



CEER

**Council of European
Energy Regulators**

ECRB Workshop

**Benchmarking report on removing
barriers to entry for energy suppliers in
the EU retail energy markets**

Fostering energy markets,
empowering **consumers**.

Retail Market Functioning Task Force
Vienna, 24th of October 2016

What we do, where we are?

- 2014 / 2015 – CEER’s Position paper on well-functioning markets identifies barriers to entry as a key issue for retail market functioning
 - ▶ This led to the launch of a specific work stream on this topic managed by the CEER’s Retail Market Functioning Task Force
- 2015 / 2016 – CEER has performed a benchmark among its members
 - ▶ To identify and assess the barriers (via a questionnaire)
 - ▶ Provides a high level framework of relevant barriers



Which are the barriers?

| Type of barrier | Description | Barriers included |
|---|---|---|
| 1. Barriers to market access | Barriers to entry arising as a consequence of the way that the energy supply chain works, and the characteristics of the gas and electricity products. | Access to customer and market information [Price transparency] [Wholesale market functioning] |
| 2. Regulatory barriers | Barriers associated with the regulatory framework. | Regulated end-user prices Consideration of innovation in regulation Inefficient unbundling <i>[Legislation changes]</i> |
| 3. Barriers to entry arising from differences in processes and standards | Barriers arising as a result of differences in processes and standards, which make it difficult for a supplier already present in one area to enter another area. | <i>Billing format and IT systems</i> Business processes Data management <i>Switching processes</i> |
| 4. Barriers to entry specific to cross-border entrants | Barriers relating to differences across member states that specifically apply to cross-border entrants. | <i>Adapting to local languages and culture</i> <i>Homogeneity of system / legislation</i> |

Session 1: Regulatory barriers

| Regulated end-user prices | Consideration of innovation in regulation | Inefficient unbundling |
|--|--|--|
| <ul style="list-style-type: none"> • Prices subject to regulation or control by a public authority, for instance in the form of price setting, price caps... • Price setting below cost or with a too limited margin to cover the risk... • Impacts of default offers | <ul style="list-style-type: none"> • Current market designs or regulation may hinder innovative developments and business ideas (for instance improved customer services for customers, price differentiation) • National regulation regarding billing options, contracting, availability of smart metering... | <ul style="list-style-type: none"> • Insufficient unbundling of DSOs and (formerly) associated supply companies • Similarities in name and logo “brand bundling” |



Session 2: Barriers to market access

| Access to customer information | Price transparency | Wholesale market functioning |
|---|--|---|
| <ul style="list-style-type: none"> • Identification of prospects • Characteristics of the network connection • Consumption data • Data privacy? | <ul style="list-style-type: none"> • Clear differentiation between contestable and non-contestable part of the bill • Comparability / possibility for the customer to seek for the best offer • Balance in the number of offer / effect of bundled offers | <ul style="list-style-type: none"> • Well functioning – trustful – wholesale markets? • Variety of products • Liquidity, volatility • balancing risk • Cost of access for new entrants |



Session 3: Barriers to entry arising from differences in processes and standards

| Business processes | Data management |
|---|---|
| <ul style="list-style-type: none">• Licensing, registration and start up requirements, arranging contracts with other stakeholders• Administrative burden, detailed requirements, leadtimes... | <ul style="list-style-type: none">• Source, validate, store, protect, and process and access data• Different standards, unequal access, no smart meters... |



Next steps

- **2016 / 2017 – CEER is preparing Guidelines of Good Practice (GGP) on how to remove the barriers**
 - ▶ The goal is to identify good practices; and
 - ▶ To share experience among NRAs and with EC
- **September 2016 – Closed workshop**
 - ▶ Collect insights from alternative energy suppliers
- **2017 – Public consultation on the GGP**
 - ▶ Gather public opinions on our proposals

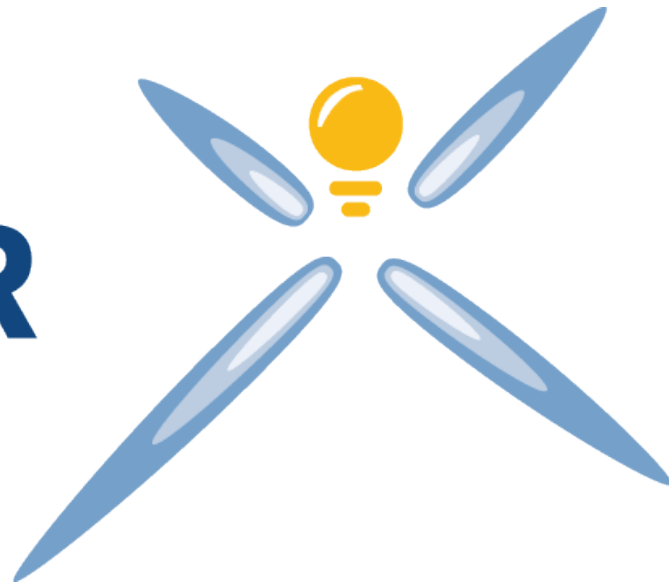
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Thank you for your attention!

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