

Delivering a new deal for energy consumers

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The Committee on Industry, Research and Energy adopted the own-initiative report by Theresa GRIFFIN (S&D, UK) on delivering a new deal for energy consumers.

Welcoming the Commission's communication entitled '[Delivering a New Deal for Energy Consumers](#)', Members stressed that the ongoing energy transition is resulting in a move away from an energy system based on traditional centralised generation to one which is **more decentralised, energy-efficient, flexible and largely renewables-based**.

In this context, the Energy Union should have the interests of present and future generations of citizens at its core and should:

- provide citizens with stable, affordable, efficient and sustainable energy, and high quality energy-efficient products, services and buildings;
- empower citizens to produce, consume, store or trade their own renewable energy either individually or collectively, to take energy-saving measures, to become active participants in the energy market through consumer choice; a practical common understanding of the definition of 'prosumers' should be agreed at EU level;
- contribute to eradicating energy poverty;
- protect consumers from abusive, uncompetitive and unfair practices by market actors and enable them to fully exercise their rights;
- create favourable conditions to ensure a well-functioning and competitive internal energy market providing choices and transparent and clear access to information for consumers;

Towards a well-functioning energy market benefiting citizens: Members considered that, while some progress has been made, **the aim of the Third Energy Package** to provide a truly competitive, transparent and consumer-friendly retail energy market **has not yet been fully realised in all EU Member States**, as evidenced by persistent high levels of market concentration, the failure to reflect falling wholesale costs in retail prices and low levels of consumer switching and satisfaction. **Customer choice is limited** in distribution networks due to their nature as natural monopolies.

Members called for revision of the Third Energy Package, in the form of a new Energy Market Design to take account of the following recommendations in relation to domestic consumers:

- improving the **frequency of energy bills** and the transparency and clarity of both bills and contracts in order to aid interpretability and comparison;
- creating a **one-stop shop** to provide all relevant information enabling consumers to make an informed decision;
- developing **guidelines** for price comparison tools to ensure that consumers can access independent, up-to-date and understandable comparison tools;
- the creation of **new platforms** to serve as independent Price Comparison Tools (PCTs) to provide greater clarity to consumers on billing;
- enhancing retail **competition** between suppliers;
- **consumers should be notified** in or alongside energy bills about the most suitable and advantageous tariff for them, based on historic consumption patterns.

The provisions on **switching**, as set out in the Third Energy Package, should be fully implemented by Member States.

Ensuring an inclusive energy system by empowering citizens to take ownership of the energy transition: Members proposed to define **prosumers** as active energy consumers such as households (including both owners and tenants), institutions and small businesses that participate in the energy market by producing renewable energy either on their own or collectively through cooperatives, other social enterprises or aggregations.

The report considered it of major importance to establish and define a **basic right to self-generation and self-consumption** and to set up a common legal framework for the right to store and sell excess electricity at a fair price within a revised renewable energy directive (RED).

Member States should:

- develop a **Citizen and Community Energy Strategy**, describing in their national action plans how they will promote small and medium-sized renewable energy projects;
- introduce net metering schemes in order to support self-generation and cooperative energy production.

Members called for **stable, sufficient and cost-effective remuneration schemes** to guarantee investor certainty and increase the take-up of small and medium-scale renewable energy projects while minimising market distortions; calls, in this context, on Member States to make full use of de minimis exemptions foreseen by the 2014 state aid guidelines. They also recommended **reducing to an absolute minimum the administrative barriers** to new self-generation capacity, in particular through removing market and grid access restrictions.

Promoting the development of demand response management: Members stressed that to incentivise demand response, energy prices must **vary between peak and off-peak periods**, and therefore supports the development of dynamic pricing on an opt-in basis, subject to a thorough assessment of its impacts on all consumers. They stressed the need to deploy technologies that give **price signals** which reward flexible consumption, thus making consumers more responsive. Tariffs must be transparent, comparable and clearly explained. Members recommended further analysis on how to establish and implement progressive and variable tariff systems, in order to incentivise energy savings, self-generation, demand-response and energy efficiency.

Where **smart meters** are rolled out, Member States should ensure a solid legal framework to guarantee an end to unjustified back-billing and a rollout that is efficient and affordable for all consumers, particularly for energy-poor consumers. The report highlighted the need to facilitate the development of smart grids and appliances which automate the management of energy demand.

Addressing the causes of energy poverty: Members called for enhanced coordination at EU level to combat energy poverty through the sharing of best practices among Member States and the development of a **broad, common but non-quantitative definition of energy poverty**, focusing on the idea that access to affordable energy is a basic social right. The Commission was urged to prioritise measures to alleviate energy poverty in upcoming legislative proposals and to present a **dedicated action plan** by mid-2017.