



# MEDREG

How does a bill have to be designed to deliver empowerment and engagement

- Erjola Sadushi -



MEDREG is co-funded by the European Union

# Energy policy and regulation in the interest of the consumer

Energy market liberalization has faced three main legislative stages before Clean Energy Package.

- The First Energy Package (Directive 96/92/EC 1997 and Directive 98/30/EC 1998)
- The Second Energy Package (Directive 2003/54/EC 2003; Directive 2003/55/EC 2003; Regulation 1228/2003/EC 2003).
- The Third Energy Package repealed the Directives on the internal market in electricity and gas, the cross-border Regulation and the Regulation on access to gas transmission networks (Directive 2009/72/EC 2009; Directive 2009/73/EC 2009; Regulation (EC) No 714/2009; Regulation (EC) No 715/2009; Regulation (EC) No 713/2009).

Each package has required customer protection. The third energy package contains provisions on a number of aspects regarding obligation to ensure that consumers have all of the necessary data together with the introduction of smart meters. (consumer check list)



# Clean Energy Package

## Consumer empowerment

- Electricity Directive has a dedicated chapter on consumer empowerment and protection.
- The new rules outlines a framework for consumer protection, information and empowerment in the EU electricity sector, where consumers must be guaranteed the right to:
  - an electricity connection so that households are connected to the network and supplied with electricity
  - a choice of electricity and gas suppliers as well as an easy and fast switch of suppliers, without extra charges
  - clear contract information and the right of withdrawal
  - accurate information on the consumption and billing based on it.
- With the new energy market rules in place all consumers will be able:
  - to generate, store and/or sell their own electricity to the market
  - to participate actively, individually or through communities, in all markets, either by generating electricity and then consuming, sharing or selling it, or by providing storage services

# Clean Energy Package

Empower concept in the CEP - Elements for consumer empower:

- Basic contractual rights
- Entitlement to a dynamic electricity price contract
- Right to switch and rules on switching-related fees
- Aggregation contract
- Comparison tools
- Active customers
- Citizen energy communities
- Demand response through aggregation
- **Bills and billing information**
- Smart metering systems
- Data management
- Interoperability requirements and procedures for access to data
- Right to out-of-court dispute settlement

# Bills and billing minimum information

The list of minimum information that must be provided to consumers includes:

- the electricity consumption data of the billing period;
- the supplier's contact details;
- the tariff name;
- end date of the contract;
- a reference to the availability and the benefits of switching
- the unique identification code for the supply point;
- information on dispute settlement rights including contact details to the respective;
- entity responsible for dispute settlement;
- single point of contact; and
- a link to a price comparison tool.

# Electricity Directive 2019/944

Requirements in relation to consumer information- How the information should be provided to customers?

- **Plain and unambiguous** information should be made available to consumers concerning their rights in relation to the energy sector.
- The Commission has established, an energy consumer checklist that provides consumers with **practical information** about their rights. That checklist should be kept up to date, provided to all consumers and made **publicly available**.
- The comparability of offers should be improved and barriers to switching should be minimised to the greatest practicable extent without unduly limiting consumer choice.
- Independent comparison tools, including websites, are an effective means for smaller customers to assess the merits of the different energy offers that are available on the market.
- It is crucial that smaller customers have access to at least one comparison tool and that the **information given on such tools be trustworthy, impartial and transparent**. To that end, Member States could provide for a comparison tool that is operated by a national authority or a private company.



# Electricity Directive 2019/944

Requirements in relation to consumer information- how the information should be provided to customers in their bill?

- Electricity bills are an important means by which final customers are informed. As well as providing data on consumption and costs, they can also convey other information that helps consumers to compare their current arrangements with other offers.
- It is necessary to make bills clearer and easier to understand, as well as to ensure that bills and billing information prominently display a limited number of important items of information that are necessary to enable consumers to regulate their energy consumption, compare offers and switch supplier. Other items of information should be made available to final customers in, with or signposted to within their bills. Such items should be displayed on the bill or be in a separate document attached to the bill, or the bill should contain a reference to where the final customer is easily able to find the information on a website, through a mobile application or by other means.
- Member states shall ensure that bills and billing information are accurate, easy to understand, clear, concise, user\_friendly and presented in a manner that facilitates comparison by final customers. On request, final customers shall receive a clear and understandable explanation of how their bill was derived, especially where bills are not based on actual consumption. (Article 18.1)
- Member states shall ensure that final customers receive all their bills and billing information free of charge.
- Member states shall ensure that final customers are offered the option of electronic bills and billing information and are offered flexible arrangements for the actual payment of the bills.

# The Energy Efficiency Directive

‘BILLING INFORMATION FOR GAS AND ELECTRICITY’ PROVISION -ARTICLE 10 AND ANNEX VII OF THE ENERGY EFFICIENCY DIRECTIVE

## GENERAL PROVISIONS

- Billing information and annual statements are an important means by which customers are informed of their energy consumption. Data on consumption and costs can also convey other information that helps consumers to compare their current deal with other offers and to make use of complaint management and alternative dispute resolution mechanisms. However, considering that bill-related disputes are a common source of consumer complaints and a factor which contributes to persistently low levels of consumer satisfaction and engagement with their energy providers, **it is necessary to make bills simpler, clearer and easier to understand, while ensuring that separate instruments, such as billing information, information tools and annual statements, provide all the necessary information to enable consumers to regulate their energy consumption, compare offers and switch suppliers.**
- Where final customers do not have smart meters as referred to in Directives 2009/72/EC and 2009/73/EC, Member States shall ensure, by 31 December 2014, that billing information is reliable, accurate and based on actual consumption, in accordance with point 1.1 of Annex VII, for electricity and gas, where that is technically possible and economically justified.’;



# The Energy Efficiency Directive

## **Article 10 provisions -MS shall ensure that:**

- final customers are offered the option **of electronic billing information and bills;**
- **clear and comprehensible information** is provided with the bill to all final users in accordance with point 3 of Annex VII a;
- final customers receive all their bills and billing information for energy consumption **free of charge** and that final customers have access to their consumption data in an appropriate way and free of charge.';

## **Annex VII provisions: - MS shall ensure that**

- the minimum information as required is made available to final users in clear and comprehensible terms in or with their bills,
- comparisons of the final users current energy consumption with consumption for the same period in the previous year, **in graphic form,**
- contact information for final customers' organizations, energy agencies or similar bodies, **including website addresses,** from which information on available energy efficiency improvement measures, comparative end-user profiles and objective technical specifications for energy-using equipment may be obtained;
- Bills that are not based on actual consumption or heat cost allocator readings shall contain a **clear and comprehensible explanation of** how the amount set out in the bill was calculated,

# Billing information for gas and electricity provisions -Annex VII, of the Energy Efficiency Directive

## Advice on energy efficiency accompanying bills and other feedback to final customers

- Market operators shall inform their customers in a clear and understandable manner of contact information for independent consumer advice centres, energy agencies or similar institutions, including their internet addresses,
- where they can obtain advice on available energy efficiency measures, benchmark profiles for their energy consumption and technical specifications of energy using appliances that can serve to reduce the consumption of these appliances.

## Billing information

- The Energy Efficiency Directive specifies the minimum elements to be displayed in the bills.

# Supplier role on customer information

Based on the provisions of the Cpe the supplier has to:

follow the principles and rules when developing and/or amending their billing processes and billing systems and processes.

provide timely and correct information.

provide appropriate detail on energy use and energy savings in consumer bills.

to offer more value-added services to their clients.

develop Free services as for consumer switch.



# Regulatory authority role on customer empower

The Electricity Directive 2019/944/EC establishes that the regulatory authority or another competent national authority shall:

- take the necessary steps to ensure that the information provided by suppliers to final customers pursuant is reliable and is provided at a national level in a clearly comparable manner.
- helping to ensure, that the consumer protection measures are effective and enforced;
- ensure non-discriminatory access to customer consumption data, the provision, for optional use, of an easily understandable harmonized format at national level for consumption data, and prompt access for all customers to such data pursuant to Articles 23 and 24;
- monitoring the availability of comparison tools that meet the requirements set out in Article 14;
- to carry out investigations into the functioning of the electricity markets, and to decide upon and impose any necessary and proportionate measures to promote effective competition and ensure the proper functioning of the market. Where appropriate, the regulatory authority shall also have the power to cooperate with the national competition authority and the financial market regulators or the Commission in conducting an investigation relating to competition law;
- to require any information from electricity undertakings relevant for the fulfilment of its tasks;
- to impose effective, proportionate and dissuasive penalties on electricity undertakings not complying with their obligations under this Directive,
- appropriate rights of investigation and relevant powers of instruction for dispute settlement under Article 60(2) and (3).

# Key elements on billing information

It is an obligation the information provide in the energy bill to be :

**accurate, easy to understand,**

**clear, concise and user-friendly.**

**not everything has to be printed on the bill itself but could be delivered via other channels, which may facilitate new and innovative formats of consumer-friendly billing using the digital communication options, such as via e-mail, apps or web-based platforms.**

# Information policy effectiveness

Getting feedback is an important tool to assess customer satisfaction.

Surveys and Behavioral experiments are often used with focus on consumers' experiences with electricity and gas suppliers.

The Consumer study on “Pre-contractual information and billing in the energy market improved clarity and comparability” developed under the EU Consumer Program (2014-2020) , the survey looked at:



Consumers' evaluation of the bills they receive from their energy supplier (gas and/or electricity);

Consumers' evaluation of pre-contractual information and offers received from energy suppliers (gas and/or electricity); and

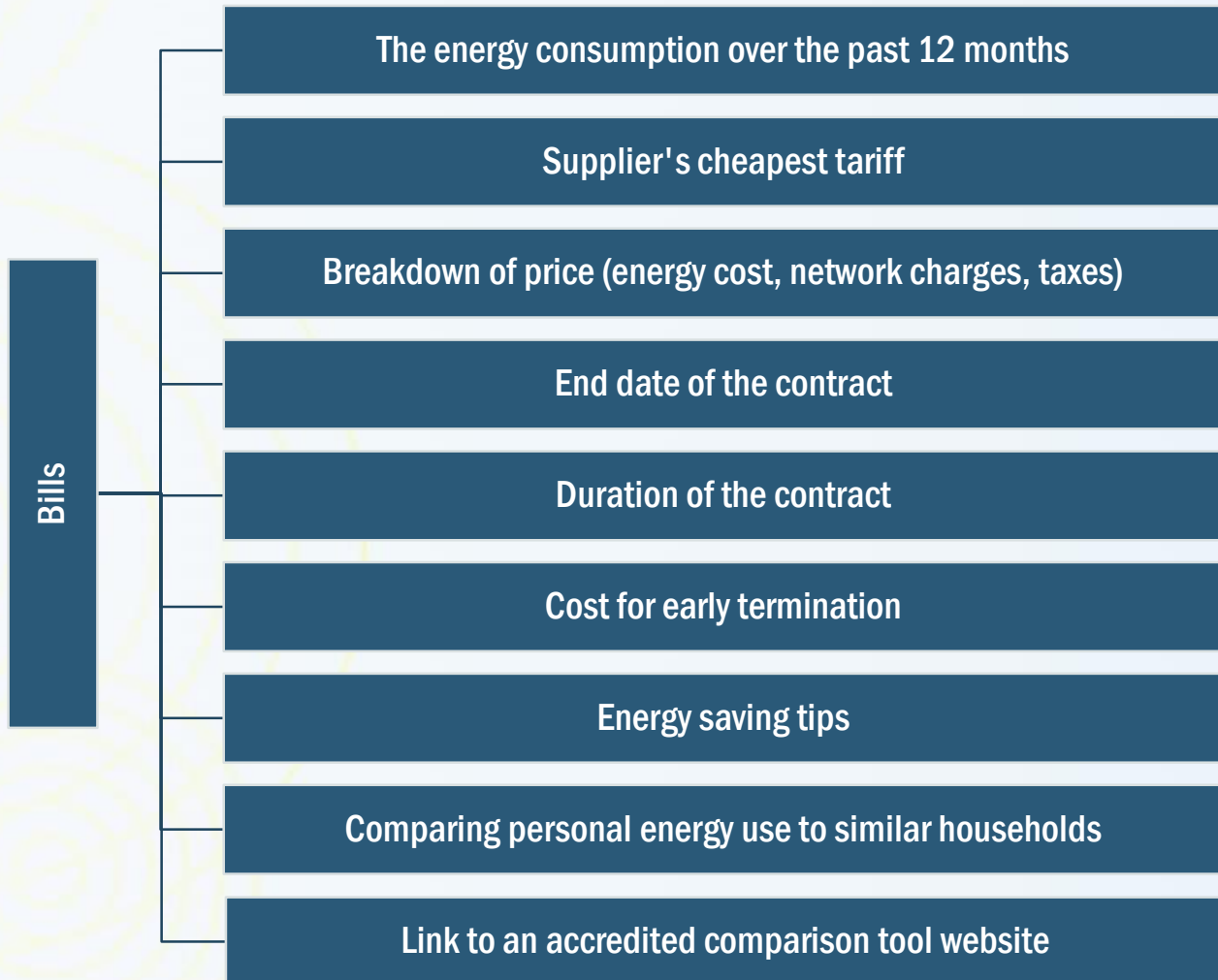
Consumer s' experiences with PCTs for comparing electricity and gas offers.

# Consumers' evaluation of the bills they receive from their energy supplier (gas and/or electricity)

## What information do consumers check in their energy bill?

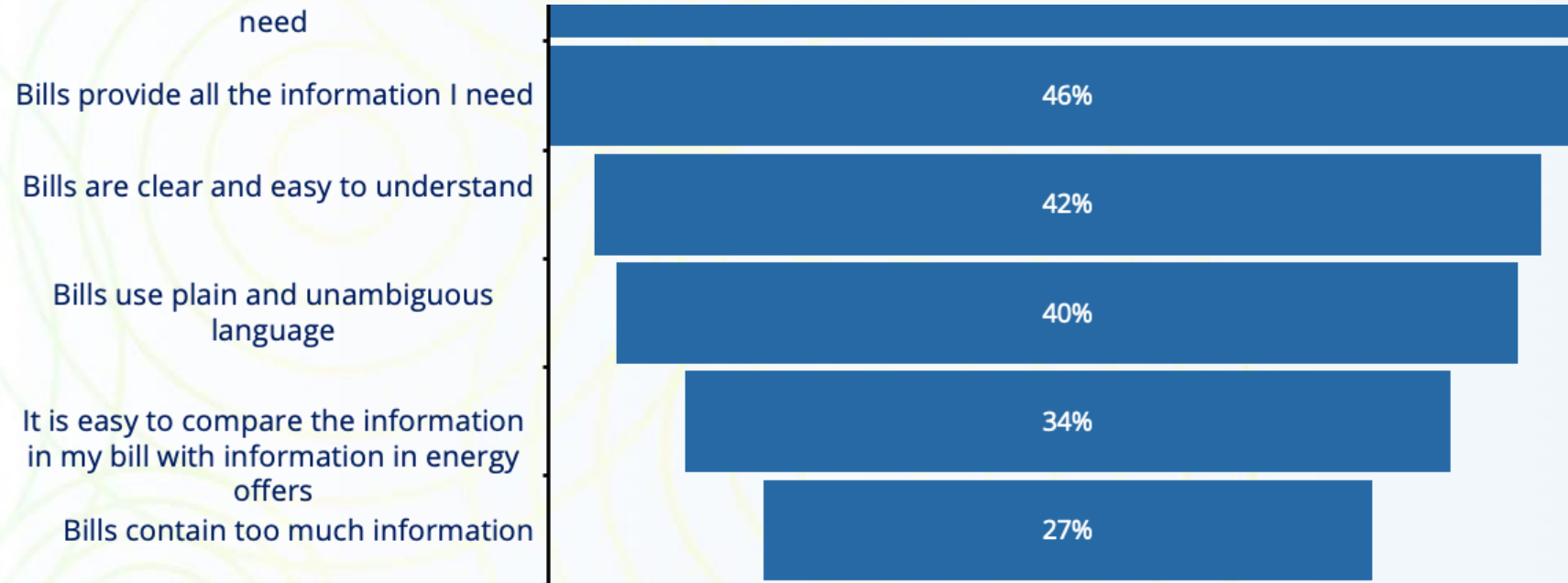
- Across the EU27, 17% of respondents explained that they only look at their energy bill to find out how much they need to pay and/or by when they need to pay.

## What information would consumers like to receive in their energy bill?



# Consumers views on bill clarity

Agreement with various statements about the clarity of energy bills, Somehow agree:





# Why are energy offers difficult to compare?

When asked to explain which elements make it hard to compare energy offers; references were made to:

complex terminology,

important information that is being hidden in the small print,

package deals that are not comparable

consumers find it difficult to understand what type of consumption data was used for calculating the discount.

# Consumer behavior

## Energy Efficiency Directive provisions:

### Article 12

- of the Directive mentions the desirability to promote behavioral change with instruments, policies and information provision.

### Article 17.2,

- The Directive encourages Member States to “establish appropriate conditions for market operators to provide adequate and targeted information and advice to energy consumers on energy efficiency”,

### Annex V (d)

- where the desirability to survey the savings achieved through policies aimed at reducing actual consumption is mentioned..

# Consumer behavior

## Behavioral experiment

- The experiment results on the importance of the levels of exit fees suggest that participants are statistically significantly less likely to switch at higher levels of exit fees
- Consumers may be dissuaded from switching if they need to pay exit fees, even if they can make savings by switching
- In general, consumers are more willing to switch as monthly savings, relative to the current deal increased.
- Potentially vulnerable consumers were, on average, less willing to switch than other, at all levels of monthly savings relative to the current deal.
- Participants' risk attitudes may also play a role in their willingness to switch. Risk-averse consumers may be overall less willing to switch, compared to risk-loving consumers.
- Consumers may be more willing to switch if they receive clear information about switching benefits, even at high levels of exit fees or lower monthly savings.
- consumers may be more likely to comprehend striking, simply laid out bills, since the 'were relevant information is displayed signed in one place, and in a visually striking manner.
- In general, bill design did not have a statistically significant impact on potentially vulnerable participants' subjective ratings of ease of understanding of the bills.



# Implemented empower projects

- **EMPOWERING** project- to empower customers to positively manage their energy consumption by improving the information on energy bills and by offering online tools. The utility companies provided end users with consumption insight information, to increase their energy
- **You are a Smart Consumer (USmartConsumer)** -aimed at enhancing European households (tenants and owners) based on the improved information facilities of their smart meter, informing and involving them in the innovative services that help them save electric, gas or district heating energy and get user-friendly interfaces.
- **REScoop Plus** - The aim of the REScoop PLUS is to get a better understanding and foster this behavioral change. It will identify and measure the best practices, share their knowledge, improve their activities in their citizen's engagement and energy efficiency actions and disseminate them to other supplying REScoops in Europe. The objective of REScoop PLUS is to make REScoops in Europe go beyond their activities of producing and supplying energy and take up energy savings for their members as a new pillar in their organization.
- **Step by step** --this project solicits targeted households regularly through email or by phone and accompanies them over a 20 months period towards the adoption of energy-saving practices. The main goal of the STEP\_BY\_STEP is to maximize the number of households in a given area that significantly change their behavior at home.
- **NATural Language Energy for Promoting CONSUMER Sustainable Behavior**:- project--implementation of efficient energy feedback programs in the domestic area. and the design of specific personalized actions tailored to each consumer pattern detected based on the use of natural language and emotional contents.



# Customer feedback

Customer preference-- The most valuable information:



# What is the needed information

The information displayed to customers should provide transparent and easily accessible data to allow a customer to:

## have knowledge on:

- What are they paying for?
- How it is calculated?
- Where to find more information?
- How to pay and the late fee applied
- How to complain
- How to switch
- The energy regulator's website and any other public bodies responsible for energy consumers

## Consumer ability to choose :

- regulate their consumption
- compare offers
- switch suppliers
- Bill design
- Surveys result indicates that consumers may be more likely to comprehend striking, simply laid out bills, since the 'best practice' bills were designed to provide relevant information in one place, and to be laid out in a visually striking manner. In contrast, the 'current market practice' bills had information scattered over the bill, and key information was not as salient.

# Conclusions

## Empower through bill information require:

- ✓ Bill information should be understandable, complete and up to date allowing consumer to assess it's consumption like in terms of savings, compared to it's self and to others;
- ✓ Energy bill should display clearly a link to pct, contact information for consumer organizations, energy agencies, including website addresses, from which information may be obtained on available energy efficiency improvement measures, comparative end-user profiles
- ✓ engagement of the utility sector for getting feedback from consumers
- ✓ Use of the technology development for customers to find compare purchase (for a reasonable decision)
- ✓ Involvement and information of user associations, who represent consumers 'interests (local and regional government),and energy agencies to convince them about the importance of a clear and easy-reference billing system.
- ✓ appropriate and effective education, communication and feedback of information to consumers,
- ✓ consumer engagement, through technology is relevant tool for consumer information;



MEDREG

Via Fieno, 3  
20123 Milan | Italy

[www.medreg-regulators.org](http://www.medreg-regulators.org)



MEDREG is co-funded by the European Union