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## **Towards a European Charter on the Rights of Energy Consumers**

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### **European Parliament resolution of 19 June 2008 on Towards a European Charter on the Rights of Energy Consumers (2008/2006(INI))**

(2009/C 286 E/06)

*The European Parliament,*

- having regard to the Commission proposal for a directive of the European Parliament and of the Council amending Directive 2003/54/EC concerning common rules for the internal market in electricity (COM(2007)0528),
- having regard to the Commission proposal for a directive of the European Parliament and of the Council amending Directive 2003/55/EC concerning common rules for the internal market in natural gas (COM(2007)0529),
- having regard to the Council conclusions of 15 February 2007 on an Energy Policy for Europe (6271/2007),
- having regard to the Commission Communication entitled 'An Energy Policy for Europe' (COM(2007)0001),
- having regard to the Commission Communication entitled 'Inquiry pursuant to Article 17 of Regulation (EC) No 1/2003 into the European gas and electricity sectors' (COM(2006)0851),
- having regard to the Commission staff working document entitled 'Prospects for the internal gas and electricity market — Implementation Report' (SEC(2006)1709), accompanying document to the Commission Communication (COM(2006)0841),
- having regard to the Commission staff working document entitled 'EU energy policy data' (SEC(2007)0012),
- having regard to Council Directive 2004/67/EC of 26 April 2004 concerning measures to safeguard security of natural gas supply <sup>(1)</sup>,
- having regard to the Annual Report of the European Energy Regulators for the period 1 January 2006 to 31 December 2006 to all members of the Council of European Energy Regulators and the European Regulators Group for Electricity and Gas, the European Parliament, the Council and the Commission, made under Article 3(8) of Commission Decision 2003/796/EC of 11 November 2003 on establishing the European Regulators Group for Electricity and Gas <sup>(2)</sup>,
- having regard to the Presidency Conclusions of the European Council of 8-9 March 2007, concerning the European Council's endorsement of a 'European Council Action Plan (2007-2009) — Energy Policy for Europe' (7224/2007),
- having regard to Commission Communication entitled 'Towards a European Charter on the Rights of Energy Consumers' (COM(2007)0386),
- having regard to Rule 45 of its Rules of Procedure,
- having regard to the report of the Committee on Internal Market and Consumer Protection and the opinion of the Committee on Industry, Research and Energy (A6-0202/2008),

<sup>(1)</sup> OJ L 127, 29.4.2004, p. 92.

<sup>(2)</sup> OJ L 296, 14.11.2003, p. 34.

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- A. whereas the principles of social inclusion, equal opportunities for all and fair access to knowledge in the digital era mean that it is essential for every citizen of the Union to have affordable access to energy,
- B. whereas consumers — especially individuals and small and medium-sized enterprises (SMEs) — have limited tools at their disposal and opportunities to represent their interests in an effective way,
- C. whereas adequate energy provision constitutes one of the key elements towards achieving citizens' successful participation in social and economic life,
- D. whereas the European Charter on the Rights of Energy Consumers (the Charter) constitutes an appeal to and stimulus for governments, energy regulators and the industry, represented by all social partners, to contribute in a concrete way to ensuring that energy consumers' interest are being taken into account in a social, environmental and competitive EU energy market,
- E. whereas given that in markets with imperfect competition, such as the energy sector, market mechanisms alone do not always fully ensure consumers' best interests, general customer protection, in addition to energy market-specific public service obligations, must be addressed and enforced,
- F. whereas the available data suggest that Member States have made only limited use of targeted public service obligations to address the needs of vulnerable customers,
- G. whereas there should be a strong focus on the role conferred on the National Regulatory Authorities (NRAs), which shall be independent from any public or private interest and have the competence to monitor energy markets, including prices and all their components, and to intervene and to sanction if needed,
- H. whereas consumer dispute resolution in the field of energy is not sufficiently covered by legislation, and whereas the resolution of such disputes is dealt with by a number of different authorities, and consumers do not know whom to approach,
- I. whereas the EU targets regarding renewable energy should be integrated into the European Charter on the Rights of Energy Consumers in order to allow consumers to choose energy sources that are coherent with these targets,

#### *Nature of the Charter*

1. Stresses the fact that energy supply is a key element for the successful participation of citizens in social and economic life;
2. Recalls that, although the rights of consumers are already protected by the Community legislation in force, they are often not respected; emphasises that the reinforcement of consumer protection measures can best be achieved by more effective implementation of the existing legislation;
3. Points out that adoption of the package of proposals concerning the electricity and natural gas markets (the 'Third Package' proposals) which Parliament is currently debating would further reinforce the legal framework for the protection of energy consumers;
4. Considers that the future protection of energy consumers must continue to be based on joint action by the European Union and Member States; individual consumer protection practices in the energy market might have different effects in different Member States; consistent application of the principle of subsidiarity is therefore vital;

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5. Stresses the absolute need to strengthen consumer protection on energy issues and to use the Charter as a guiding tool for European and national authorities, as well as private entities, in order to ensure and enforce consumer rights effectively;
6. Points to Article 3 of, and Annex A to, Directives 2003/54/EC <sup>(1)</sup> and 2003/55/EC <sup>(2)</sup>, as will be amended by the 'Third Package' proposals; emphasises the need for better enforcement at national level;
7. Considers the Charter as an information document collecting, clarifying and consolidating the energy rights of consumers as already adopted in the existing EU legislation; welcomes, therefore, the Commission's plan to devise an Internet tool on consumer rights in energy, but highlights the need for a broader communication strategy for consumers who do not have Internet access or for whom the Internet is an unsuitable communication medium;
8. Points out that the Charter must also meet the needs of small professional users, who often face the same problems as ordinary energy consumers;

#### ***Access to transmission and distribution grids and supply***

9. Recalls that the European energy market continues to be characterised by a large number of monopolies; this restricts freedom of choice and the possibility of changing supplier quickly and free of charge, increases the lack of information and, as a result, heightens the vulnerability of consumers; it is important to ensure that efforts are made to create a single, competitive energy market and to protect, in particular, vulnerable customers;
10. Stresses that European electricity and gas consumers have the right to be connected to the networks and to be supplied with electricity and gas, at reasonable, transparent, non-discriminatory and clearly comparable tariffs and prices, including adjusted prices and tariffs resulting from their respective indexation mechanisms; non-discrimination should include a prohibition on discriminatory charges on certain methods of payment, in particular for those — often vulnerable — consumers charged by means of a prepayment meter;
11. Underlines that special attention must be paid to consumer protection and that safeguards must be put in place in order to prevent grid disconnection; Member States have to appoint a supplier of last resort and inform the consumers thereof; such a mechanism must be set up by national legislation;
12. Stresses that disconnection from the network should be considered only as a last resort solution in cases of arrears of payments on the part of consumers, especially as far as vulnerable consumers and holiday periods are concerned; providers ought to apply the principle of proportionality, as well as make an individual notification to the consumer, before proceeding with such an action;
13. Stresses the need to ensure the protection of universal rights, especially as regards access to energy for different social, economic and regional groups through stability and security of supply, as well as the effectiveness of networks, by promoting cooperation at regional level between Member States and neighbouring countries with a European perspective;
14. Calls on the Member States to ensure that the consumer is able to switch easily, and within a period that does not exceed one month, to a new supplier, free of charge;

<sup>(1)</sup> Directive 2003/54/EC of the European Parliament and of the Council of 26 June 2003 concerning common rules for the internal market in electricity (OJ L 176, 15.7.2003, p. 37).

<sup>(2)</sup> Directive 2003/55/EC of the European Parliament and of the Council of 26 June 2003 concerning common rules for the internal market in natural gas (OJ L 176, 15.7.2003, p. 57).

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**Tariffs, prices**

15. Stresses that European electricity and gas prices must be reasonable, easily and clearly comparable, and transparent as well as based on actual energy consumption; published prices, tariffs, indexation mechanisms and conditions must be easily accessible to the consumer by means of a comprehensive and easily understandable set of information tools; furthermore, they should be communicated beforehand to, and monitored or approved by, the independent national regulator;

16. Underlines that it is a customary contractual obligation on providers to carry out a calculation, on a regular basis and on predetermined dates, so as to ensure that consumers are charged according to the actual quantity of energy that they have used; if providers are unable to comply with such an obligation for, for example, technical reasons, the consumption of energy ought to be calculated on the basis of reasonable and transparent criteria, which are clearly stated in the contract;

17. Highlights in this regard the development of market actors specialising in publishing comparable information regarding suppliers' prices, tariffs and conditions, as well as providing support in switching providers;

18. Calls on the Member States to promote 'smart meters', which provide consumers with a clear view of their actual energy consumption and therefore contribute to better energy efficiency; recalls the requirements of Article 13 of Directive 2006/32/EC of the European Parliament and of the Council of 5 April 2006 on energy end-use efficiency and energy services <sup>(1)</sup> on the provision of smart meters; calls urgently on the Commission and Member States to implement and enforce the requirements on metering and billing set out in that Directive, in the interests of consumer information and energy;

19. Considers that the Member States should be required to ensure that the roll-out of smart meters is completed with minimum disruption to consumers within 10 years of the entry into force of the 'Third Package' proposals (amending Directives 2003/54/EC and 2003/55/EC) and should be the responsibility of energy distribution or supply companies; NRAs should be made responsible for monitoring the process of such development and for laying down common standards for that purpose; Member States should be required to ensure that standards establishing the minimum technical design and operational requirements for meters address interoperability issues to provide maximum benefit at minimum cost to consumers;

**Information/contracts**

20. To safeguard transparency, underlines the need to develop a model for standard invoices based on best practice; in order to ensure comparability; underlines the need for the development of standard pre-contractual and contractual information, including information on the consumer's right under the Charter;

21. Calls on Member States to put in place a physical single entry point for any consumer information request, for example through national energy regulators, thus facilitating consumer access to information and at the same time ensuring that information is available as close to consumers as possible in terms of place, time, tools and thoroughness;

22. Underlines the need for the Commission to develop, in cooperation with the NRAs, quality criteria to be applied to consumer-related services, including call centres;

23. Is of the opinion that tariff simulators must be available on the websites of suppliers and of the independent national regulator; underlines that consumers must, on a regular basis, be informed about their energy consumption;

24. Underlines the need to oblige suppliers to inform consumers of the promulgation of the Charter;

<sup>(1)</sup> OJ L 114, 27.4.2006, p. 64.

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### **Social measures**

25. Deplores the fact that vulnerable energy consumers have serious problems that need to be explicitly addressed in national social security systems or other equivalent measures;
26. Calls on Member States to invest as a priority in comprehensive energy efficiency measures for low-income households, thereby addressing in a strategic manner both the problem of fuel poverty and the '20 % by 2020' energy efficiency target adopted at the 2007 Spring European Council;
27. Calls on the Commission to provide guidance on a common definition of public service obligations and to oversee the implementation by the Member States of the obligations as laid down in Article 3 of and Annex A to Directives 2003/54/EC and 2003/55/EC;
28. Calls on the Commission to define the notion of energy poverty;
29. Calls on Member States to set up National Energy Action Plans addressing energy poverty and to communicate such measures to the European Agency for the Cooperation of Energy Regulators; calls on the Agency to monitor these measures in cooperation with the national authorities and to communicate successful measures; stresses that an appraisal should be made of the extent to which the individual national social security or tax systems take account of the risks associated with energy poverty;

### **Environmental measures**

30. Underlines that providers and network operators ought to act in an environmentally responsible manner, making every possible effort to keep CO<sub>2</sub> emissions, as well as the production of radioactive waste, at the lowest possible levels provided for under the applicable law;
31. Considers that priority should be given to renewable energy sources, combined heat and power and other embedded generation, and that the right of consumers to make an informed choice in favour of renewable energies should be recognised in the Charter; considers, therefore, that all consumers should be informed in an objective, transparent and non-discriminatory way about the sources of energy available to them;
32. Stresses, therefore, the need to implement in practice Article 3(6) of Directive 2003/54/EC, according to which Member States shall ensure that consumers receive reliable information about the energy mix of the electricity supplier and the environmental impact resulting from the electricity produced by the supplier's energy mix;

### **National Regulatory Authorities (NRAs)**

33. Underlines the existence of NRAs in the Member States, but deplores their limited power today; is of the opinion that Member States should ensure that NRAs have sufficient statutory powers and resources, and that they are willing to use them;
34. Expresses its conviction that national regulators should play a central role in consumer protection; believes, for this reason, that proposals aimed at reinforcing the powers and independence of regulators, including the right to impose sanctions on suppliers who do not comply with Community law relating to this issue, should be supported;
35. Is of the opinion that NRAs must be independent from any public or private interest and have at least the competence to:
- approve the principles for determining network charges or the actual grid tariffs, and possibly their indexation mechanisms;
  - monitor prices and all their components, including their indexation mechanisms;

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- monitor, control and enforce consumer information provided by the suppliers for at least the first five years after the market has been fully liberalised and until such time as it has been demonstrated that suppliers have and will continue to provide consumers with relevant, transparent and impartial information;
- protect consumers against unfair commercial practices and cooperate, in this respect, with the competent competition authorities;

36. Considers that Member States should ensure that NRAs have the necessary powers in order to monitor the electricity and gas offers available on the market; therefore, they shall have access to all decisive elements determining the prices, including at least, gas and electricity contractual terms and conditions and index formulas;

37. Stresses the need to ensure that the competences of the NRA are incorporated into the proposed Article 22c of Directive 2003/54/EC and the proposed Article 24c of Directive 2003/55/EC;

38. Underlines the need for an integrated European approach of the activities of the NRAs to be coordinated by the European Agency;

### **Complaints**

39. Calls on Member States to put in place as close to consumers as possible a common entry point for any type of consumer complaints and to encourage the resolution of such complaints through alternative methods of dispute resolution;

40. Stresses that all consumers should have the right to service delivery, complaint handling and alternative dispute resolution by their energy service provider in line with international standards including ISO 10001, ISO 10002 and ISO 10003 and further ISO standards developed in this field;

41. Calls on the Commission and the Member States to ensure that ombudsmen are empowered to treat complaints effectively as well as to provide information on energy issues to consumers;

### **Consumer organisations**

42. Acknowledges the important role of consumer organisations in ensuring the maximum is done to achieve a high level of energy consumer rights throughout the EU; all Member States should ensure that consumer organisations have sufficient resources to deal with essential services, including gas and electricity;

43. Calls on the Commission and the Member States to ensure the sustainable development of energy services; emphasises the important role of consumer organisations and NRAs in promoting sustainable consumption by means of drawing the attention of both consumers and companies to, in particular, the energy mix, climate change and the influence of consumers on the development of the sector;

44. Recommends that Member States provide financial support to consumer organisations in order for them to be able to train their staff and thus be in a better position to provide assistance in the legislative process, in informing and educating consumers and in consumer dispute resolution;

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45. Instructs its President to forward this resolution to the Council, the Commission and the governments of the Member States.

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