

**Opinion of the European Committee of the Regions — Delivering a New Deal for Energy Consumers**

(2016/C 240/05)

**Rapporteur:** Michel LEBRUN (BE/EPP), member of Viroinval Municipal Council**Reference documents:** Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions — Delivering a New Deal for Energy Consumers

COM(2015) 339 final

**POLICY RECOMMENDATIONS**

THE EUROPEAN COMMITTEE OF THE REGIONS

1. considers it necessary for end-users — households, businesses and industry — to benefit fully from energy transition. In this regard, energy management policies must enable consumers to control their own energy consumption, so that they can take advantage of new technologies to reduce their bills and contribute to the EU's efforts in achieving ambitious climate goals as agreed in Paris at the COP21. These policies should enable them not only to participate actively in the market, but also to benefit from effective and appropriate consumer protection mechanisms, which may be necessary to fight energy poverty;
2. notes the progress that has already been made with regard to energy efficiency, reduced consumption, and development and deployment of technologies and services. This enables better energy management at the local level and for end-users as a result of, inter alia, a voluntary and dynamic European energy framework. Future legislation should seek to encourage Member States and local and regional authorities to continue their efforts to improve their performance levels with regard to energy efficiency, reduction of greenhouse gas emissions, and development of renewable energy generation capacities, including decentralised capacity;
3. notes the extremely high number of services and technical solutions that exist or are currently being developed in the fields of management and demand response, as well as in the management of decentralised production. The European Union must ensure that priority is given to encouraging and supporting the development of these tools, assessing their value and impact, whether economic, social, environmental or in terms of energy, and monitoring their usage to make sure that energy is safe, easy and affordable;
4. wishes, by means of the present opinion, to contribute to the wider discussion on the framework strategy for an Energy Union and welcomes many of the key messages of the communication on a new deal for energy consumers (COM (2015) 339 final), which paves the way for an Energy Union that places the citizen at the centre and can protect the most vulnerable consumers; calls on the European Commission to follow up this communication within a clear timeframe by adopting and implementing specific, concrete initiatives in the areas outlined in the communication with due regard to the concerns and experiences of local and regional authorities;
5. reiterates in this regard its request that the measures of the Third Energy Package, the Energy Efficiency Directive and the Alternative Dispute Resolution Directive be fully implemented;

6. recommends that the European Commission analyse in detail any issues, obstacles and opportunities linked to the concrete participation of energy consumers in energy markets, with a view to obtaining a thorough understanding of their situation and of the difficulties they may face, and which would need additional support measures from the EU, Member States, local or regional authorities or civil society organisations;

7. emphasises the important role played by local authorities in implementing European legislation in this field, creating and financing infrastructure for distribution, metering and managing energy demand, managing decentralised production and sharing best practices developed at local and regional level, as well as informing and advising energy consumers. The European Committee of the Regions therefore asks to be involved at every stage of development in future policies adopted in this area by the European Union;

8. reaffirms, in this regard, the absolute necessity of basing all future legislation relating to the management of energy demand and decentralised renewable energy production, as well as the protection of consumers and of their rights, on the principle of subsidiarity. The European Committee of the Regions asks the European Union to properly consider the competences of regional and local authorities, in order to ensure that they are afforded a level of intervention that fully complies with this principle;

9. reaffirms its readiness to continue contributing towards the preparation and process of the Citizens' Energy Forum and actively participating in EU policy formulation by issuing recommendations on recent and upcoming policy initiatives and their socioeconomic impact at the local and regional level;

10. welcomes the fact that the European Commission makes reference to the Covenant of Mayors<sup>(1)</sup>; recalls that its signatories, i.e. local and regional authorities across the EU, are genuine models of sustainable energy consumption and that they voluntarily promote energy self-generation best practices among consumers; stresses that more than 180 CoR members already represent Covenant of Mayors' signatories and that the CoR is committed to promoting the CoM both among its own members and in its contacts with local and regional authorities in the EU and beyond. Reiterates, however, that the Covenant of Mayors is not representative of all European local and regional government. Other initiatives which allow cities to approach ambitious targets should also not be discriminated against<sup>(2)</sup>;

11. points out that the European Commission also needs to make reference to the Pact of Islands, which is a similar, parallel initiative to the Covenant of Mayors, bringing together more than 100 signatory islands. Under the pact, island authorities carry out important work with a view to meeting the EU's sustainability targets for 2020;

12. reiterates its request to be represented among the main energy regulatory authorities at EU level (ACER) as well as at national level (NRA)<sup>(3)</sup>;

13. notes the need to ensure compliance with the principle of proportionality when new targets are set regarding management of energy demand and renewable energy production, as well as possible related economic instruments. The European Committee of the Regions asks the European Commission to take into consideration the impact that new measures could have overall upon local and regional authorities, their budgets and their administrative and operational capacities, applying in practice the precautionary principle at each stage of its deliberations and taking account of the specific characteristics of each type of entity and the particular difficulties it encounters; underlines that the precautionary principle as a foundational element of EU environmental law should be applied also to EU energy policy;

14. with regard to energy infrastructure, asserts that, in order to make consumers more independent and responsible for their own energy consumption, it would appear to be beneficial to put in place smart grids and meters (provided that the economic interest of the end user is met) that are affordable, cost effective, efficient, strong on reducing fraud, easy to use, safe and adapted to consumers' needs and expectations with regard to information, taking control of their consumption and reducing their bills;

---

<sup>(1)</sup> See also ENVE-VI-005.

<sup>(2)</sup> See points 25 and 31 of ENVE-VI-006.

<sup>(3)</sup> See also point 57 of ENVE-VI-003.

15. stresses the importance of the role played by network operators, and particularly by distribution system operators, in developing smart grids at the local level, installing and managing smart meters, and finding solutions to the new need for flexibility (energy withdrawal and injection) — solutions that are essential if the market is to function effectively; takes note of the Commission's intention to follow closely the implementation of existing EU standards for smart metering, smart grids and information management and agrees that access to data for consumers must be 'effective' and 'non-discriminatory' for the customers or third parties designated by customers; is looking forward to the development of the necessary legal framework in the context of the Digital Single Market Strategy and the revision of the EU's General Data Protection Regulation;

16. stresses that in many regions, the introduction of new technologies entails substantial costs because energy infrastructures are either obsolete or non-existent; believes it essential, therefore, to come up with a way at local or regional level to determine how costs are shared out between the service provider, the consumer and the local or regional authorities, as well as the amount of subsidies available to finance investments. The transition must be done in such a way as to result in reduced bills for consumers. At the same time, the Committee thinks it imperative to inform consumers fairly about the concerns they may have and the benefits of the technologies and how much of a contribution they could make, so as to reduce opposition to the innovation;

17. welcomes the Commission's attention to the specific issue of energy poverty, which represents a particular challenge for many local and regional authorities because it needs to be tackled, in fact, within the context of both social and energy policy; calls on the European Commission to go beyond the mere 'improvement of data collection' and work towards a broad common definition of energy poverty and an appropriate action plan, based on the idea of access to energy as a basic social right;

18. highlights the importance of funding under the European Fund for Strategic Investments (EFSI) to implementing the European Economic Recovery Plan, and to measures that aim to increase energy efficiency;

19. calls on the European Union and Member States to establish a regulatory framework that would be profitable both for energy consumers and for the 'prosumers' and other energy suppliers who participate actively in energy retail markets. Moreover, it is necessary to ensure sufficient and easily-accessible funding for local and regional authorities who contribute to the energy transition towards sustainable and inclusive retail energy markets;

#### **Facilitating consumers' access to information**

20. underlines the fact that genuine consumer autonomy depends upon raising awareness in people's minds, through suitable measures such as the installation of smart meters and consumer access to the information they provide, about the rational use of energy, environmental protection — in particular improvement of air quality — and combating global warming. Awareness-raising must be accompanied by clear and comprehensive information about the options available to consumers, enabling them to choose supply and management of sustainable energy at affordable rates;

21. stresses the need to provide consumers with access to information on energy that is simple, clear, comprehensive and appropriate, safe, reliable, free and independent, with regard both to energy supply offers, contracts, consumers' rights and obligations, and to the products and services, including EU and national subsidies, that could help them to reduce their consumption and their bills, and to acquire and operate their own means of energy production; this includes the need for targeted information for the most vulnerable consumers, in the appropriate formats (including for those who have limited familiarity with, or access to, electronic communication);

22. emphasises that, as local and regional authorities are closest to the general public, they can provide essential assistance and advice to consumers and create a culture of encouraging local initiatives; stresses, however, that additional resources are needed to allow local and regional authorities to fully exploit their potential in this regard and to develop innovative solutions;

**Varying demand**

23. suggests adopting new requirements and incentives targeted at transmission and distribution system operators, in order to increase the flexibility of energy networks via intelligent systems, energy storage and conversions between energy types;

24. observes that a level playing field should be created for all future players who generate and supply energy and/or provide new services, in order to enable, for example, grid flexibility and integration of energy produced by 'prosumers' (including aggregators);

25. draws the Commission's attention to the fact that energy policy must help to reduce the energy burden for households' and businesses' budgets and, consequently, for their final bills. In this regard, the European Committee of the Regions is concerned by the fact that, in certain cases, demand response risks exposing consumers to wholesale and retail market changes, which could result in excessive tariffs that are beyond consumers' means. Price models providing for guaranteed and long-term fixed prices should be offered to protect consumers against price instability. Consumers should also be informed about how to use and benefit from floating prices based on quoted energy tariffs;

**Making it easier to change supplier**

26. concurs that these problems amount in some cases to a 'market failure' in the energy sector and that lack of competition can be a serious obstacle to a more consumer-friendly market; is of the opinion, however, that regulatory changes should occur with due regard to the specific needs of different stakeholders, including local and regional authorities and vulnerable consumers;

27. regrets the complexity, long delays and excessive bureaucracy that continue to affect the switching process, and calls on the various regulatory bodies to ensure that the current laws concerning the terms for switching suppliers are enforced;

28. supports the European Commission's commitment to make sure that each consumer has access to at least one 'independent and verified comparison tool'. These comparators must be clear, comprehensive, trustworthy and independent, easy to use and free of charge. They should allow existing contracts to be compared with offers available on the market. Whereas suppliers tend to diversify their offers by including services in energy supply contracts, comparators must make it possible to compare the different 'packages' on offer, while at the same time enabling the 'supply' element of the various packages to be compared on its own;

29. suggests that information campaigns for switching supplier should be launched by energy regulators, local and regional authorities and consumer organisations. These campaigns could make reference to existing comparison tools;

30. points out that the European Commission and national and regional regulatory bodies should ensure that switching processes are smooth and that consumers — especially those in the most vulnerable situations — have access to personalised advice on choosing a supply contract as well as assistance when switching supplier and/or contract;

31. encourages the European Union to adopt an ambitious regulation on reducing the transfer time for customers switching from one provider to another, and making the transfer procedure automatic;

32. wishes to see closer monitoring at the European level of issues relating to commercial practices and 'cold calling' related to energy supply, in order to reduce price instability and eliminate any form of abusive practice in this field. In this regard, the European Committee of the Regions calls urgently for full enforcement of the Unfair Commercial Practices Directive and the Consumer Rights Directive;

33. calls for joint procurement of energy for public institutions, households and businesses to be monitored and promoted. These operations must improve the functioning of the market, guarantee rights of access to energy for everyone and facilitate this access by effectively and sustainably reducing the impact of energy bills on consumers' budgets;

#### **Making bills easier to read and compare**

34. calls on the European Union to examine the different components of energy bills, in order to put together a 'standard' bill incorporating a number of elements that are uniform, legible, clear and comparable at European level and which would allow consumers to optimise their energy use. In this regard, the European Committee of the Regions supports the Council of European Energy Regulators' initiative to set out harmonised definitions of different elements that should be included in energy bills;

35. calls for standardisation to be accompanied by the mandatory inclusion in the final bill of information about the free tools and services that are available for comparing supply offers, as well as information and support for households and businesses with regard to the protection of consumers' rights;

36. calls on Member States to create tools and services that make bills easier for households and businesses to understand, so that they can be analysed; and, where appropriate, to provide advice and support for end-users regarding the steps which may be necessary to rectify any irregularities identified or guide end-users towards supply contracts that are better suited to their needs;

37. recommends that bills and any information issued by suppliers to their end-users should be sent in the format requested by the latter, i.e. via post or e-mail, without any discrimination;

38. stresses that vulnerable consumers are particularly likely to encounter difficulties in identifying the best tariffs amongst the wide range of offers, and that they often seek the assistance of the closest level of governance. Consequently, the European Committee of the Regions calls upon the European Union to assist local and regional authorities in setting up support systems in the field of energy if this is not being done by the Member States;

#### **Improving meter readings**

39. maintains that consumers should have easy access to their metering data in different formats (via the smart metering appliance itself, on-line, via detailed monthly energy bills, through personal assistance etc.);

40. emphasises that consumers should be clearly informed about the management and use of their metering data and the use of their consumption data, detailing what information will be collected and kept, how often and for how long;

41. insists upon the need to adopt, at European level, a strict framework for the security and protection of private life with regard to meters;

#### **Supporting and monitoring the development of smart meters, research and innovation**

42. reiterates its call to speed-up the development of smart systems at both grid and producer/consumer level, to optimise the system as a whole, as well as to introduce smart meters, which are essential to the efficient management of demand with the active involvement of the consumer;

43. calls for the adoption of a strict framework at European level on the deployment of smart meters and their range of uses and features, whilst recalling that the aim is to streamline and reduce consumption. In this regard, the Committee calls for all new technology options to be evaluated prior to adoption, if they are to be introduced as standard, with regard to their potential energy, economic, social and environmental impact;

44. calls on the EU and Member States to give priority to applied research on managing and reducing consumption, load displacement and management and setting up smart, safe, reliable and cost-effective metering, distribution and transmission systems, as well as industrial and domestic storage systems;

45. underlines the substantial impact of cities' development and functioning on energy demand, as cities account for between 60 % and 80 % of worldwide energy consumption and approximately the same proportion of CO<sub>2</sub> emissions. Therefore, a European Innovation Partnership on Smart Cities and Communities and other new funding and business models could play an important role in facilitating the rolling-out of smart energy technologies;

#### **Enabling the involvement of local and regional authorities and citizens in the energy markets**

46. regrets that the Communication recognises the role of local and regional authorities only in the narrowly circumscribed contexts of 'increasing consumer participation', and specifically the Covenant of Mayors, but does not include local and regional authorities as players in the general conclusions, for instance, where further action is deemed necessary at the 'Member State level, and [through] collaborative initiatives of the industry, consumer organisations and national regulators'; calls, therefore, on the European Commission to include the local and regional perspective more generally in its future actions in this domain, not least as energy producers and suppliers;

47. believes that smart metering can also be an important tool to address the issue of energy poverty, but points out the need to ensure that smart metering technology does not lead to excessive costs for consumers and/or excessive limitation of their energy use;

48. calls on the EU and Member States to ensure sufficient and easily accessible funding for local and regional authorities and local energy companies for policies and projects in the field of energy efficiency and renewable energy generation and use, for example to provide energy advice. The European Committee of the Regions calls upon the European Union to incorporate this element into all funding programmes relevant to this field;

49. suggests establishing a clear framework that provides easy access to smart grids for energy generated by consumers, by simplifying and shortening time-consuming licensing/authorisation procedures, and cutting red tape and other regulatory barriers that prevent genuine competition;

50. calls on the European Commission and Member States to create the appropriate regulatory framework to ensure a level playing field for prosumers as new market players and to create sufficient incentives and necessary safeguards to stimulate decentralised self-generation and fair remuneration for energy production;

51. notes that there are many examples of good practices regarding the participation of consumers in the sound management of consumption and decentralised production of renewable energy; underlines the important role played by the European Committee of the Regions in terms of sharing good practices;

52. highlights in particular the fact that individual and collective self-generation and self-consumption of locally available renewable energy has tremendous potential, and calls upon the European Union to analyse the regulatory and financial obstacles, including those connected to the need to adapt existing electricity grids to self-consumption mechanisms, to developing these initiatives and adopt measures that enable them to be overcome. In this regard, the Committee of the Regions underlines the fact that the concept of ownership is important for involving members of the public in energy transition in an effective way, and stresses that particular attention should be paid to consumers who do not have the means, financial or practical, to invest in self-generation technologies; furthermore, highlights the important role which local and regional authorities can play in organising or supporting local initiatives for collective, cooperative or self-generation schemes for energy production, distribution and consumption;

53. praises the initiative of the Citizens' Energy Forum, whilst highlighting the fact that it would be advisable to establish other regular structures and mechanisms enabling energy consumers to express their opinion quickly, in order to influence choices made concerning the energy market.

Brussels, 7 April 2016.

*The President  
of the European Committee of the Regions*

Markku MARKKULA

---