



CEER Guidelines of Good Practice on Comparison Tools in the New Energy Market Design

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Background

CEER Recommendations on Comparison Tools: the Updating Process and Stakeholders' View

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CEER 2012 Guidelines on Comparison Tools

London Forum 2010: a study on electricity retail market presented by the European Commission highlights customers' poor access to neutral and objective information on electricity market opportunities

July 2012: CEER publishes the Guidelines of Good Practice (GGP) on Price Comparison Tools (CTs), after a stakeholders' consultation process

- *Based on a set of 14 recommendations on how CTs can function effectively to the benefit of energy customers*
- *Cover multiple themes:*
 - Independence
 - Transparency
 - Exhaustiveness
 - Clarity and comprehensibility
 - Correctness and accuracy
 - User-friendliness
 - Accessibility
 - Customer empowerment
- *Addressed to all CTs: owned and funded by NRAs or a public body, or privately-run as a commercial activity*

Evolution in comparison tools

- *Growing number of CTs available to European customers*
- *Different solutions / services available (websites, apps for mobile devices...)*
- *Cross-sector CTs (e.g. TLC + finance/insurance + energy...)*

Evolution in customers

- *Growing number of customers using CTs when shopping around*
- *New actors / new solutions (prosumers, collective switching...)*
- *Energy customer segmentation, depending on preferences, attitudes, information, skills, experience, confidence...*

Evolution in technology

- *Smart meters*
- *Smart grids*
- *New solutions for data access and management, and related services*

Evolution in retail markets

- *New pricing models*
- *Competition on non-price elements*
- *Products and services offered in addition to energy*

Main Initiatives at European Level

2012: Multi-Stakeholder Dialogue on Comparison Tools

- *Ad-hoc Working Group established by the European Commission, covering comparison tools issues on a cross-sector perspective*

2016: EC "Key Principles for Comparison Tools"

- *provide directions as how to respect relevant EU legislation (Unfair Commercial Practices Directive) and offer better service to customers*

2016: "Clean Energy for All Europeans" Package

- *Electricity Directive proposal: Member States ensure customer access to at least one tool comparing the offers of suppliers, that meets specific requirements*

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2016: CEER wants to ensure that its GGP is up to date

- *Check whether and how the GGP can be enhanced in order to ensure that they still address, both at present and in the predictable future, the issues that energy consumers face when approaching and using CTs*
- *Reflection on "future proofing" to include issues such as:*
 - How CTs can fit with the next generation of energy pricing models
 - Evolution in technology (smart meters, data management solutions...)
 - Services added to energy contracts
 - Prosumers
 - Consumption profile and customer empowerment

The Updating Process

June 2016: Closed Workshop with stakeholders and experts, to discuss and enhance CTs issues, focussing on the "future proofing" of the GGP

- *Experts from regulators, legislators, academics, private sector companies and consumer organisations*

November 2016: Public consultation document published

- *Evidence coming from available surveys and reports*
- *Case studies from NRAs*
- *CEER documents and papers*
- *Contributions from experts involved in the Closed Workshop*

→ December 2017: Updated recommendations published

"Do the 2012 GGP need to be updated, and how?"

Review of the 2012 CEER recommendations based on a customer perspective, considering four different dimensions:

- CTs reliability and customer confidence: *independence/impartiality of the tool; transparency on how it operates; verification; promotion of verified CTs*
- Scope and usability of a CT: *market coverage; accuracy; estimation of cost / potential savings compared to the current contract; filtering and navigation tools*
- Clarity and comprehensibility of information: *structure and content of price and non-price information; facts vs. opinions (e.g. users' ratings)*
- Customer involvement and activation: *access to consumption profile; access to CTs for vulnerable customers; activation of unaware or mistrustful customers*

"What developments may call for further updating of the GGP in the next future?"

Focus topics:

- New pricing models (e.g. variable time-of-use), will require more detailed and complex data on customers' consumption, and improved calculation algorithms in order to allow a correct and tailored comparison
- Services or products included in the contract will increase the complexity of the comparison
- Tools and apps for mobile devices will have to face the growing complexity of comparison information in order to show the same contents as web-based tools
- Prosumers will be willing to compare offers including generation/storage facilities or services, or different price options for the energy they buy and they sell
- Collective switching opportunities could be considered by many customers as a valid option, to be directly compared with individual switching offers
- Meta-CTs comparing (different?) results from different CTs, if developed in the future for energy sector, might need specific recommendations

Respondents to the Public Consultation

Type of respondent	Number of respondents
Authority	2
Consumers Organisation	3
Energy Supplier	5
Energy Supplier Organisation	2
Industry Association	1
Energy Ombudsmen Network	1
Other / Not Assigned	2

Country of origin	Number of respondents
AUSTRIA	1
BELGIUM	2
EU	4
FRANCE	2
ITALY	1
PORTUGAL	1
SPAIN	1
SWEDEN	3
Not Assigned	1

Key Messages from the Consultation - 1

***In general**, nearly all respondents agree that the principles of the CEER 2012 recommendations are still valid; some adjustments can be done, giving the evolution of the retail sector.*

***Customers trust in CTs** - Certification/verification appears to be a good way to ensure the reliability of private CTs*

***Market coverage** - Most respondents indicate that CTs should ideally present an exhaustive spectrum of available offers but this is not realistic*

***Scope of comparison** - Consumer representatives say that CTs should enable customers to compare their current contract (even if it is no more available on the market) with active products*

***Product information** - Retailers remark that CTs should offer information on additional products, services, taxes and other relevant contractual information (not only price)*

Key Messages from the Consultation - 2

Accuracy - Comparing offers will be increasingly difficult (time of use price, bundled services...); different methods could be used in order to obtain an accurate estimation of costs and potential savings

Subjective parameters - Some agents point that subjective ratings might be useful, but shall be submitted to control; some other agents highlight the risk for CTs to become customers' forums/blogs

Customers' data - Most respondents agree that data management should be standardised at national level in priority, to include the specificities of the national markets

New models - It should be a goal for CTs to take into account offers for prosumers, demand side response etc. although it seems difficult at present

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Independence, Transparency

Independence of the tool

- *CTs must be independent from suppliers, give a non-discriminatory view of the market and show all information in a consistent way*
- *The best way to ensure CTs reliability should be defined at national or local level, considering the maturity of both the energy and the comparison markets*
- *Active role of NRAs or public bodies, including possible establishment of a public reliable CT where no private service exist, or to complement commercial CTs*

Transparency

- *CTs should clearly disclose the way they operate, their funding and owners/shareholders*
- *Clear separation of advertisement / sponsored products from the comparison results*

Exhaustiveness, Clarity and Comprehensibility

Exhaustiveness

- Coverage of the market **as complete as practicable**; if the CT does not cover the whole market it should clearly state this before showing the comparison results
- **All products covered by the CT and available to the customer should be shown as a first output** (no default filters: navigation must be handled by the customer)

Clarity and comprehensibility...

- Costs to be presented as a primary output in a clear and understandable way
- Discounts: clear description; **clearly separated from the total cost estimation when subject to conditions or restrictions**
- Total cost / **potential savings**: make clear that the amount showed is an estimation, depending on consumption and price available at present; show additional information on cost details **and methodology used for estimation**

...Clarity and comprehensibility

- Show fundamental characteristics of all products as a first step, including price features **and other fundamental features** (e.g. main contractual terms, bundled products and services, origin of energy production...), **adopting appropriate solutions to facilitate visibility and comprehension**,
- Offer additional, second-level explanations and information; where this is based on subjective parameters, clearly disclose the nature of information, parameters used and origin of the underlying data

Correctness and accuracy

- Update price information in order to show prices actually available on the market
- **Rectify without delay any incorrect information; provide a procedure allowing interested parties to report incorrect information**

User-Friendliness, Accessibility, Empowerment

User-friendliness

- *Allow customers to introduce their consumption data in an easy and friendly way, offer default consumption patterns, or tools that help consumption estimation*

Accessibility

- *Offer alternative communication channels for accessing a comparison*
- *Ensure accessibility through different devices, at the same level of accuracy*

Customer empowerment

- *Navigation tools (filtering / alternative rankings) based on fundamental features; where navigation is based on subjective parameters, clearly disclose the nature of the parameter and origin of the underlying data*
- *Provide background information or access to independent information*
- *Use clear and understandable writing and wording*

Future developments

- *CTs should be open to innovation in order to adapt and reflect the evolution of the current energy market*
- *CTs should adapt to the development and deployment of smart meters, being able to process data from them and providing customers with more-accurate comparisons and analyses, depending on their consumption habits and on the general circumstances that may affect the results of the comparison*

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Easy access to neutral and objective information on available offers for energy supply is one of the key elements that can empower customers to play an active role in energy retail markets

- *Web-based comparison tools (CTs) can offer a smart and easy access to this kind of information*
- *It is crucial to ensure that CTs are actually well-functioning, i.e. they are providing genuine, useful and usable information to customers*
- *It is equally crucial that customers feel that they can trust CTs*

Thank you for your attention!

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