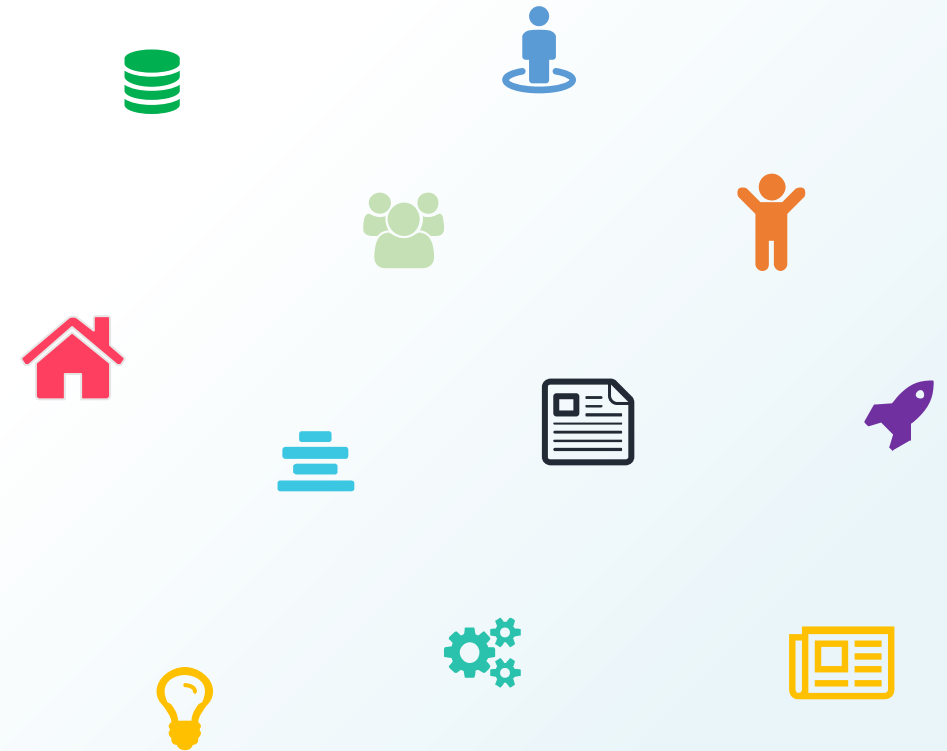


Training Day

Module 3A: Consumer Protection

Natalie McCoy, Co-Chair CEER Customers and Retail Markets WG,
ACER Retail Markets WG

- Taxonomy
- Consumer protection principles
- Market models
- Consumer journey
- Role of regulators
- Information channels and tools
- affordability



Energy system – a taxonomy





- ✓ Generation/Production
- ✓ Transmission
- ✓ Distribution
- ✓ Utility/Supplier
- ✓ Micro-grid/Isolated grid/Behind the-meter/Energy community

Demand



- ✓ Consumer/Customer/Client/Ratepayer
- ✓ Self-consumer/Prosumer
- ✓ Vulnerable consumer
- ✓ Energy poor
- ✓ Universal access

- ✓ **Vertically integrated/Regulated**
- ✓ **Liberalised/Deregulated/
Restructured/Unbundling**
- ✓ **Wholesale market**
- ✓ **Retail market**
- ✓ **Competition/Choice**



- ✓ Rule of Law
- ✓ Regulator/Commission/Agency/Institute
- ✓ Concessions/licenses
- ✓ Codes/Regulation
- ✓ Network charges/Tariffs/Rates



Rulebook

Energy system – a taxonomy



Consumer protection principles



Consumer protection principles



Universal / public service



- **Quality of supply**
- **Security of supply**
- **Equal access**

The **right** to be supplied with electricity of a specified quality within one's territory at competitive, easily and clearly comparable, transparent and non-discriminatory prices... and an **obligation** for distribution networks to connect customers to their network under terms, conditions and tariffs.

Basic contractual rights



All final customers are **entitled** to have their electricity provided by a supplier, provided that the company follows the applicable trading and balancing rules

- **Billing**
- **Complaint handling / right of redress / dispute settlement**
- **Unfair commercial practices**

Energy poverty means a household's lack of access to essential energy services, where such services provide basic levels and decent standards of living and health, including adequate heating, hot water, cooling, lighting, and energy to power appliances

Vulnerability and energy poverty



Concept of **vulnerable customers** may include income levels, the share of energy expenditure of disposable income, the energy efficiency of homes, critical dependence on electrical equipment for health reasons, age or other criteria

- **Disconnection protection**
- **Social welfare support**
- **Tailored advice**

Consumer protection principles



- **Transparency**
- **Accuracy**
- **Price and consumption data**
- **Terms and conditions**
- **Data protection and privacy**

Information



Consumers understand their own energy use and are provided with **clear and reliable information**, allowing them to make informed decisions

Consumer protection principles



- **Choice of supplier**
- **Right to switch**
- **Comparison tools**
- **Energy sharing/peer-to-peer trading**
- **Dynamic contracts**

Empowerment



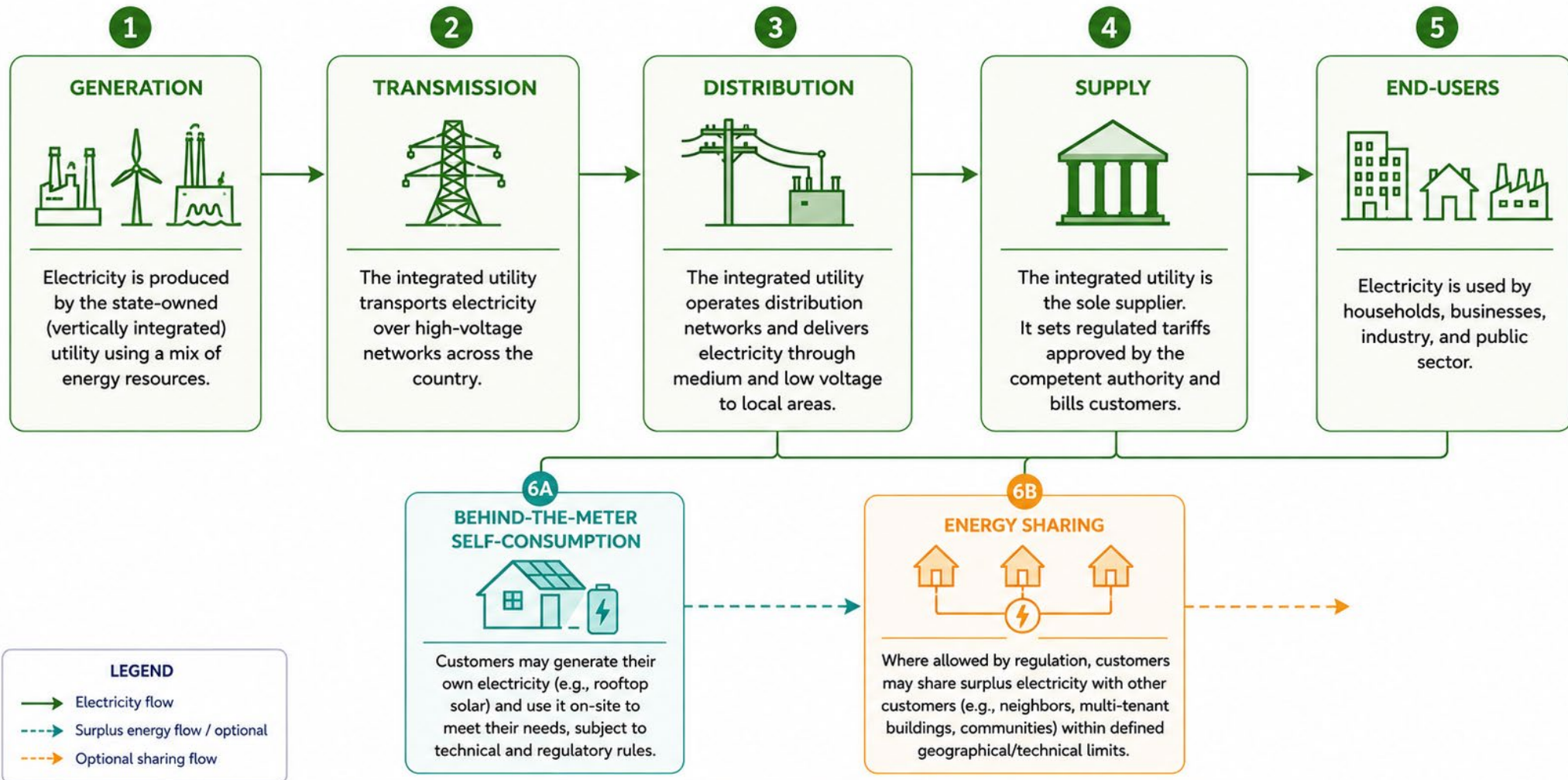
All final customers are **entitled** to engage in the energy system, producing, selling, storing, contracting energy in an open market and are remunerated fairly for the value of their flexibility

What should an energy system deliver?



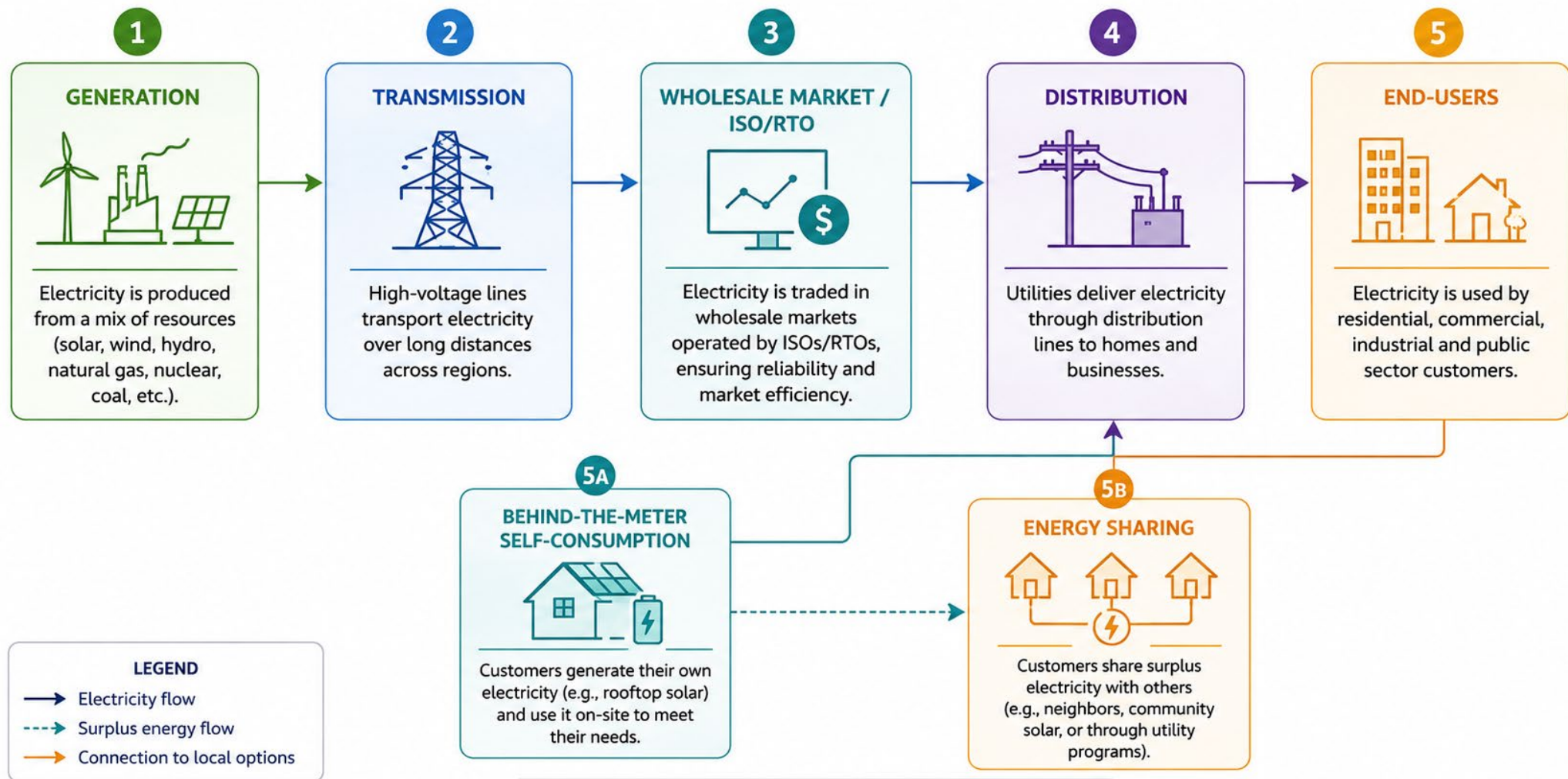
Fully integrated model

All activities are owned and operated by a single integrated utility



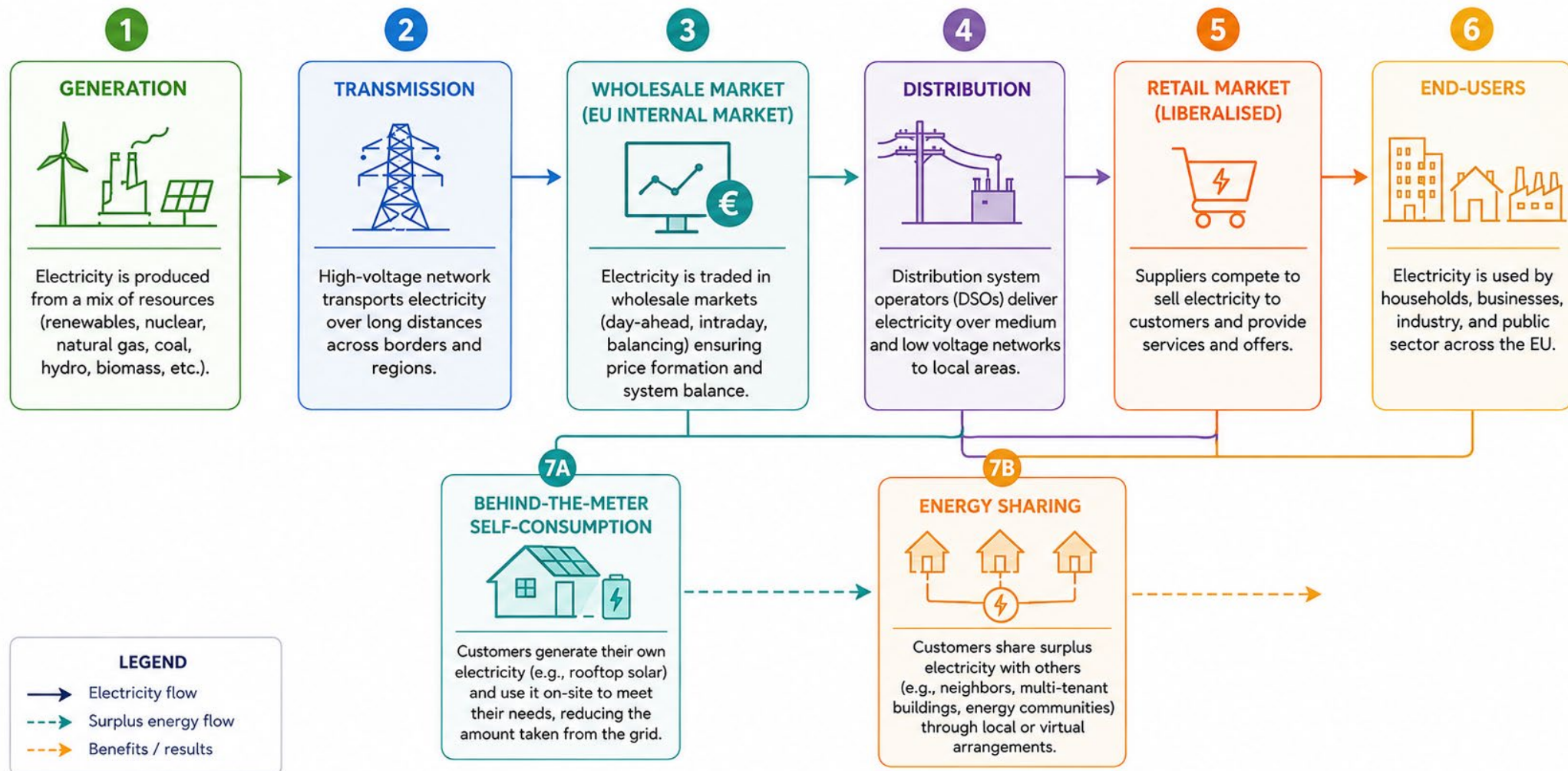
Partially deregulated model

Parts of the value chain are separated, wholesale markets operate and distribution and supply are joint



Fully liberalised model

All of the value chain is separated (unbundled), wholesale and retail markets operate with supplier choice for consumers





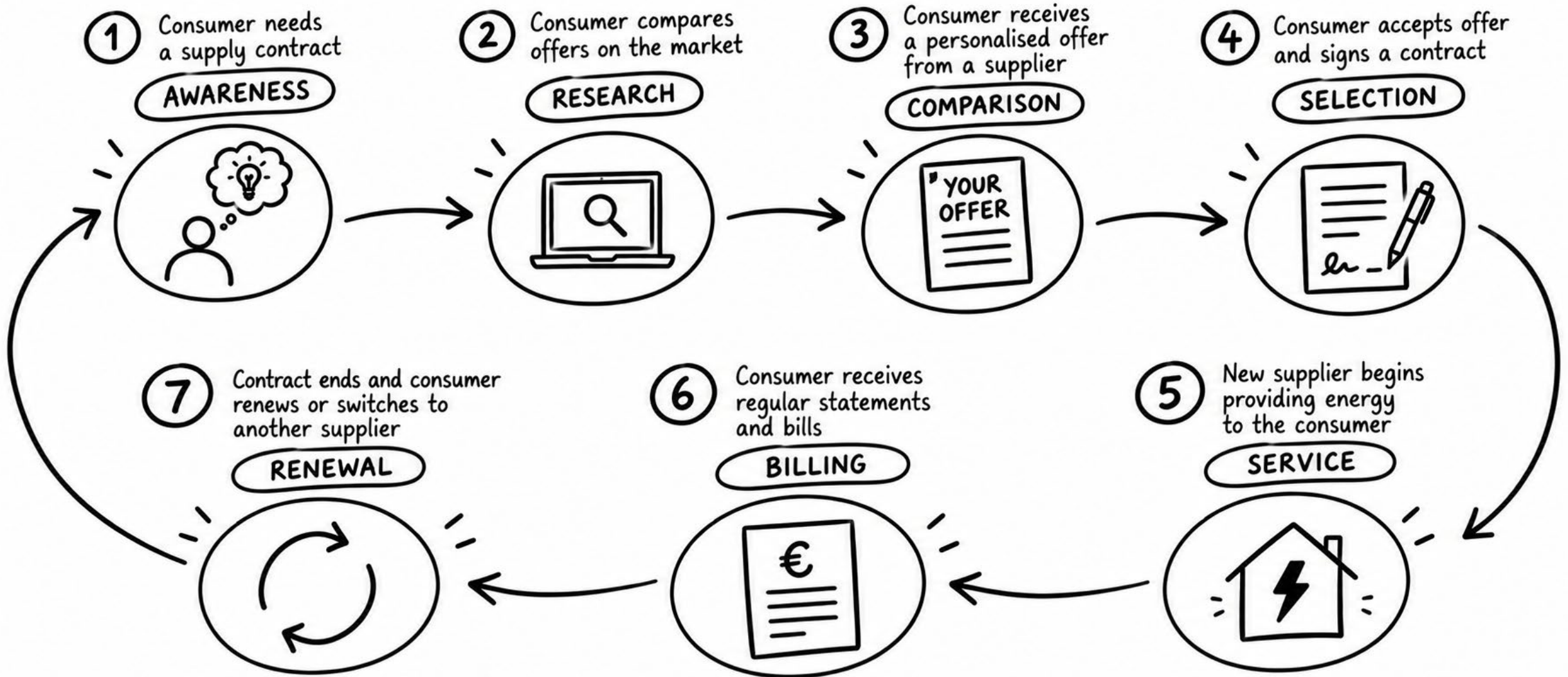
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What does your market look like?

- Fully regulated
- Partially deregulated
- Fully liberalised
- Other



Energy consumer journey



Energy retail brings many challenges



- Consumers face increasingly 'complexified' contracts
- Benefits/value for consumers are almost entirely financial
- Energy market design rewards consumers that participate; it may leave other consumers worse off
- Consumers' proficiency in navigating the energy retail market widely differs, with many consumers entering contracts that do not reflect their financial interests.

Consumer choice and behaviour is complex

- **Retail energy cost components**
- **Contract and price comparability challenges**
- **Additional services**
- **Risk of misleading conclusions**

Energy retail is difficult to compare and is surrounded by political sensitivities

CEER-BEUC 2030 Vision for Energy Consumers Long-term Energy Transition for Sustainability and Climate Neutrality



AFFORDABILITY



PROTECTION



RELIABILITY



SIMPLICITY



INCLUSIVENESS



EMPOWERMENT

LET'S **ASPIRE**

What issues are in the 2030 Vision?



Affordability

- Energy efficiency first
- Allocation of energy system costs
- Distributional impact assessment



Simplicity

- Transparency
- Clarity and accuracy
- Innovative services
- Advice



Protection

- Consumer protection and redress
- Data Protection
- Cybersecurity
- Protection against price manipulation
- Consumer crisis management



Inclusiveness

- Inclusive policies
- Inclusive practices and energy justice
- Digital divide
- Integration



Reliability

- Energy supply as an essential service of general economic interest
- Reliability
- Trust



Empowerment

- Level-playing field
- Active energy consumers

Role of regulators in consumer protection



Necessity of consumer safety in energy markets



Building trust through consumer protection

Trust in the energy market is built through robust consumer protection mechanisms.



Protecting vulnerable consumers in energy markets

Special measures are essential to protect vulnerable consumers in the energy sector.



Consumer safety in the era of prosumers

Prosumers must also be encompassed in consumer protection strategies.



Ensuring reliable energy supply for all

Consumer safety initiatives should focus on ensuring a reliable energy supply.

Role of regulators in consumer protection



Economic Regulation

- Ensure economic sustainability of energy system
- Set tariffs (and prices)



Rule-making

- Commercial relations
- Quality of service (technical and commercial)



Monitoring

- Prices
- Markets
- Commercial behaviour



Removal of barriers

- Non-discriminatory access
- Transparency



Supervision

- Investigate
- Inspect
- Sanction



Support and Information

- Complaint handling and dispute resolution
- Outreach and literacy programmes
- Comparison tools

- Supplier of last resort
- Universal service obligations
- Standardised pre-contractual information
 - Duration
 - Notice period
 - Billing information
 - Compensation rules
 - Payment plans and billing methods
- Market supervision and enforcement
- Information...
 - Information...
 - Information...
 - Information...



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What tools does your authority use?

Multiple choice:

- Supplier of last resort
- Universal service obligations
- Standardised pre-contractual information
- Market supervision and enforcement
- Information



Legal and regulatory framework of SoLR

- Supplier of last resort (SoLR) in EU is recognised as a regime to ensure continuity of supply to (at least) household customers
- SoLRs in Portugal are obliged to supply:
 - **Economically vulnerable customers** (who also qualify for the social tariff)
 - Customers **without a commercial offer** by a market supplier
 - Customers whose **supplier is impeded of acting as such** due to **bankruptcy**

Protection from disconnections

- Vulnerable customers protected from electricity disconnections
- Suppliers cannot not terminate contracts if customers have ongoing complaint procedure
- Variety of measures to help avoid avoid disconnection:
 - Promoting voluntary codes on preventing and managing cases of arrears
 - Promoting education and awareness of consumer rights regarding debt management
 - Giving access to finance, vouchers or subsidies to support the payment of bills
 - Encouraging and facilitating provision of meter readings every three months, or where relevant for shorter billing periods, including self-reading

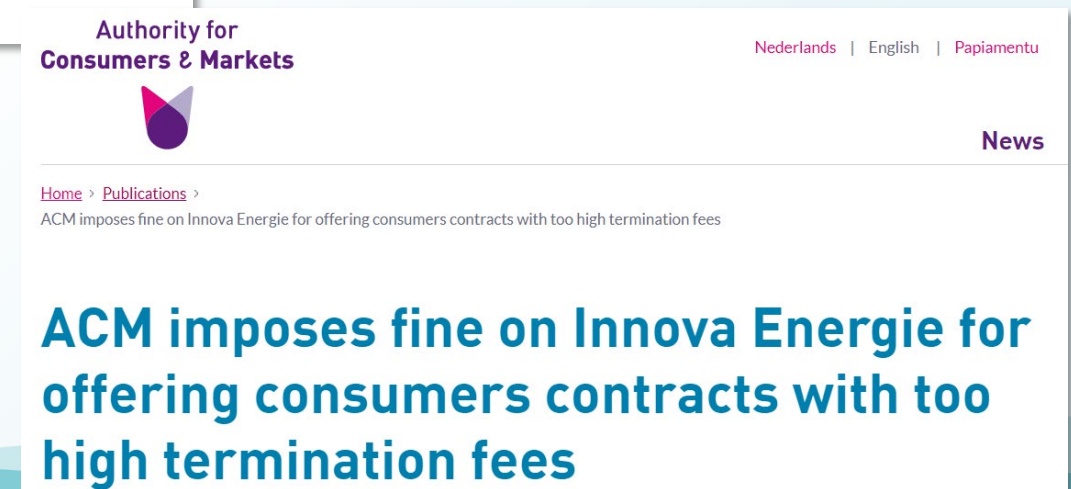
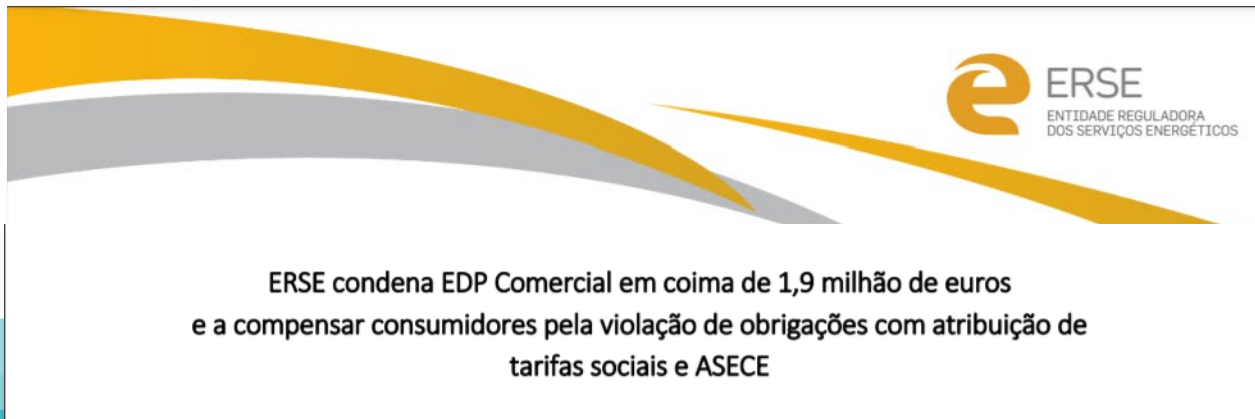
Supplier risk management

- To reduce price volatility and uncertainty for consumers (and suppliers), NRAs must ensure:
 - a) suppliers have appropriate hedging strategies, to limit risk of changes in wholesale electricity supply to the economic viability of their contracts with customers, while maintaining liquidity on and price signals from short-term markets
 - (b) take all reasonable steps to limit their risk of supply failure
- Supplier hedging strategies may include the use of power purchase agreements, forward contracts and other instruments
- NRAs can use stress tests to assess supplier 'health'

Investigate. Enforce. Penalise.



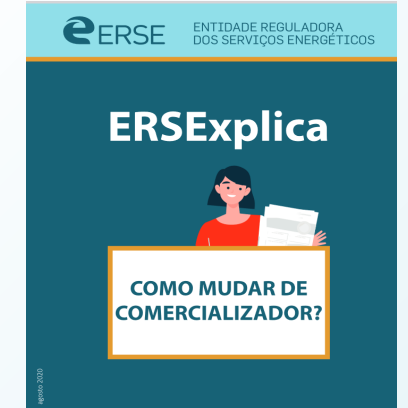
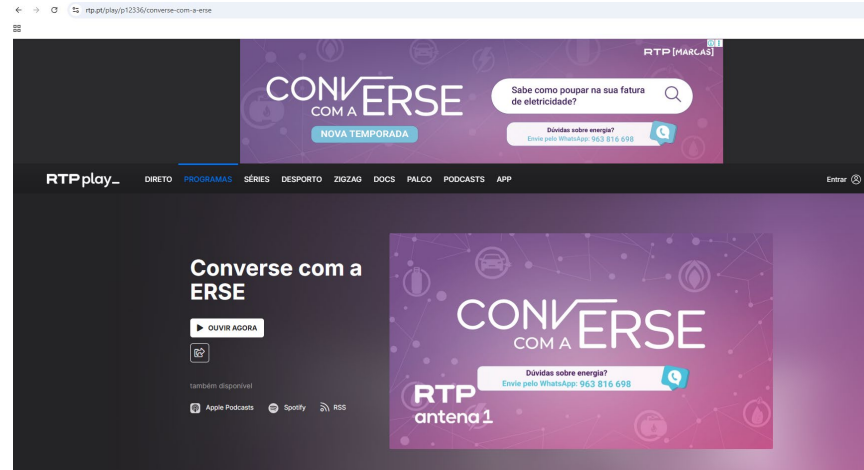
“As well as imposing penalties or securing redress for consumers through our statutory enforcement powers, we can also secure results through alternative action. This can result in a company swiftly putting things right for consumers, including compensation where appropriate, without us finding a breach.” [Ofgem](#)



Information channels



- Websites
- Comparison tools
- Social media
- Radio
- TV
- In-person campaigns
 - Schools
 - Elderly
 - Universities



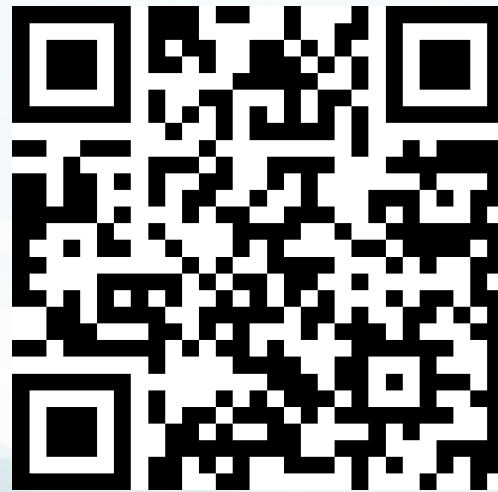


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What info channels does your authority use?

- Websites
- Comparison tools
- Social media
- Radio
- TV
- In-person campaigns





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CEER
Council of European
Energy Regulators



NARUC
National Association of Regulatory
Utility Commissioners