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"Making energy markets work for consumers"

Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort

Lecture at Energy Community Secretariat

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Ladies and Gentlemen,

It is my great pleasure to be here in Vienna today, where almost 200 years ago for the first time in history people came together on a continental scale to hammer out a treaty, instead of relying mostly on messengers and messages between the several capitals. The Congress of Vienna settlement can be said to have formed the framework for European international politics for the next decades.

I am delighted to be able to speak to you at the Energy Community Secretariat. I am aware of the ambitious project of the Energy Community and I am convinced that it has great potential. Having the Secretariat in Vienna is not by chance. It once again shows the European Union policy towards the countries of the Balkans and also confirms the important role Austria is playing in the region. The role of spreading best practices, knowledge and expertise.

The Energy Community is not only about energy and markets. It is also about regional cooperation, mutual trust, synergies and reconciliation. It offers the framework for the countries of the Balkans to add new pages to the region's history, with peace, progress and prosperity.

But as Commissioner for consumer protection I also believe that the ultimate indicator of success for the Energy Community project will be to make energy markets work better for consumers. This would demonstrate how regional cooperation can improve the lives of its citizens.

Energy and the present recession

Let me start with a strong message – we are now facing times of recession that require strong governance. All economic actors, be it regulators, enforcers or market operators must be seen to be working with the interest of citizens in mind. The stakes are high since ultimately it is public confidence in their governing institutions and trust in newly liberalised markets that are being put on the stand.

As the economic crisis continues to bite, people are quite rightly concerned about their own financial security. Energy is a key factor to consider when assessing the impact of the economic downturn on our own incomes.

We know for a fact that energy costs make up a substantial part of household budgets. Energy, therefore, represents both an opportunity for savings and a threat of additional costs for consumers.

Faced with this reality, governments try to protect their national economies. But we must provide protection without falling for protectionism. I am convinced that governments cannot weather the economic storm alone. They must come together and use competitive markets and cross-border trade for synergies, efficiency and innovation.

Governments must make sure that the transition from monopolistic energy markets to competition does not result in any consumer detriment. They must plan their actions carefully.

To this effect, I would now like to share with you how we have worked so far to make energy markets work for consumers in the European Union.

Making energy markets work for consumers in the EU

It is no secret that energy and financial markets have been the most difficult to integrate in the European Union's internal market.

We have enacted legislation to govern both how markets function and the provision of high quality universal and public service obligations for electricity and gas.

I believe that EU legislation has already had a direct impact on how gas and electricity are supplied to domestic users.

But more needs to be done for consumers to feel confident that the changes in the market have been to their advantage.

Third Package

In September 2007, the European Commission presented its Third Energy Legislative Package. Among other items, the Package makes a number of proposals for legally binding rights for energy consumers and foresees an enhanced role for national energy regulators on a wide range of consumer issues.

I am pleased to add that the European Parliament adopted the "Third Package" only a few weeks ago, and I look forward to continued success in the adoption process of this energy package.

But we need to go even further, thereby ensuring that consumers' rights exist not only on paper, but also in practice. Implementation of legislation will be key.

The European Commission will make every effort to ensure that the legislation is implemented to the letter and in line with spirit of the text. This is a major objective of the Citizens' Energy Forum.

Energy consumers and actions by the Commission

Since July 2007, when all EU Member States opened up their energy household markets to competition I argued for common and coordinated action from all involved.

Today, I am pleased to see more willingness to take part in the process to make energy markets function better and to the benefit of consumers.

I have argued, and worked for better information and communication for consumers. With this in mind, prior to the opening of retail markets to competition, the Commission launched a Europe-wide consumer information campaign, the YOU CHOOSE campaign.

At present we are creating tools for energy consumers to have access to national, regional and even local information about their energy markets.

This is happening in the context of the European Energy Consumers Checklist. This information is being put in place with the help of national administrations under the guidance of the European Commission.

Moreover, we offer practical and interactive consumer education through our online education tool DOLCETA. DOLCETA is an internet-based website which provides consumer information to different age groups - from teenagers to adults.

Our objective is to educate consumers and empower them. In this way, they can feel confident about their role in open markets and can choose to actively participate – by switching their energy provider, for example, if it is in their best interest to do so.

Finally, the European Commission has established the Citizens' Energy Forum. This is a regulatory forum, similar to the Florence Electricity and the Madrid Gas Fora. In character, it is close to the Social Forum of the Energy Community as it also deals with issues that affect individual consumers.

The Citizens Energy Forum meets annually in London with the overall objective of improving the functioning of electricity and gas markets to the benefit of consumers. It enjoys participation from national administrations, national energy regulators, consumer organisations and industry.

The London Forum has so far managed to bring all competent parties together to the same table to discuss what specific and direct actions are needed for more consumer friendly markets.

I am pleased to inform you that the Forum mandated the European Commission to create and run a multi-stakeholder Working Group on Billing.

This Working Group will present to the Forum its recommendations on how energy bills can be more accurate, transparent, comparative and, last but not least, more user-friendly. The bill is the simplest and most comprehensive way for the consumers to understand our energy consumption and how much we pay for our energy. This is why I attach a great importance to this project.

Indeed, the recommendation will not be legally binding but it will be up to the stakeholders involved, and the energy industry in particular, to implement. Having said this, legislation is always a possible option if "soft law" does not deliver.

At this point, I would like to highlight the consumer participation in the Citizens' Energy Forum, as this is a novelty for any regulatory Forum.

As Commissioner for Consumers, I am fully aware that consumers in Europe, and probably everywhere else, do not have the same level of representation in the consultation process as other stakeholders.

We have therefore created an advisory group on energy consumer issues. The advisory group is composed of consumer representatives with particular expertise in energy markets. Their participation in the Citizens' Energy Forum gives consumers a

strong and competent voice and provides expert input into the creation of better European energy policy.

I talked about billing and about European legislation. Allow me to make two more very important points for energy consumers, namely switching and the role of regulators as this can really improve the outcomes of energy markets for consumers.

Switching: short and simple

Consumers should feel empowered to switch supplier if it is in their best interest to do so. Governments must put the necessary tools in place for consumers to be informed about alternative offers. Information must be simple, clear and without the technical detail that often confuses consumers.

Switching supplier must be swift and without additional costs for the consumer. This requires improved cooperation between suppliers and distribution system operators.

Role of energy regulators

The role of energy regulators is paramount in the areas of billing, switching of suppliers and ensuring that energy markets function properly.

Energy regulators must be independent, strong and keen to implement national but also international provisions. This is the direction the European Union is taking.

We are extending the competencies of energy regulators to deal with individual consumers and we are creating an Agency for the Cooperation of Energy Regulators, which will deal with cross-border issues.

I feel that these developments are well observed by the countries in the Energy Community. My conviction is that those countries which also belong to the European Union can help to develop such structures in the Energy Community.

Conclusion: the Commission will monitor the process

Ladies and Gentlemen,

Today I have outlined my vision of the necessary actions to take in order for energy markets to work better for consumers. I understand that the discussion on energy markets and the social issues related to market liberalisation is ongoing in the context of the Social Forum of the Energy Community.

My message for your next meeting and for the countries from the region will be: take stock of how energy markets perform for consumers. Monitoring is very essential.

In the European Union, we check that consumers' legitimate expectations are being met. With the help of the Consumer Markets Scoreboard, we collect and assess data on the performance of the energy market. At present, following evidence from the Second Consumer Scoreboard, we have launched an in depth study on retail electricity markets in Europe. We shall be publishing results in the summer of 2010.

In the EU, we seek to create competitive markets while, at the same time, safeguarding consumer rights. I think this is also the way forward for the Energy Community.

We are all aware that we are dealing with very complex questions. To find answers, we must work together, demonstrate some concrete outcomes and involve our citizens in the process.

In an open market economy, strong, confident and informed consumers who know their rights and responsibilities are elevated from simple buyers to consumers.

They participate in the social and economic life and they contribute to the common good. This is something worth fighting for!

I wish you every success in the Energy Community process.