

EU consumers not making full use of the savings opportunities of energy market liberalisation, study finds

A European Commission study on the functioning of retail electricity markets for EU consumers published today shows that EU consumers could save about €13 billion in total if they switched to the cheapest electricity tariff they could find. Mystery shoppers conducting the study have been able to find a less expensive tariff in more than six cases out of ten (62%). Individually, consumers could save about € 100 if they switched to the cheapest offer. But the study also shows that consumers are not making full use of the savings opportunities that market liberalisation has created, allowing them a choice of electricity suppliers. Consumer awareness is low: only one in three (32%) EU consumers have compared offers and almost half of them (47%) do not know how much electricity they consume at home. The Commission wants a series of actions that will facilitate consumer choice and empower EU consumers on the energy market, including easier price comparison, more effective complaint handling and better bills.

EU Commissioner in charge of Health and Consumer Policy John Dalli said: "Market liberalisation has enormous potential for consumers in terms of prices, choice, innovation and service quality. But that potential will only be fully realised if consumers know that they could be getting better deals and feel it is easy for them to find those deals." Commissioner Oettinger, in charge of Energy Policy added: "Measures, already foreseen in the third energy package, now need to be put in practice and should focus on facilitating switching, improved complaint handling and redress as well as better information to consumers".

This study on the functioning of retail electricity markets for consumers in the European Union published today assesses the consumer situation in the retail electricity markets. It focuses on **how easy or difficult it is for consumers** to be use the potential of the liberalised market by **choosing suppliers and tariffs**.

The study is a follow-up to the findings of the **2009 Consumer Markets Scoreboard** (see [IP/09/202](#)) which found the retails electricity market to be among the worst performing markets for consumers.

Key findings

Across the EU, **62%** of all mystery shoppers were able **finding a cheaper tariff** than their current one. Average annual savings were **€100**.

- **Very few consumers switch electricity suppliers:** switching rates are above 10% in only seven EU countries.
- **Less than a third** of EU consumers (32%) have **compared offers** from different suppliers.
- 41% of consumers do not know if they can find **a cheaper tariff** for themselves.

- Less than half of EU consumers (47%) know **how much electricity they consume**.
- Complaint handling in retail electricity needs to be improved: **only 28% of EU consumers were satisfied** with the way their complaint was dealt with.
- In most EU countries, **households consuming less energy pay more per unit** than those who consume more electricity.

The Study

The core issues analysed in the study include: the **choice** of suppliers and tariffs, prices, **transparency and comparability** of offers, **switching** suppliers, **billing** practices, consumer **problems and complaints** as well as **dispute resolution** schemes

Evidence was gathered in all EU countries. The research included a **mystery shopping** exercise which replicated consumers' experience. Mystery shoppers tried to find the best offer or contact customer services, to see how the electricity markets across the EU work for consumers in practice.

Energy policy for EU consumers: the state of play

The EU has already put in place a large body of measures which **set high standards of consumer protection** which now need to be fully implemented:

- liberalising the gas and electricity markets has created **a potential for choice and price competition** that consumers can tap into.
- energy security measures and those aimed at promoting infrastructure investments help to provide consumers **uninterrupted energy supplies**.
- product labelling initiatives indicate the **energy consumption of the household appliances** offered for sale.
- minimum standards ensure that **the least energy efficient products disappear from the market**.

Next steps

Today's results provide fresh evidence that more action is needed to **improve the practical benefits of the EU energy policy for consumers**. The Commission proposes a series of actions including the following:

- National regulators will develop guidelines for providing information to consumers more effectively, for making it easier to compare prices and to switch suppliers;
- Jointly with key stakeholders, the Commission will identify best practices in alternative dispute resolution in the energy sector;
- Better energy bills and complaint handling: implementing the recommendations which are already in place, including those developed by the Citizen's Energy Forum

The package of proposals will feed into the conclusions of the Energy Council on 3 December.

Staff Working Documents:

http://ec.europa.eu/energy/gas_electricity/forum_citizen_energy_en.htm

Full electricity study: http://ec.europa.eu/consumers/strategy/facts_en.htm#Energy

Citizens' Energy Forum:

http://ec.europa.eu/consumers/citizen/my_rights/energy_en.htm#Learn_more