



### **Providing a fair deal for consumers**

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See also the [press release](#): Clean Energy for All Europeans - unlocking Europe's growth potential.

#### **What is the Commission proposing for European consumers?**

Consumers are at the centre of the Energy Union. Energy is a critical good, absolutely essential for full participation in modern society. The clean energy transition also needs to be fair for those sectors, regions or vulnerable parts of society affected by the energy transition. We want to help consumers embrace this transition.

All consumers across the EU will be entitled to generate electricity for either their own consumption, store it, share it, consume it or to sell it back to the market. These changes will make it easier for households and businesses to become more involved in the energy system, to better control their energy consumption and respond to price signals.

The Commission will accelerate the deployment of smart meters and ensure access to dynamic electricity price contracts which are essential to bridge the gap between consumers and the market.

Upon consumer consent, valuable consumer data will be available to market actors who will be able to offer consumers tailor-made solutions. Better regulated and non-discriminatory access to consumer data will benefit the consumers through increased competition among market actors.

#### **What changes for the consumer?**

Everyday operations like billing, changing suppliers and getting a new contract when moving house will become easier, quicker and more accurate for consumers thanks to the improved management of digital customer information.

Consumers will get access to reliable and clear information on the best deals in the market, using certified online price comparison tools which will assist them in making informed choices.

Consumers will be able to switch suppliers more easily, thanks also to the proposal to restrict the use of switching fees. The average difference between the incumbent supplier's standard offer and the cheapest offer in the market is more than €50 a year in the EU.

If they wish, consumers will be able to request a smart meter from their energy supplier and benefit from market-based energy prices, and new technologies will allow them to consume more when energy is cheap and reduce consumption when prices are high. That means that consumers will have better control of their spending on energy services.

Furthermore, consumers or communities of consumers will be entitled to produce, store or sell their electricity, allowing them to take advantage of the falling costs of rooftop solar panels and other small-scale generation units to help reduce energy bills. Consumers can thus individually benefit from the Energy Union.

#### **Will consumers be protected?**

The new rules will ensure a high level of consumer protection and sound management of consumer data.

Under the new market rules electricity prices should become increasingly market-based. The package suggests tackling energy poverty at the root through targeted social policy and energy efficiency measures, such as insulation of social housing. Targeted social tariffs can be used temporarily until these targeted measures are implemented.

Furthermore, based on experience seen in some Member States we know that energy markets without price regulation see more actors competing against each other and this delivers the best deals to

consumers. In those markets consumers are more satisfied, have access to a wider choice of innovative services and more opportunities for savings.

New services such as demand response will help many consumers cut their energy bills significantly. Consumers will therefore be entitled to, but not obliged to sign up to them. In addition, the new rules include measures to ensure that consumers are fully informed of the pros and cons of engaging these new services, particularly consumers who may need extra help understanding them.

The increase use of smart meters will have to respect strict EU data protection rules. Consumers must be asked for their consent, before their personal data is shared with other energy suppliers.

### **Will the Commission proposals help create jobs?**

In 2014 the energy sector employed close to 2.2 million people in the EU and represented around 2% of the value-added of the overall economy. The electricity industry's turnover amounted to about €1.182 billion in 2014. It is estimated that achieving all 2030 energy and climate targets could unlock up to a 1% increase in EU GDP by 2030, pumping up to €190 billion into the economy and creating as many as 900,000 new jobs.

Energy costs are an important factor for global competitiveness, but EU wholesale electricity prices are still 30% higher than in the US. An ambitious 2030 Energy Efficiency target of 30% will contribute to lower the costs for electricity in the future. In addition, avoiding unnecessary price increases by an intelligent organisation of electricity markets is a key requirement to save jobs and create growth in the EU, both in the energy sector as well as in energy intensive industries.

Energy transition and decarbonisation policies also develop Europe's competitive edge in innovative products and services linked to sustainable and smart solutions. Recent studies on the impact of the EU's energy and climate targets suggest a net increase in job demand in the power generation market due to the energy transition.

One factor behind this is the higher labour intensity in power generation from renewable sources. There will also be a change in the employment structure as many of the jobs associated with the energy transition require higher skills and an increased supply of workers that outweigh job losses in conventional energy generation. This initiative is also looking specifically at how to support the transition in coal and carbon-intensive regions in partnership with local actors.

### **Will you tackle energy poverty?**

Energy poverty is a major challenge across the EU, and has its root in low incomes and energy inefficient housing. In 2014, the lowest-income households in the EU spent close to 9% of their total expenditure on energy.

This package sets out a new approach to protecting vulnerable consumers, which also includes helping Member States reduce the costs of energy for consumers by supporting energy efficiency investments.

As part of the Energy Union Governance process, Member States will have to monitor and report on energy poverty while the Commission will facilitate the exchange of best practices and coordinate these monitoring efforts at EU level via an Energy Poverty Observatory. Moreover, in line with its efforts to empower and protect consumers, the Commission proposes certain procedural safeguards before a consumer can be disconnected.

The Commission's energy efficiency proposals ask Member States to take energy poverty into account, by requiring a share of energy efficiency measures to be implemented as a priority in households affected by energy poverty or in social housing. Their long-term building renovation strategies should also contribute to the alleviation of energy poverty.

### **How will the proposals enforce energy efficiency?**

**"Energy Efficiency first"** is a key element of the Energy Union – this proposal puts it into practice. The cheapest energy, the cleanest energy, the most secure energy, is the one we don't produce at all.

One of the main objectives of the package is to deliver on our ambitious 30% energy saving target. The new electricity market rules will therefore incentivise a more efficient generation and the consumption of electricity, thus contributing to avoiding energy wastages from both the demand and the supply side. The ultimate aim of having a more flexible grid with more adequate pricing is exactly to optimise overall system efficiency, leading to lower costs for consumers.

Thanks to increased transparency through clearer bills and new technology, like smart meters, consumers will be better able to control and save their energy consumption and consume energy more

efficiently

In addition, an improved market design creates the space for companies offering energy efficiency services. These service companies will enable households, SMEs and energy intensive industries to reduce their energy bills through better energy efficiency on the one hand, and a more active participation in the market on the other.

The progressive phase-out of price regulation will be encouraged. Moving to market-based pricing will improve the functioning of the internal market, encourage consumers to make energy savings and therefore allow consumers to save money and energy.

### **How can consumers benefit from energy efficiency?**

The energy efficiency package provides clarification on provisions on metering and billing for thermal energy namely with regard to district heating and cooling and the central supply of heat and cooling and hot water. It ensures access to clearer consumption information and more frequent feedback for consumers in multiple-apartment buildings. New meters will be remotely readable by 2020, and existing meters to be adapted to be remotely readable by 2027 where this is cost effective.

When people have more information on their energy consumption, they can decide to take measures to reduce it and save money. This is important for all people, whether they live in a flat in a block or in an individual family house. Bringing in remotely readable meters over time (at the latest by 2027) will also help in this regard because the information that a supplier or energy service provider will access and share with the consumer will be more easily accessible and up to date.

The Commission wants to strengthen the positive spill-over effect related to social aspects of energy efficiency. Anything that improves living conditions and saves money is particularly important for low income families who cannot properly heat their homes, let alone afford energy efficient renovation.

### **Why is the use of clean energy in buildings important?**

Together with the package, the Commission also launched a clean energy in buildings initiative. The buildings sector accounts for 40% of our energy consumption. The Energy Performance of Buildings Directive has proven to be successful for new building, less for the existing ones. As a matter of fact, two-thirds of the EU's buildings were built before energy performance standards even existed, and their renovation rate is only around 1% per year. If we continue with this pace, it will take 100 years to renovate the whole EU building stock.

With the review of the directive the Commission wants to **speed up the renovation rate of existing buildings**. This will have a direct **impact on consumers and households alike** - through lower energy bills. And, it will contribute significantly to the competitiveness of the European industry by **creating a building renovation market** for SMEs with a value of €80-120 billion in 2030.

The review of the Directive will result in creating the right market conditions for increasing the rate and level at which buildings are renovated. It will also ensure a stable framework with a **long-term perspective and vision towards the decarbonisation of buildings (by 2050)**, which will lead to the transformation of the EU building stock while creating growth and jobs.

### **How will the Energy Union's Governance improve energy markets and ensure a fair deal for consumers?**

The objectives of the Energy Union can only be achieved through a set of coherent and coordinated actions – legislative and non-legislative – at EU and national level. Delivering on its objectives through common efforts requires a robust Energy Union Governance. The Governance will ensure efficiency, coherence, complementarity and sufficient level of ambition policies and measures at the various levels (European, national, regional and local).

In **October 2014**, the European Council agreed in the context of the 2030 Framework that "*a reliable and transparent governance system without any unnecessary administrative burden will be developed to help ensure that the EU meets its energy policy goals*".

On this basis, the proposed Regulation on Energy Union Governance sets out the *necessary legislative foundation* for the Governance of the Energy Union. It will be *complemented by non-legislative measures and actions*. Such facilitating measures include - but are not limited to - efforts to ensure the full participation of Member States, consumers, producers and stakeholders at large in the governance process; capacity building within national administrations; and funding to leverage private investments.

For the consumers and the civil society increased transparency and better regulation mean more possibilities to engage in the preparation of the national energy and climate plans.

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