Customers & Retail Markets WG Activities

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Advisor to the Commission (BIH-SERC)
Customers and Retail Markets – Agenda Overview

1. **Alternative Dispute Resolution – ADR Template Brochure**
   - [Approval of the Template Brochure]

2. **Retail Market Entry Template Brochure**
   - [Agreement on ECRB Written Approval Procedure]

3. **Retail Market Functioning Indicators – Status Review**
   - [Agreement on ECRB Written Approval Procedure]

4. **Update on Ongoing CRM WG Activities**
   - [Information]
Template brochure informing customers on the Alternative Dispute Resolution mechanisms

- Activity in line with the findings of Status Review on ADR in the Energy Community (approved and published 19 Apr 2016)
- Short document summarizing ADR as a simple and efficient means to resolve a dispute between customer and energy supplier or network operator
- Brochure to be used in regulators activities on raising customer awareness
- Brochure approved by CRM WG – 18 Nov 2016
Template brochure content:

- What is ADR? (+ its results)
- ADR advantages
- Dispute types that can be resolved through ADR
- How does ADR work?
  - Settle a dispute swiftly and at an early stage
  - First point of contact: supplier or network operator
  - Information on ADR authority/authorities
- How long does it take to resolve a dispute?
- Right to challenge the ADR outcome in courts
- Note: Brochure is an introductory tool to give customers a first insight on ADR and its benefits
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Template brochure providing guidance for new suppliers on retail market entry requirements

- Activity in line with the findings of the Status Review on Retail Market Entry Requirements in EnC CPs (approved 29 Apr 2016, published 5 Sep 2016)
- Short and illustrative description of the rules and requirements new retailers have to comply with
- To be used in regulators activities
- Promotion of new suppliers’ entry
- Brochure approved by CRM WG – 2 Dec 2016
TF2: Retail Market Entry

Template brochure content (short info on):

- Company registration (procedure and contacts)
- Obtaining a supply license (criteria, procedure, license validity, fees, contacts)
- Market participant registration (requirements)
- Contracts (balancing responsibility, financial settlement, network usage, renewables)
- Supply rules
- Supply contract and switching (short info on the contract structure and switching rules)
- Dispute settlement (responsible settlement institution(s) in case of dispute with customers or other market participants)
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Retail Market Functioning Indicators – Status Review and Recommendations

- **Background**
  - Indicators – a meaningful tool for analysis of potential shortcomings and the need for regulatory measures supporting retail market efficiency
  - Applicability of concepts already developed by CEER and ERGEG in the Energy Community CPs

- **Report covers**
  - Bosnia and Herzegovina, FYR of Macedonia, Montenegro, Kosovo*, Serbia, Ukraine and Georgia

- **Methodology**
  - Separate electricity and gas questionnaires to NRAs

- **Expected CRM WG approval** – mid Dec 2016
The existing practices in monitoring of retail market functioning *vis-a-vis* wider concept developed on a European level are assessed.

Report also examines potentials for expanding the scope of relevant indicators in line with the Third Energy Package.

Indicators classified in the following pillars:
- Customer awareness and satisfaction
- Customer protection
- Retail market outcomes
- Market structure
- Relationship between wholesale and retail markets
- Market condition and DSO services
Early stage of retail market development, incumbents dominate – lack of competition, lack of reliable price comparison tool

In most cases ~50% of European indicators monitored

- Numbers of customer complaints and enquires
- Average time between notifications to pay and disconnections, number of disconnections due to non-payment
- End user prices for households and small customers
- Percentages of customers eligible to receive/be supplied under a regulated end-user price
- Herfindahl-Hirschman Index
- Number of active suppliers, market shares of suppliers
- Number of switches as a percentage of customer numbers
- Average time between a connection being requested by a customer and completed
- Relative number of disconnections
Indicators not being monitored (in most cases):

- Percentages of customers knowing they can switch supplier, being aware of DSO role, trusting the energy market
- Percentage of suppliers using standards for advertising & bills
- Prices spread on comparable products
- Number of available contracts for households and small customers (variety of pricing and billing, online offers, contracts guaranteeing the origin of energy)
- Percentage of customers served by supplier having a separate branding from the DSO of its vertically-integrated undertaking
- Correlation over time between a transparent, market-based wholesale price and the retail energy price
- Mark-up between wholesale and retail energy prices
- Renegotiated contracts as a percentage of customer numbers
- Numbers of delayed switches and failure switches
- Average time and charge for execution of maintenance services by DSO
Retail Market Functioning Indicators

Recommendations

- NRAs stated readiness to monitor missing indicators in midterm
- Further knowledge on the practices and standards developed on European level needed
- NRAs to continue their ongoing retail market monitoring activities
- NRAs to further strengthen capacities to fully exercise their powers and duties according to the provisions from the Third Energy Package, especially regarding
  - Directive 2009/72/EC, Article 37.1(j)
  - Directive 2009/73/EC, Article 41.1(j)
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CRM WG – 2016, General Information

2016 CRM WG Meetings
- 33rd Meeting, Vienna, 11 Feb 2016
- 34th Meeting, Vienna, 23 Jun 2016

CRM WG Deputy Chair: Mrs. Valentina Dyatlovská

2016 Task Forces
TF1 – Quality of Supply (Leader: Mr. Žutobradić)
TF2 – Retail Market Entry (L: Mr. Škopelja)
TF3 – Complaint Handling and ADR (L: Mr. Artizzu, Mrs. Janelidze)
TF4 – Retail Market Functioning (L: Mr. Martinoski)
TF5 – Customer Awareness (L: Mr. Pichler)
TF1 – Quality of Supply

- Annex on the 6th CEER Benchmarking Report - Quality of Electricity Supply in the Energy Community (Published 19 May 2016)
- CEER Benchmarking Report on Quality of Electricity and Gas Supply (Published 29 Sep 2016)

TF5 – Customer Awareness

  - Empowering consumers - Upcoming European legislation to bring on the New Deal for Energy Customers
  - Barriers to market entry and switching
  - Regulatory experience on removing barriers and stimulating consumer engagement
Thank you for your attention!

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