 working days by law and 34 days

350 Directives 2009/72/EC and 2009/73/EC.

in practice; Brussels: 21 working days by law, no information on the practical situation; Wallonia: 30 working days by law and 36 in practice).

Figure 95: Supplier switching in electricity – 2013 (number of working days)



Source: CEER Database, National Indicators (2014)

525 To better understand these results, it is important to know the exact starting point of the switching period. The most common response to this is when the supplier transfers the customer data to the DSO. Although this is the case in Austria and France, the switching periods are different in these two countries. In a few countries, the switching period starts on the first day of the month after a customer's request; in Great Britain and the Netherlands, a "cooling off" period is taken into account in addition to the legally specified duration of a switch.

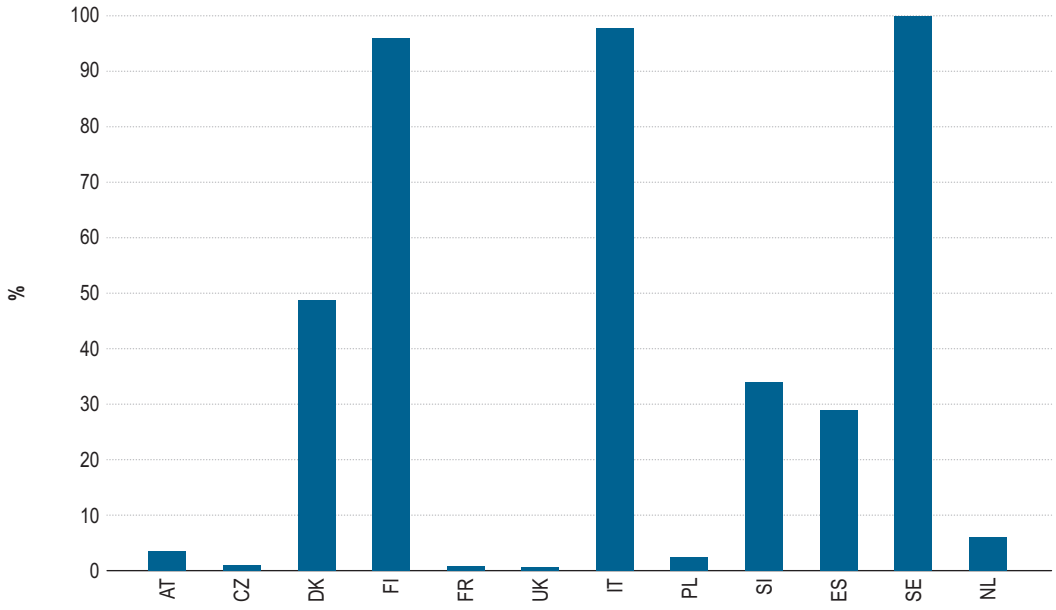
526 In the majority of countries, by law as well as in practice, consumers receive their final bill within six weeks, as required in the 3rd Package. However, a few countries have a shorter period, such as Bulgaria and the Czech Republic, where customers receive their final bill within two weeks, in Hungary and Lithuania (three weeks) and France and the Slovak Republic (four weeks).

527 Reasons vary across MSs as to why the switching process to a different supplier can be stopped. The most common is unpaid bills with the current supplier, but it could also be because of unpaid bills with the DSO in countries where consumers receive two separate bills, one from the supplier and one from the DSO, or because the metering point does not exist or the data is erroneous.

5.2.5 Metering

528 According to Annex I of the Electricity Directive 2009/72/EC, MSs should roll-out electricity smart meters to 80% of consumers by 2020, unless the result of a CBA is negative. For the gas sector, Annex I of the Gas Directive 2009/73/EC requires MSs to prepare a timetable for the roll-out of gas smart meters based on a CBA (with no indication of a timeline). At the moment, three countries have finalised their roll-out for electricity smart meters (Finland, Italy and Sweden) and a further three MSs have a significant share of smart meters already installed (Denmark, Slovenia and Spain). In the gas sector, the roll-out process is significantly less advanced. Only in four MSs (Denmark, Great Britain, Italy and the Netherlands) has the gas smart meter roll-out begun. Available data shows that the level of roll-out is generally lower, with 0.47% of gas household customers with smart meters in Great Britain, 0.2% in Italy and 6% in the Netherlands.

Figure 96: Share of households with smart meters – 2013 (%)

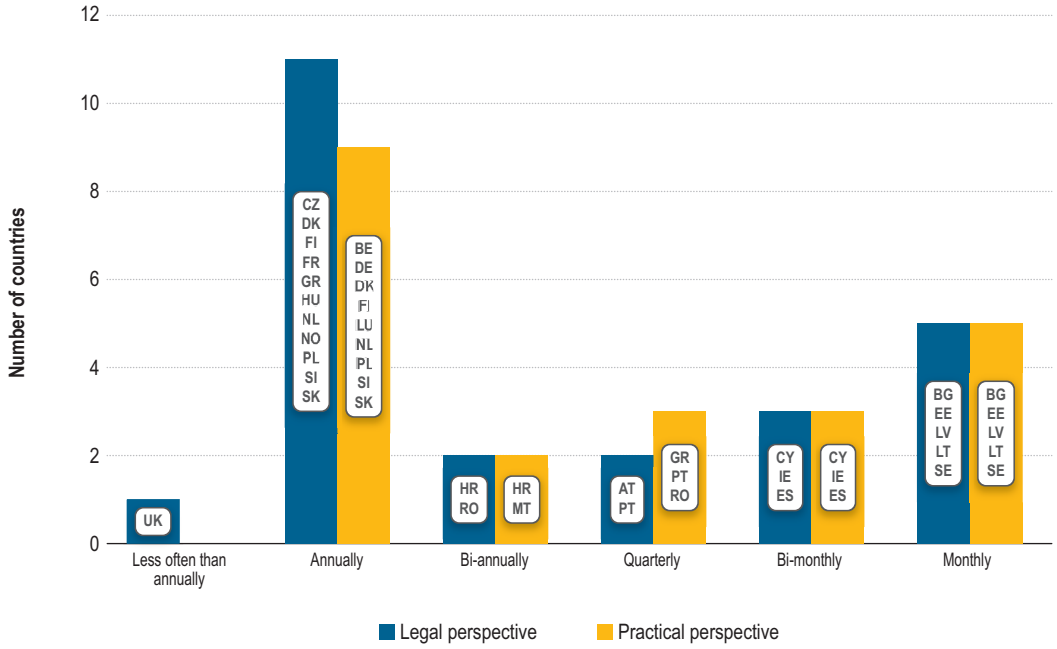


Source: CEER Database, National Indicators (2014)

529 In those MSs with full or partial deployment of electricity smart meters, the most common requirements from which consumers can benefit when smart meters are installed are: information on actual consumption, access to information of consumption on consumers' demand, remote power capacity reduction/increase, consumer control of metering data, bills based on actual consumption and interface with the home.

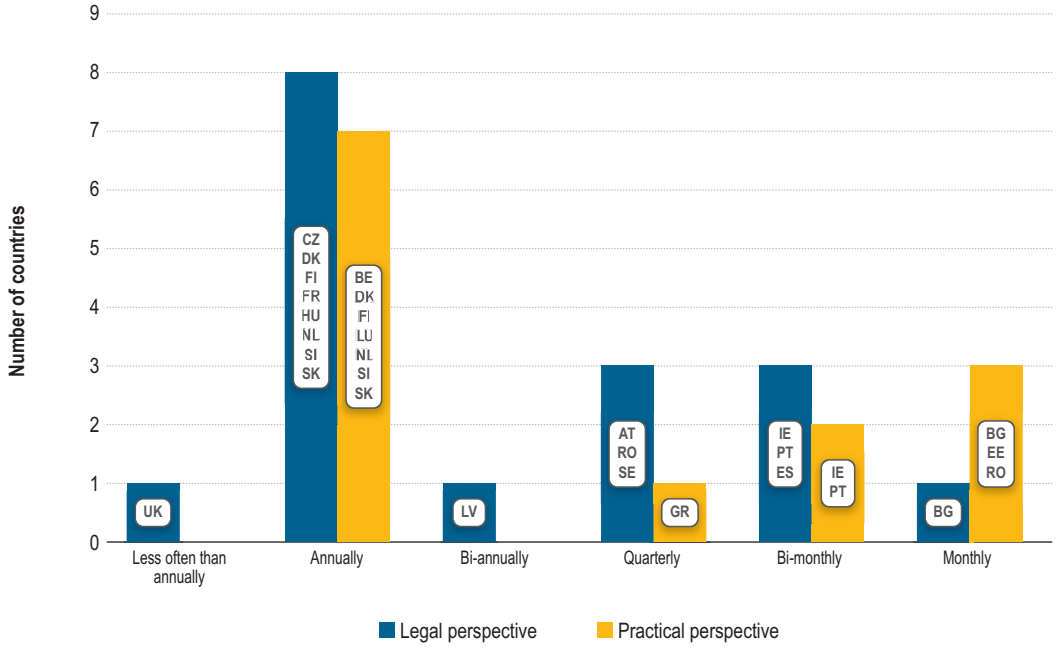
530 Figure 97 to Figure 100 present the frequency of (billing) information on (actual) consumption in households where smarts meters are not yet in place. According to these results, most consumers in different MSs receive information on consumption for both electricity and gas on an annual basis. A few countries stated that there are some differences in the frequencies from a legal and practical perspective. For instance, in Great Britain, although the law sets the frequency at one year, in practice this depends on the supplier. In Austria, consumers should receive billing information following a self-reading, to which they are entitled every three months. However, DSOs are obliged to actually read their meters only every three years. Hence, inactive consumers receive information about their actual consumption less than once a year.

Figure 97: Frequency of billing information based on actual electricity consumption – 2013 (number of countries)



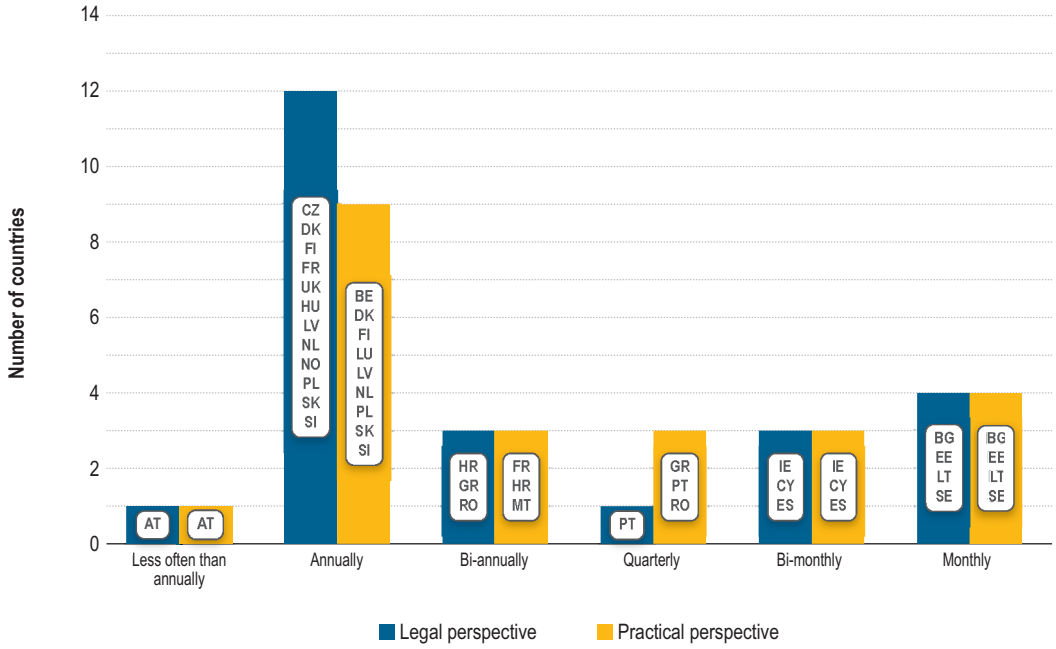
Source: CEER Database, National Indicators (2014)

Figure 98: Frequency of billing information based on actual gas consumption – 2013 (number of countries)



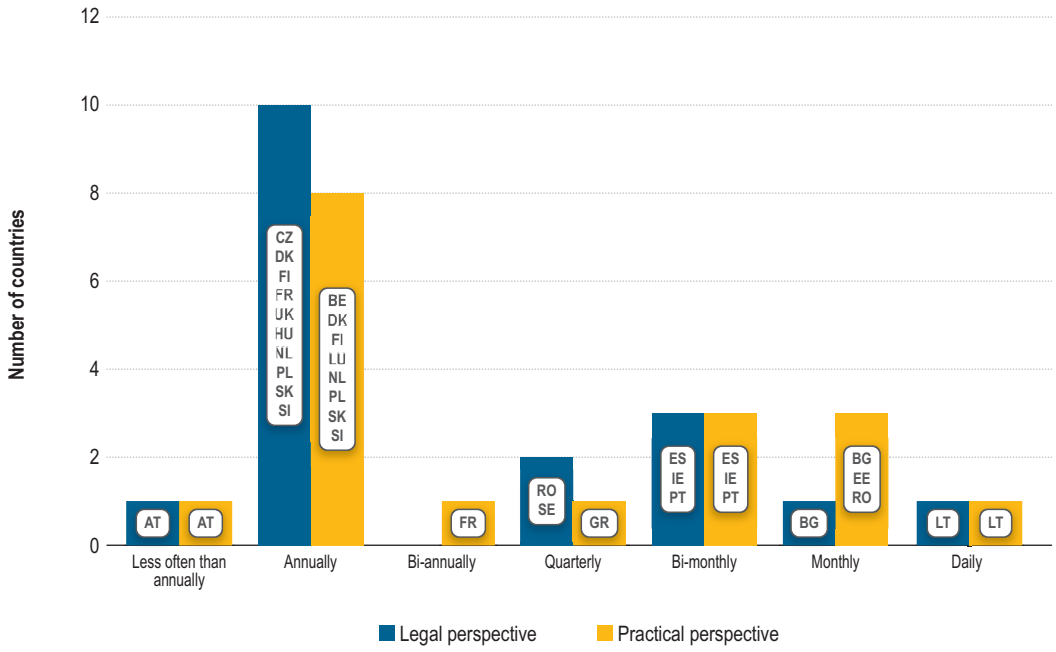
Source: CEER Database, National Indicators (2014)

Figure 99: Frequency of receipt of information on actual electricity consumption – 2013 (number of countries)



Source: CEER Database, National Indicators (2014)

Figure 100: Frequency of receipt of information on actual gas consumption – 2013 (number of countries)



Source: CEER Database, National Indicators (2014)

5.3 Consumer complaints

531 Directives 2009/72/EC and 2009/73/EC state that NRAs have a duty, *inter alia*, to monitor complaints made by consumers. Where an MS has assigned monitoring duties to another authority, the information resulting from such monitoring must be made available to the NRA as soon as possible.

532 In 2010[351], European energy regulators recommended the inclusion of the number of consumer complaints by category as an indicator of consumer (dis)satisfaction when monitoring retail energy markets. Moreover, it is suggested that data is to be collected at least annually from DSOs, suppliers and third-party bodies, depending on which sources are considered the most suitable.

533 There are significant differences in how Member States define complaints. There are also differences in European NRAs' methods of data collection, depending on whether the authority is responsible for collecting data directly or via third parties. Nevertheless, sound consumer protection must be based on an effective means of dispute settlement for all consumers, and on speedy and effective procedures for handling complaints.

534 It appears that all MSs collect data on consumer complaints. The number of, and reasons for, reported complaints can help detect supplier problems or market dysfunctions and assess the degree of consumer satisfaction.

5.3.1 Complaint data

535 In 2013, almost all NRAs provided data on the number of household consumer complaints received by the NRA (or the ADR, in cases where the NRA does not handle complaints and forwards the complaints directly to the ADR). However, only a minority of NRAs provided data on the number of household consumer complaints received by suppliers and/or DSOs. This suggests that the requirement of Article 37 of the Electricity Directive 2009/72/EC and Article 41 of the Gas Directive 2009/73/EC, i.e. "the regulatory authority shall have the following duties: (j) monitoring the level and effectiveness of market opening and competition at wholesale and retail levels, including (…) complaints by household customers", might be implemented differently across MSs.

536 Table 9 presents the number of household (end) consumer complaints per 100,000 inhabitants, received by different bodies and reported to the NRAs. In most of the countries, the data on the number of complaints cannot be separated for electricity and gas. Therefore, Table 9 shows combined data for both types of energy.

351 Source: ERGEG (2010): GGP on Customer Complaint Handling, Reporting and Classification. http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_PAPERS/Customers/Tab1/E10-CEM-33-05_GGP-ComplaintHandling_10-Jun-2010.pdf.

Table 9: Number of final household customer complaints for both electricity and gas – 2013

COUNTRY	Complaints received by suppliers per 100,000 inhabitants	Complaints received by DSOs per 100,000 inhabitants	Complaints received by ADR per 100,000 inhabitants	Complaints received by NRA per 100,000 inhabitants
Austria	253.2	15.9	36.3**	36.3**
Belgium*	49	357	-	11.9
Bulgaria	3.9	3.9	-	0.6
Croatia	-	-	-	-
Cyprus	79	4.4	3.9**	3.9**
Czech Republic	-	-	77.2	38.1
Denmark	-	-	-	-
Estonia	-	-	-	0.5
Finland	-	-	-	-
France	-	-	24	0
Germany	-	-	11.9	21.7
Great Britain	8,731.2	63.3	19	0
Greece	100.4	27.1	1.7	1.2
Hungary	79.1	41.5	-	53
Ireland	-	-	14.1**	14.1**
Italy	632	-	-	67
Latvia	-	32.8	-	3.9
Lithuania	24.8	24.8	0.6	1.6
Luxembourg	-	-	0.6	-
Malta	-	11,888.6	-	-
Netherlands	-	-	-	27.9
Norway	-	-	5.3	0.4
Poland	-	-	-	4
Portugal	481.9	529.3	-	47.2
Romania	-	386.1	-	12.4
Slovakia	494.5	212.4	-	19.8
Slovenia	603.2	161.6	0.3	1
Spain	-	-	-	5.7
Sweden	-	-	0.7	1.5

Source: CEER Database, National Indicators (2014)

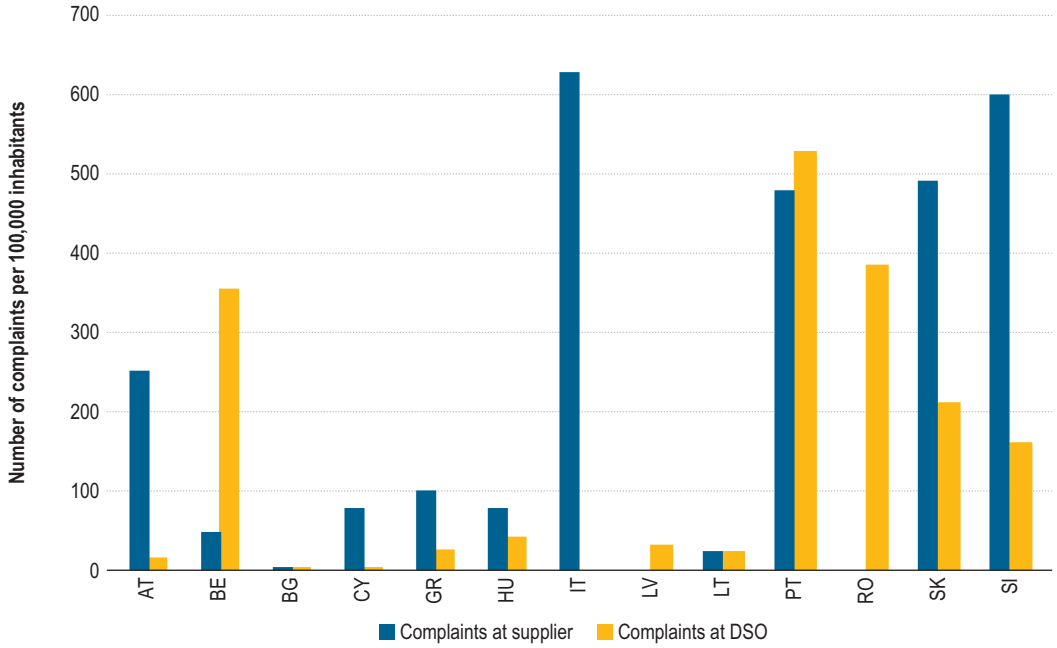
Notes:

**In the case of Belgium, information was provided by region. For the regions of Flanders and Brussels, no data are available on complaints received by suppliers. For the region of Brussels, no data are available on complaints received by DSOs. No data are available on the complaints received by the alternative dispute resolution body (ADR) for any Belgian region.*

*** Figures are the same for complaints received by ADR and NRA as NRA is the ADR body in these countries.*

537 As shown in Figure 101, reported figures on complaints fall in the range of 100 to 600 household consumer complaints per 100,000 inhabitants in most of the countries for which data are available (see already Table 9). The exceptions are Bulgaria, Latvia and Lithuania, where the figures are much lower. In the case of Bulgaria, a low number of household customer complaints coincided with major financial difficulties in 2013, which were accompanied by public demonstrations. This raises some questions regarding the comprehensiveness of complains and/or the robustness of the reporting.

Figure 101: Number of customer complaints to suppliers and DSOs per 100,000 inhabitants for a section of countries – 2013



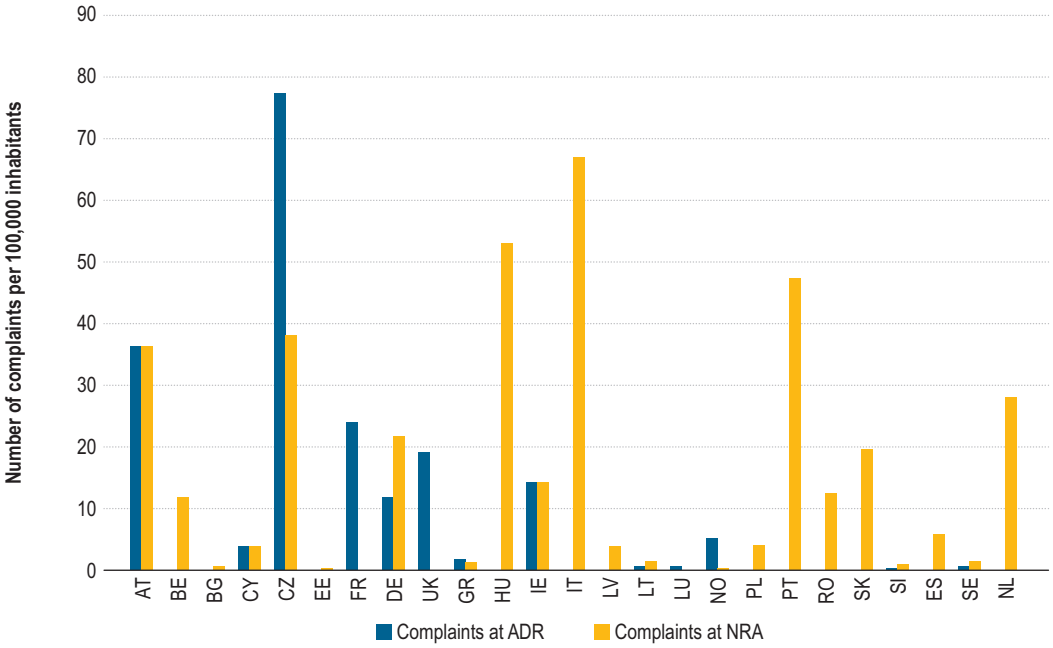
Source: CEER Database, National Indicators (2014)

538 As shown in Table 9, the numbers of consumer complaints are significantly higher in two countries (Great Britain and Malta). This finding might further suggest a more comprehensive and/or robust reporting system in both countries[352].

539 Only a minority of NRAs were able to report data from their national alternative dispute resolution (ADR) body (see Figure 102). However, all NRAs stated that there is an ADR in their country. In countries where data is available, the number of household consumer complaints received by ADRs varies significantly. Some NRAs did not provide figures and explained that they do not handle complaints. For instance, in France the NRA transfers the complaints received to the energy ombudsman. NRAs in Austria, Cyprus and Ireland provided the same data on the number of complaints received by ADR and NRAs, as the NRA is the ADR body in these countries. In countries where data is available, the number of complaints received by NRAs also varies significantly. The majority of NRAs handle complaints (see Figure 102).

352 In Great Britain for example, complaints are defined as follows in Consumer Complaints Handling Standards Regulations: "complaint" means any expression of dissatisfaction made to an organisation related to any one or more of its products, its services or the manner in which it has dealt with any such expression of dissatisfaction, where a response is either provided by or on behalf of that organisation at the point at which contact is made or a response is explicitly or implicitly required or expected to be provided thereafter".

Figure 102: Number of complaints at ADRs and NRAs per 100,000 inhabitants, for a selection of countries – 2013



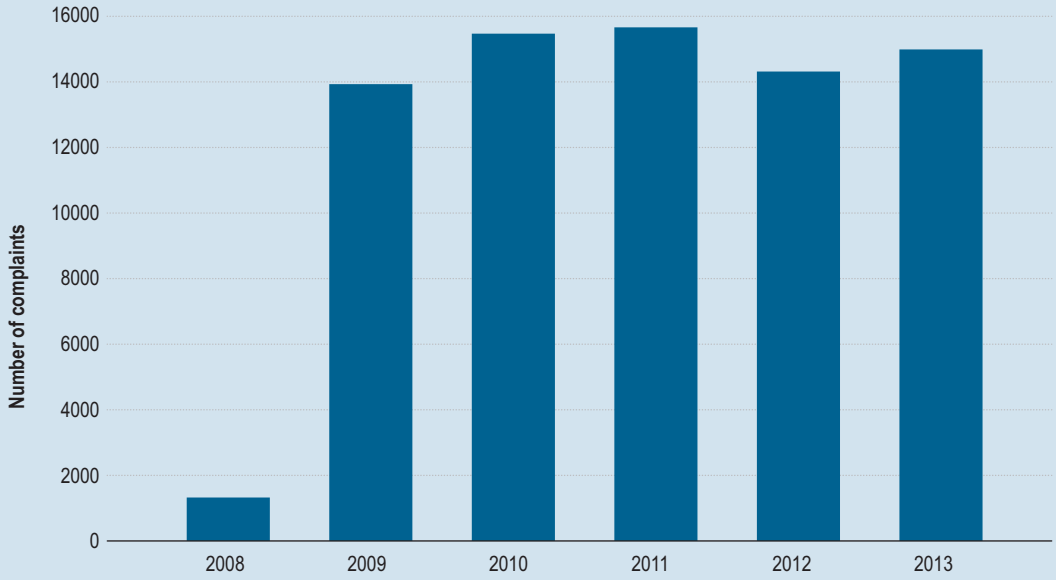
Source: CEER Database, National Indicators (2014)

540 Following from the above figures, extra care should be taken in interpreting complaint data. Low numbers may indicate satisfaction, or perhaps the existence of complex complaint handling procedures. High numbers may suggest dissatisfaction, or potentially strong consumer engagement in the retail energy market, mixed with cultural differences and different levels of market maturity.

Case study 10: Complaints received by the French energy ombudsman, Médiateur National de l'Energie

In France, the Médiateur National de l'Energie (energy ombudsman) has dealt with consumer complaints since 2008. Figure i shows that the number of complaints received by the French energy ombudsman has remained stable since 2009 between 14,000-16,000.

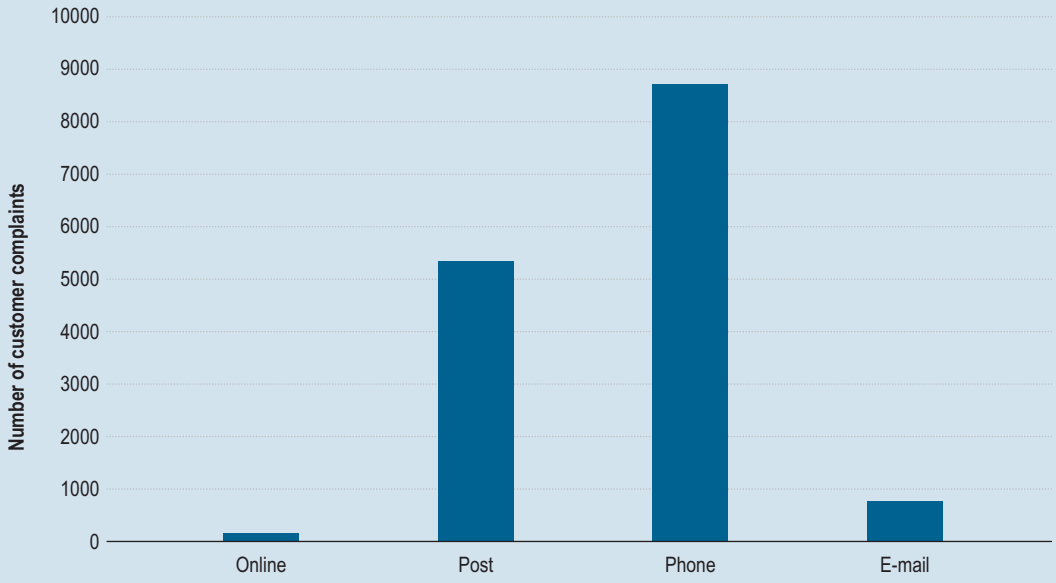
Figure i: Number of complaints per year – 2008–2013



Source: Médiateur National de l'Energie, Activity Report 2013

Consumers can address their complaints through different channels. Until 2012, there were three channels: surface mail, telephone and e-mail. Since 2013, customers can also address their complaints to the French energy ombudsman by internet. As shown in Figure ii, the main channel for consumers to present complaints is via telephone, while the number of online complaints currently remains low.

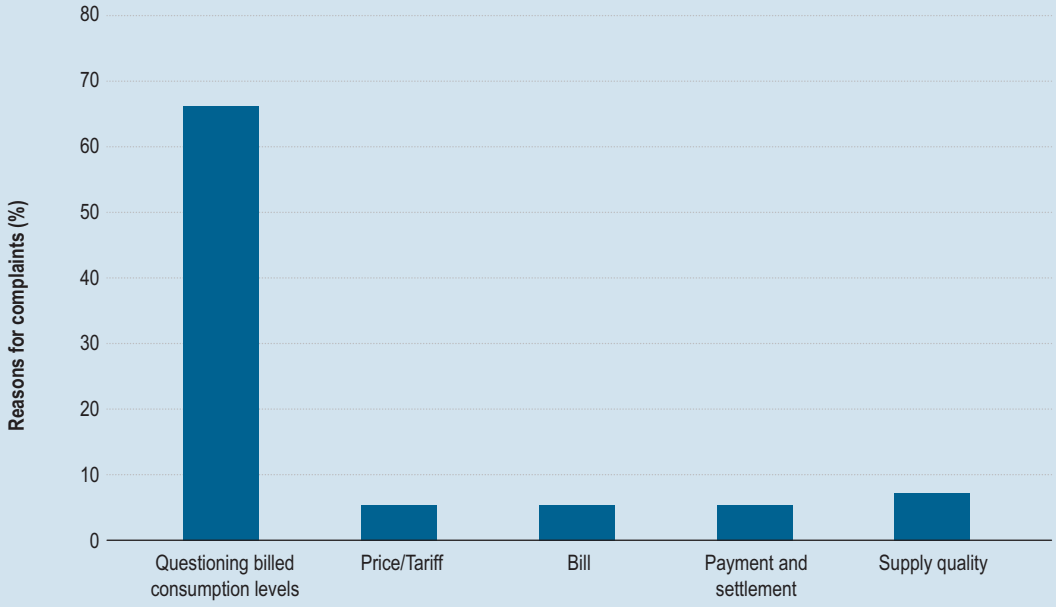
Figure ii: Number of complaints per channel – 2013



Source: Médiateur National de l'Energie, Activity Report 2013

Regarding the different types of complaint, Figure iii shows that consumption billing is the main reason for customers to complain.

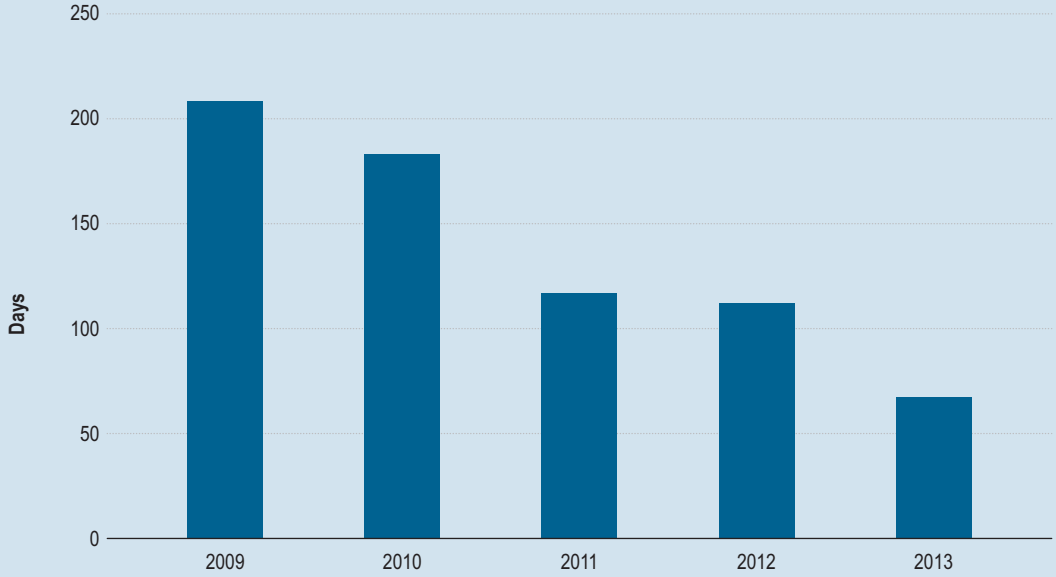
Figure iii: Reasons for complaints – 2013



Source: Médiateur National de l'Energie, Activity Report 2013

Regarding the time needed to solve a complaint, Figure iv shows that this procedure has gradually improved since 2009.

Figure iv: Number of days taken to handle complaints – 2013



Source: Médiateur National de l'Energie, Activity Report 2013

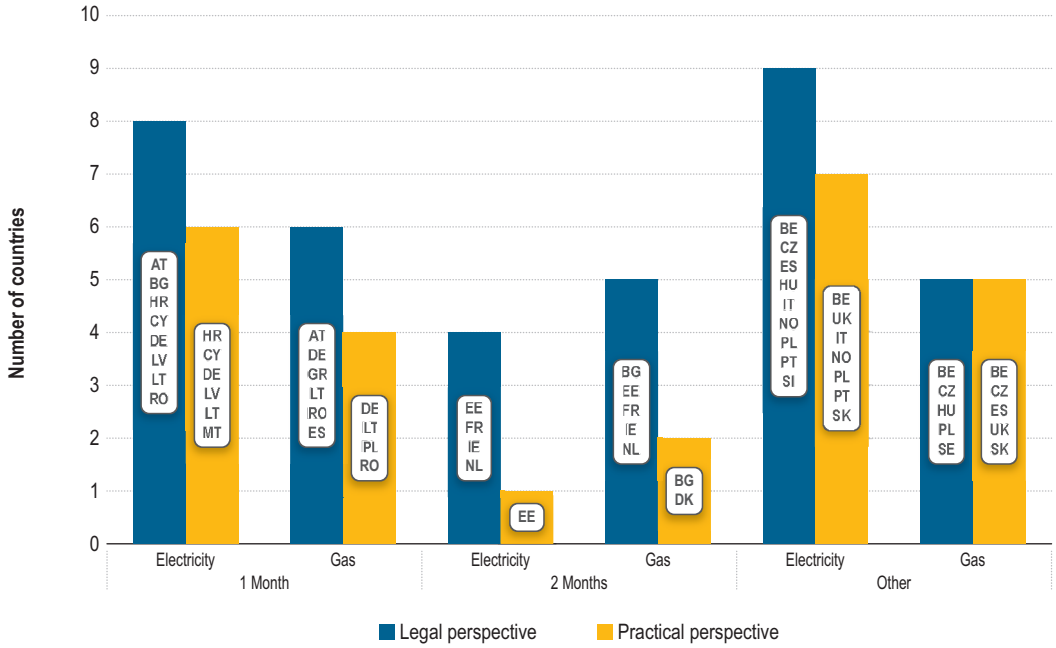
5.3.2 Complaint procedure

541 A complaint is a sign of consumer dissatisfaction, which needs to be heard and dealt with. Therefore, a complaint handling procedure should put in place in each MS to ensure transparent and fair complaint resolution. The European NRAs have always underlined the importance that such a mechanism be independent.

542 In the majority of countries, household (end) consumers are informed about the contact details of a complaint service either on their bill, in their contract or both. In some countries, this information can also be found on the website of the NRA or the energy service provider. The legally permitted processing time for service providers to deal with complaints in most countries is between one and two months for both electricity and gas, which is considered a reasonable window for response. However, in some countries the processing time is shorter, such as nine to 15 days in Hungary, Poland and Portugal, or even longer, such as up to four months in Norway[353] (see Figure 103). In Belgium, there are regional differences for complaints on both gas and electricity services: in Flanders, by law the processing time to deal with a complaint is one month for gas, but in practice consumers receive a first answer or a request for further information within 2 weeks; for electricity, consumers will receive a response within one month if the complaint was made through the NRA's website, and two months if it was made through the DSO's website. In Wallonia, the processing time for gas complaints is two months by law; furthermore, suppliers are legally obliged to acknowledge the receipt of complaints within 10 working days and to indicate the period within which the complaint will be handled; in practice, electricity complaints are dealt with within one month.

353 For complaints sent to the NRA. There is no legal time frame for complaints sent directly to the service providers.

Figure 103: Processing time set for service providers to deal with complaints – 2013



Source: CEER Database, National Indicators (2014)

543 As stated in Directives 2009/72/EC and 2009/73/EC, complaint handling standards should be determined at the national level and should be effective. These kinds of standards can help improve customers' confidence in the market. Regarding statutory complaint handling standards established for service providers in the electricity sector, in 13 out of 28 countries (27 MSs and Norway), statutory complaint handling standards concern the time required to deal with a complaint. In 10 countries statutory complaint handling standards concern the registration of all customer complaints (in the case of Estonia, Greece, Hungary, Lithuania and Spain, the statutory complaint handling standards for service providers are of both types i.e. processing time for dealing with complaints and registration of all customer complaints). Six of the 28 countries still have no statutory complaint handling standards for service providers. Figure for the gas sector are quite similar to the electricity sector. In 12 out of 25 MSs, statutory complaint handling standards concern the time required to deal with a complaint; in 12 countries statutory complaint handling standards concern the registration of all customer complaints (in the case of Bulgaria, Estonia, Greece, Hungary, Lithuania, Portugal and Spain, the statutory complaint handling standards for service providers are of both types i.e. processing time for dealing with complaints and registration of all customer complaints). In the majority of countries, these standards are set either by the NRA or the government.

5.3.3 Alternative Dispute Resolution (ADR)

544 Besides the option that complaints can be handled by the energy service providers, there should also be a possibility for consumers to use out-of-court dispute settlement to deal with their issues. According to Directives 2009/72/EC and 2009/73/EC, MSs are required to set up an independent mechanism for out-of-court dispute settlements.

545 In almost all of the countries, ADR is available to consumers free of charge. The Netherlands is an exception, where it costs 27.5 euros, although if the dispute is settled in the consumer's favour, the money is reimbursed. In most countries, household consumers can find information about the competent ADR body either on their bill, on the contract or on the website of the NRA or/and the energy service providers. In 12 of the 27 countries (26 MSs and Norway), the ADR is the NRA itself, whereas in three countries there is a specific energy third-party body that acts as the ADR body. In eight of the 27 countries, however, the ADR is a not an energy-specific third-party body. In the specific case of Portugal, the NRA, consumer associations and other entities such as arbitration centres can act as ADR.

546 Regarding energy service providers, statutory complaint handling standards should also be in place for ADR. Although not much data was received on this issue, the main standards concern the communication of complaints to the energy service provider(s) before coming to a decision/recommendation, the processing time to solve the dispute, and the issue of a prompt first response or acknowledgement of the complaint.

547 The period for settling disputes varies across countries. In six of the 27 countries (26 MSs and Norway), the processing time is one month; in other countries, the processing time is longer and can be from two to six months.

548 Table 10 finally displays the total number of disputes settled by an ADR. The figures vary across countries and should be read in contrast to the total number of households in that country. For instance, Great Britain has an average of 26.9 million electricity household consumers, while Luxembourg has only 224,000 electricity household customers. Again, the data shown in Table 10 represent both the electricity and the gas sector as for some countries it is not possible to distinguish between them. It is interesting to compare the average compensation for consumers in the case of a favourable outcome in an out-of-court procedure. For instance, In Italy, compensation is much higher than in the other countries listed in the table.

Table 10: Number of settled disputes and amount of average compensation in favourable outcomes for customers for electricity and gas in 2013

Country	Number of disputes settled	Average compensation in favourable outcomes in out-of-court procedures (in euros)
Austria	2,800	
Belgium	Flanders: 2	
	Wallonia: 267	
	Brussels: na	
Federal: 2,659	Flanders: no compensation	
	Wallonia: na	
	Brussels: na	
Federal : 234		
Bulgaria		
Croatia	131	
Cyprus		
Czech Republic	8,118	
Denmark		
Estonia		
Finland		
France	2,518	578
Germany	9,600	
Great Britain	12,155	132
Greece		
Hungary		
Ireland	656	
Italy*	367	2,900
Latvia		
Lithuania	49	
Luxembourg	3	
Malta		
Norway	60	
Poland		
Portugal		
Romania	2	
Slovakia	11	
Slovenia	11	
Spain		
Sweden	3	
Netherlands	895	482

Source: CEER Database, National Indicators (2014)

*Notes: *In Italy, disputes are settled directly and only by the NRA.*

5.4 Customer Access to Information about the Costs and Sources of Energy

549 Since their liberalisation, Europe's energy markets have produced a large number of electricity and gas products which differ, among other things, in price and origin. These are two of a few criteria which final household consumers regularly evaluate in choosing their supplier of energy, with price being probably having more influence on consumers' choice of supplier than the source of energy. Knowledge and adequate understanding of energy prices, total energy costs and the source of energy are therefore paramount to final household customers' choices in the energy markets. Yet access to information about energy prices, costs and sources of energy can vary across Europe. Information may be made available through different market players and variegated communication channels; while the differing levels of detail also contribute to complicating access to such information across Europe.

550 In 2013, CEER conducted a status review to investigate how such information is made available to final household customers across Europe, which market actors provide what information and the communication channels used[354] The review – based on input from 23 NRAs – reveals that a great deal of information on energy costs, sources and energy efficiency schemes is made available to Europe's final household consumers by various market actors in multiple ways. Very detailed information on the cost and sources of energy can be found in online bills, despite some noteworthy differences between and within countries (i.e. between different providers of information). The most important information about the variegated cost components of energy is available from energy bills, whereas information about the sources of energy can be found primarily online (with the notable exception of the company energy mix, which often must be printed on the bill). However, the report also reveals that some information on the cost of energy (e.g. additional end-user costs due to energy efficiency schemes) or sources of energy (for instance, the geographical origin of gas or reasons for price differences between energy from different sources) is less frequently available. Although a great deal of information on the cost and sources of energy is available to consumers in a number of countries (e.g. Belgium, Germany and Great Britain), in other countries information is only available on a small number of cost aspects (e.g. Greece).

551 NRAs are very active in providing information on the costs and sources of energy, although again, to varying degrees. They are more active in some countries (e.g. Austria, Belgium, Portugal or Slovenia) than others (e.g. Greece, Hungary or Malta). Generally speaking, NRAs inform more about the costs of energy rather than on its sources. Other market participants also provide similar information on the costs and sources of energy to consumers. In some countries, customers may draw on information from many different sources (e.g. Belgium, Germany and the Netherlands).

552 While the aforementioned access to information is crucial, the intelligibility of such information is even more important. However, to assess how consumer-friendly the information provided is goes considerably beyond the average competencies of NRAs and was therefore beyond the scope of the review. In some countries, it has not been the responsibility of the NRA to monitor the provision of information to final household consumers, which naturally limits their relevant knowledge.

354 See: http://www.ceer.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_PAPERS/Customers/2013/C13-CEM-65-04_InfoAccess_16-Dec-2013.pdf.

5.5 Conclusions and recommendations

553 As already identified in the MMR 2012, some disparity is still observed across MSs in the application of the consumer-related provisions of the 3rd Package.

554 Many of the national legal provisions (de jure) are applied in practice (de facto) on a similar basis (with the practical approach outperforming the legal requirement in some cases). Some countries perform better than the requirements of the 3rd Package as regards some provisions, such as the duration of supplier switching and the time taken to receive the final bill following a switch. However, there remains significant room for improvement by suppliers/DSOs regarding the information provided in the bills about supplier switching possibilities and the implementation of statutory complaint handling standards such as shorter answering periods.

555 In addition, more work is still needed at the national level by many regulators to better manage and analyse complaint data and monitor the number and practicalities around the issue of disconnection due to non-payment. As previously identified in the MMR 2012, the persisting challenges in comparing complaint data could merit the examination of a common methodology for collecting complaints.

556 The roll-out of electricity smart meters is undertaken progressively in the majority of MSs, while the roll out of gas smart meters is uncertain in most MSs. As a consequence, smart meters are not yet in place in the vast majority of countries, and most consumers receive information on their actual consumption on an annual basis, which is not frequent enough according to the Energy Efficiency Directive (EED). Therefore, MMR 2014 examines how the provisions of the EED related to metering and billing would have been put in practice.

At the European level, regulators will continue to promote the implementation of the consumer provisions in the 3rd Package through recommendations and advice[355], along with continuous monitoring activities.

355 As part of these efforts, CEER will continue to work with BEUC and the supporters of the 2020 Vision for Europe's Energy Customers to implement the principles of reliability, affordability, simplicity, protection and empowerment in the energy market.

Annex 1: Methodology to calculate mark-ups in gas and electricity retail markets

This annex explains the scope, methodology and data requirements used in the mark-up calculations presented in Section 2.3.2[356].

The mark-up is primarily defined as the difference between the retail energy component costs and the wholesale market price. Mark-ups are not precisely comparable to final profit. Suppliers have to pay operational costs and taxes out of this margin. Mark-ups represent the gross margin, while the actual or net margin will depend significantly on operating costs and consumption levels. However, the evolution of mark-ups may serve as an indication of the level of retail competition and the 'responsiveness' of retail to wholesale prices over time.

Retail energy component cost

The available data for this exercise differ for gas and electricity markets. Therefore, two different approaches were taken in order to assess the retail household energy component cost in each of the markets. Both consumption levels and prices indicators were used for the analysis.

a) Electricity

- Consumption levels: the DC Eurostat consumption band (2,500-5,000 kWh) was applied.
- Eurostat's breakdown providing data on the energy component of the retail household final prices was used. Data are available for a longer period and for all EU MSs. Eurostat data was cross-checked for inconsistencies with the ACER database on retail offers and other relevant data.

b) Gas

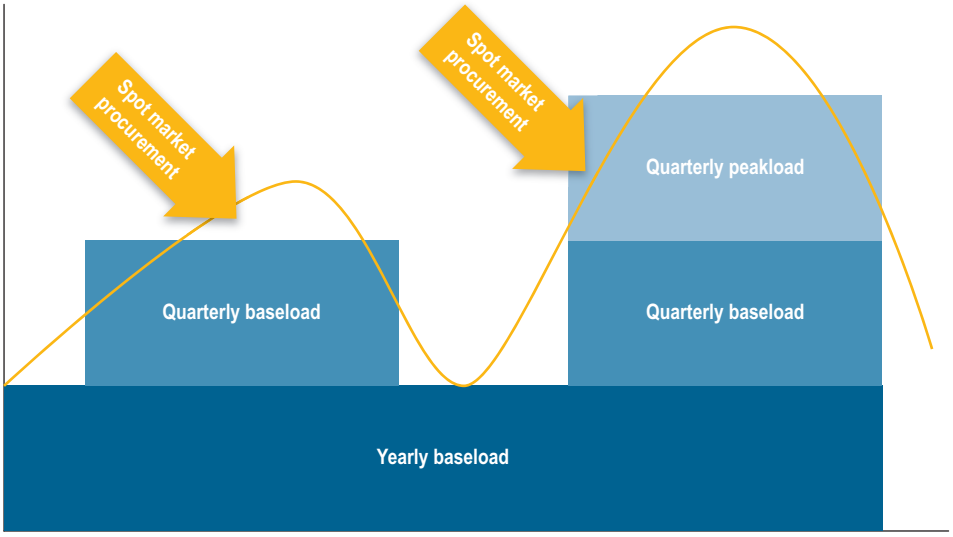
- Consumption level: an EU rough average consumption level (15,000 kWh/year) was applied.
- Energy component: the ACER database on retail offers breakdown was used, since Eurostat does not provide a detailed component breakdown for gas.

Methodology to identify the wholesale price

The energy costs which suppliers incur when buying electricity to supply customers at retail level depend on several factors. Wholesale energy costs vary between suppliers and over time with changing wholesale prices and procurement strategies (Figure A 1). These strategies include hedging schemes against volatile short-term (day-ahead) prices. Hedging strategies are characterised among other factors by: i.) the portfolio of products used to hedge; ii.) the point in time when firms start to purchase energy ahead of the time of delivery (e.g. 12, 18, 24, etc. months); and iii.) the point in time when firms stop purchasing energy (e.g. 12, 6 months ahead of the time of delivery, immediately before delivery, etc.).

356 Note that in the Section assessing mark-ups, mark-ups were assessed for retail household consumers. For electricity, mark-ups were estimated for the period from 2008 to 2013; meanwhile for gas, the assessment covers only the 2012 to 2013 period due to the limited data available.

Figure A 1: A schematic representation of a procurement model



Source: E-Control

Products for hedging, if available to market participants in an MS, include annual (base/peak), quarterly (base/peak), monthly (base/peak) and swaps. Hedging can also be achieved by means of long-term bilateral contracts. In electricity, prices of bilateral contracts are usually not known. In gas, long-term bilateral contract prices may be indexed to different commodities – mainly oil – or also to hub prices. The individual conditions of each particular contract make it difficult to assess final gas prices. Nevertheless, even when companies use bilateral contracts, market-based prices can be used to estimate their value, since the energy of bilateral contracts can be valued at the price at which companies are able to sell the energy on the wholesale market.

Provided that suppliers have access to markets with sufficiently liquidity in forward markets in an MS, suppliers need to strike a balance between the amount of forward and spot products that are to be procured to fulfil the contractual obligations downstream. For example, a 'short' strategy would mean that for most of the hours in the year, the supplier needs to buy in the spot market to meet the demand to be served. A 'balanced' strategy would mean that additional electricity has to be bought on the spot market half of the time in a year, while during the other months the retailer needs to sell excess electricity on the spot market. A strategy whereby 100% of the energy is procured on the spot market seems unlikely, as it entails a high risk for suppliers. An exception would be those markets where suppliers offer products which are directly linked to hourly day-ahead prices, as in the case of electricity suppliers in Norway.

Approach for electricity

As explained above, procurement strategies feature many hedging schemes requiring diverse phases[357]. Due to data and time constraints, for the analysis presented in this MMR, the following methodology was applied to infer electricity wholesale market prices:

i. Where insufficient hedging products are available, the analysis was based on the best available information (usually day-ahead prices);

ii. Where sufficient liquid organised forward markets are available, the assessment was based on one selected hedging strategy combined with a limited procurement of day-ahead products to match demand.

In case of ii the following simplified hedging strategy was used:

- The hedging strategy was based on the procurement of year-ahead and day-ahead products;
- The start and finish point of energy procurement was assumed to start 18 months[358] ahead of delivery and finish 6 months before delivery[359]. The incurred cost of year-ahead products is assumed to be spread across the buying period, and assumes a constant rate of purchase; and
- The amount of electricity contracted year-ahead to supply downstream was assumed to be equal to the lowest observed consumption (i.e. load) on a day during a year in an MS. The remaining daily (variable) demand was assumed to be sourced (by buying or selling) day-ahead[360]. Figure A 2 presents a schematic representation of the share of year-ahead versus day-ahead procurement using household electricity load profiles for Spain[361].

357 For an accurate assessment of the cost of different hedging strategies, the following detailed information and steps among others would be required to:
- Define a set of hedging strategies to be assessed, including the start and final point for procuring energy, and the balance of products to be procured to meet demand (yearly products, quarterly, etc.)
- Obtain full access to prices of all forward and day-ahead products.
- Use volume weighted averages to take account of the different volumes procured throughout the year to meet demand (e.g. procurement of gas will be higher for delivery in winter than in summer).
- Calculate the 'shaping costs' (for electricity), which are the costs of shaping the purchasing of electricity to match the hourly demand profile of domestic consumers. 'Shaping costs' may include:
  - the costs of financial products (e.g. options) to hedge the price risk for the energy to be purchased day-ahead (difference between day-ahead demand forecast and the procurement of long term products).
  - the costs of buying (or reselling) day-ahead the missing (or excess) of energy, resulting from the difference between day-ahead demand forecast and the procurement of long-term products.
  - Calculating 'shaping costs' implies that the expected hourly load profile of households need to be available.

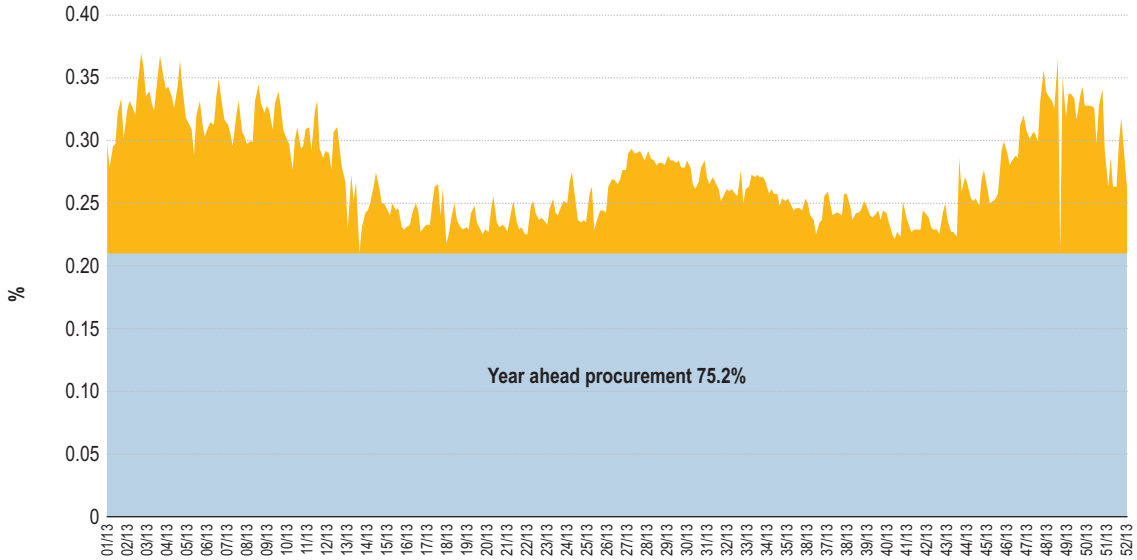
358 For some MSs, these contracts may not be available, in which case the best alternative is selected (i.e. procurement starts 12 months ahead of delivery and finishes just before delivery).

359 This has proved a reasonable strategy (e.g. based on Ofgem's work).

360 For the demand profile, national household consumption profiles will be used where available. Otherwise, they will be based on overall load profiles as provided by ENTSO-E.

361 As explained above, household hourly profiles would normally be used instead, where available.

Figure A 2: Schematic representation of the proposed calculation of the share of forward YA procurement based on household electricity load profiles for Spain – January–December 2013 (daily demand, MWh)



Source: CNMC, ACER (2014)

In view of the above methodological steps, the following approaches are envisaged for the different MSs:

Table A 1: Electricity wholesale market prices procurement strategies employed per MS.

Approach	Country
Procurement based on hedging (X% yearly base load,100- X% DA)	Austria, Belgium, the Czech Republic, Denmark, Finland, France, Germany, Great Britain, Italy, the Netherlands, Poland, Portugal, Spain.
Procurement 100% based on DA	All the other MSs with non-existent or illiquid forward markets, provided that organised day-ahead markets are available. Also MSs where prices correlate much better with DA prices: this includes Norway and Sweden

Approach for gas

In the majority of EU MSs, gas supplies are still negotiated through long-term bilateral contracts. Only a few MSs have organised markets (i.e. gas hubs), and not all of these hubs seem to deliver sufficient liquidity on forward products on which to base a hedging supply strategy. Therefore – as in the case of electricity – different approaches were considered when assessing the wholesale gas prices for each of the different EU MSs:

i. If the MS has no hub, the gas wholesale price was fully referenced to the prices of long-term contracts by using the Eurostat Comext Database on declared gas import prices at the MS's borders;

ii. In MSs with hubs, although with insufficiently complete and/or illiquid forward products[362], a combination of long-term contracts prices plus short-term hub products prices was used; and

iii. In those MSs having hubs with sufficient liquidity in forward market products, the assessment was based solely on hub price references.

In the case of ii the following simplified 'hedging' steps were taken:

- In those less liquid hubs[363], the wholesale price reference was mainly based on monthly long-term contract prices – again through the Eurostat Comext Database on declared gas import prices at the borders of MSs – plus the incorporation of a small portion of average day-ahead prices from organised markets.

- The considered amount of gas purchased each month was 80% of long-term contracts' price reference and 20% of average day-ahead price procurement.

In the case of iii the following simplified hedging strategy was devised:

- The proposed hedging strategy was assumed to be based on two products year-ahead and day-ahead products;

- The start and finish point of gas procurement was assumed to start 18 months[364] ahead of delivery and finish six months before delivery; and

- The amount of gas purchased with year-ahead products was made equal to the average daily demand of the lowest consumption month of the year. The difference between each month's demand and the month of lowest consumption will be covered by the average price of day-ahead products in the month.

362 Sufficient liquidity values were measured on the basis of the ICIS Heren European Gas Hubs Report 2012 Tradability Index; even in some hubs where certain forward products were offered, these were not entirely considered as sufficiently representative of an overall wholesale price reference due to their limited tradability.

363 See footnote 362.

364 See footnote 358.

In view of the above methodological steps, it is envisaged to apply the following approaches to the different MS:

Table A 2: Gas wholesale market price procurement strategies employed per MS.

Approach	Country
Procurement 100% based on LT contracts import prices – a) i	All others
Procurement based on LT and on DA hedging for less liquid hubs – a) ii	Belgium, France, Austria, Italy, the Czech Republic, Denmark
Procurement based on hedging for more liquid hubs – a) iii	UK, the Netherlands, Germany (NCG + GASPOOL)

Note: Eurostat Comext database – at 10 February 2014 – provides no data on gas import prices in Austria, Denmark, Finland, Germany, Luxembourg, the Netherlands and Poland. Those NRAs were individually requested to provide the data, or to validate, at the ACER's proposal, alternative sources.

Treatment of other supply costs

In addition to sourcing costs from the wholesale market, other costs (non-energy related) are incurred by suppliers at the retail level; these include operating costs such as customer services, staffing, IT, sales/marketing, billing, debt costs, etc.

Nevertheless, some other costs (energy-related) which are not included in the analysis may differ significantly between MSs. These include, for example, in electricity:

i. Network losses, in some MSs, these are components of the network charges. In some others, the wholesale cost borne by suppliers is directly increased by the percentage of losses;[365]

ii. System services, which are not included in some MSs in the network charges and which are sometimes not negligible[366]; and

iii. Other supply costs (e.g. Renewable Obligation Certificates) that are not network or tax/subsidy-related.

By excluding these costs, the estimated mark-up results will be less comparable across the MSs. In order to remedy this, ACER refined the methodology and collected information about 'other supply costs' (energy-related) in each MSs. In collecting these data, the MM drafting team required assistance from NRAs.

365 For example, 7% of the electricity wholesale price in GB and 14% in Spain.

366 For example, in Spain redispatching and balancing costs and capacity payments reach nearly 10 euros/MWh.