

Citizens' Energy Forum
London
28th October 2008

Billing for household customers

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Overview of presentation

- Introduction to Eurogas
- Billing – a key point of contact
- Bill design & customer focus
- Billing & customer information
- Metering & billing policies
- Bill payment
- Some suggested principles

NB – this presentation focuses on the billing of domestic/household customers

Introduction to Eurogas

- Eurogas is the natural gas industry association in Europe
 - 44 members from 24 countries
- Supply & Markets Development Committee
 - One of the main policy committees of Eurogas, representing gas suppliers
 - Focus: To work for a pro-competitive, non-discriminatory, robust and growing gas market, to the benefit of consumers
- Main areas of SMDC work
 - customer switching in the domestic gas market
 - customer protection
 - sustainability
 - energy efficiency

Eurogas is composed of 44 members from 24 countries amongst which 31 natural gas companies, 12 federations of natural gas companies, and one international organization.



Billing – a key point of contact

- Bill as the customer's point of contact with his supplier
 - a variety of approaches possible
- Important for customer
 - clear information on consumption, charges and how to pay essential
 - other information may be included
 - but more information on, or with, the bill does not necessarily mean better informed customers
- Important for supplier
 - conveys supplier's identity and brand
 - maintains relationship with customer
 - tells the customer what is expected of them
 - communication must be clear & generate payment!

Bill design & customer focus

- For both customer & supplier:
 - bills must be clear → well laid out, plain language
 - bills must not be confusing → minimise unnecessary enquiries
 - bills must not be misleading → avoid complaints
- Need to get right balance in amount of information provided
 - focus on meeting essential needs
 - ensure inclusion of any non-essential information does not over-complicate the bill
- Bill design evolves
 - as technology opens new possibilities
 - as styles change
 - as customer information needs change
 - suppliers need flexibility
- Competition drives innovation

Billing & customer information

- Growing importance of internet
 - customers can access the information they want, when they want it
- Internet accounts
 - simplifies presentation of key information
 - more flexibility in conveying supplementary information
- Over time, physical bill will become less important
- But many customers likely to rely on traditional paper bills for some time to come
 - internet not universal, at least for foreseeable future
 - even customers with internet may not wish to receive or pay their bills on-line

Metering & billing policies - 1

- Economics of meter reading vary according to geography, density etc. & meter locations vary:
 - outside, and easily read
 - inside, where access more difficult → estimated readings
- Member States have different traditions and practices
 - number of meter readings per year
 - different patterns of gas usage
 - billing on basis of estimated consumptions, with annual reconciliation
 - differences reflected in rules & customer expectations
 - need for careful assessment of costs & benefits before change; customers ultimately bear cost, all do not benefit equally
- Automated meter reading and smart meters are options but may not be cost effective in all cases
- In billing:
 - Member States differ in legal requirements (e.g. separation of network & supply components, detail of energy taxes)
 - these differences reflected in suppliers' bill formats
 - any detailed M.S. requirements should be kept under review

Metering & billing policies - 2

- Customers have different concerns
 - for some, an estimated bill (if reasonably accurate) may be good enough
 - for others, having an actual bill is important
- Customers look at different things on their bills
 - all want information on how much they have to pay
 - some want to check in detail how their charges were derived
 - some are interested in how much they have used
 - how to satisfy all objectives?
- Payment options vary
 - some customers prefer certainty of regular payments from bank → monthly/bi-monthly direct debit
 - some concerned about ability to pay year-end reconciliation amount
 - prefer to pay quarterly by cash or cheque, even though bill higher in winter
 - In some M.S., customers have option to pay as they go
 - budget/prepayment meters

Bill payment

- Customers should be given a reasonable period to pay
 - with reminder notices if a bill is outstanding for more than a defined period
- Repeated attempts should be made to contact customer and come to an arrangement to pay
- Physical disconnection a last resort, when all other routes have been tried & failed
- For those who genuinely cannot pay, special arrangements may be necessary
- Member State rules in this area vary, especially in nature of customer protection provided (including definition of 'vulnerable customers')
- Any social measures should be well targeted and not distort competition

Some suggested principles (ideas to be further developed)

- Respect national approaches
 - M.S. market models, traditions & customer expectations vary
 - also differences in geography, economics, consumption patterns etc
 - learn from other Member State experiences
- Recognise customers have different billing needs & preferences
 - some customers want more detail than others
- Less is often better
 - a lot of bill content is prescribed by rules of the individual M.S.
 - ensure inclusion of non-essential information does not over-complicate bill
 - recognise specificities of gas/electricity & dual billing
- Transparency is essential
 - bills should be as clear as possible
 - confused customers mean higher costs
- Maintain flexibility & competition
 - technological innovation, internet billing
 - billing a part of a supplier's competitive offering
- Ensure payment processes sensitive to needs of vulnerable customers

Thank you

Copies of Eurogas position papers on the retail gas market generally and member websites may be found under

www.eurogas.org