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***Examples of competition for the benefit of consumers***

**David Johnson**

**Chairman  
Supply & Markets Development Committee**

**euro  gas**  
THE EUROPEAN UNION OF THE NATURAL GAS INDUSTRY

# Introduction

- Well-functioning retail markets can only be developed gradually
  - Acknowledge not everything in retail energy markets in Europe is perfect
- Many issues remain, mainly at MS level
  - Some stem from structural problems or inadequacies of wholesale market
  - MS at different stages of development
  - More needs to be done if consumer concerns are to be addressed
- In this Forum we rightly focus on where there is more work to do
- But easy to overlook the progress that is being made
  - Competitive forces naturally mean companies try to do things better
  - Recognise hard work by all stakeholders (companies, consumer organisations, regulators, Member States, the Commission)
- This presentation deals with some of the good things that are happening in Europe's retail gas markets (household customers)
  - Some come from joint action by market players
  - Others come as a direct result of the action of the competitive market
- In giving examples, hope they will encourage us all on the journey to well-functioning retail markets

# Competition

- Competitive model should be main basis for ensuring needs of gas customers are met
- Competitive retail market puts downward pressure on wholesale prices, as well as end consumer prices
- Retail competition the most important motivator for suppliers to deliver good customer service in gas and other energy-related services
  - Supplier as primary point of contact
  - Suppliers deliver good service by understanding customer needs
- Competition provides choice, spurs innovation, encourages new product development

## *Examples:*

- Growth in numbers of customers switching in many MS
- Customers can choose from a number of suppliers
  - At least 6 active suppliers in many MS, more in some
  - e.g. in Germany customers can choose from up to 44 gas suppliers (minimum 5, average 22)
  - In the Czech Republic, customers can choose from 20 or more suppliers (number growing)
  - 16 licensed suppliers in The Netherlands

## Innovation: New pricing structures & schemes

- Customers can choose to fix their energy prices for one, two or more years
- Some customers look for indexed prices

### *Examples of innovation:*

- Indexed price schemes in Austria
  - Started with commercial customers & small industry, soon available to household customers
  - Price to be based on Austrian Gas Price index (cost for typical household customer)
  - Index available on web, helps customers to compare prices from different suppliers
- In Sweden, customers offered renewable gas (biogas)
  - Two-thirds of gas used for transport is biogas
- In Switzerland, biogas is supplied to end consumers
  - responding to enthusiasm for green products
- Development of web-based price tools to assist comparisons by customers
- Suppliers need to make products simple to make products saleable

## Innovation: Payment methods & billing

- Traditional payment methods vary across MS
  - e.g. bank transfer, cheque, frequent payment options
- New payment methods
  - Growth of internet payment
  - In NL, a new entrant has recently re-introduced cash payment to the market!
- Billing improvements following Billing workgroup report last year
  - Companies reviewing bill design, introducing improvements
  - Regulators pressing for improvements
  - In some MS, legislative changes
  - Actions by energy associations e.g. guidelines in Germany

### *Other examples:*

- In France, GdF Suez has launched new service enabling customers to access their bills via their mobile phones
- In Belgium, Electrabel offers service which allows customers to receive & archive bill via their internet banking program
  - Customer just has to approve payment

# Customer satisfaction

- Always a difficult subject to comment on
  - Always room for improvement
  - Problems when companies introduce new billing systems

*BUT*

*Examples:*

- In France, quality management & continuous improvement in consumer relationship handling led to 70% reduction in GdF Suez complaint levels in comparison with 2008 post market opening levels
- In Britain, British Gas initiative to tour country seeking suggestions on how service could be improved; also establishment of consumer panel
- In Germany, work by BDEW to develop an independent alternative dispute service

## Energy efficiency & the environment

- Suppliers have long had campaigns to help educate customers to adopt an energy efficient lifestyle
- Competition drives development of different initiatives & energy services

### *Examples:*

- In France, GdF Suez promote energy efficiency via an internet community
  - Customers find information & share experiences of investing to save energy
- In Spain, Gas Natural Fenosa offers financial facilities to its customers who invest in high efficiency heating equipment
- In Germany, joint industry initiatives on e.g. gas heat pumps & individual company services, incl. contracting & financing of micro-CHP
- In Austria, industry voluntary agreement to provide new energy efficiency services (e.g. free energy advice for boiler exchange, infrared thermography, soon conception for thermal reconstruction)
- In the Czech Republic, RWE offers discounts on new boilers, windows and insulation; thermal imaging is offered as a service

## Corporate responsibility

- Suppliers in a competitive market have incentive to undertake socially responsible initiatives
- Working with social agencies
  - e.g. Helping to ensure customers can access social benefits to which they are entitled
- Developing partnerships with particular charities

### *Examples:*

- In The Netherlands, Nuon, Essent & Eneco have covenant with municipal organisations for debt management & repayment
- In Britain, E.ON & the charity Age UK have developed an energy package designed for older customers

## Conclusions

- Competitive model should be main basis for ensuring needs of gas customers are met
  - choice and innovation
  - price and service
- Competition in pricing and pricing structures
- Responding to changing customer preferences e.g. payment methods
- Billing formats are improving
- Competition encourages good standards of service
- Provision of energy efficiency services by suppliers
- Corporate responsibility initiatives
  
- Many examples of the above in the competitive market
- Highlighting these successes today will hopefully help encourage further progress around Europe