

Empowering energy consumers in the green transition

Eurelectric position paper

Eurelectric represents the interests of the electricity industry in Europe. Our work covers all major issues affecting our sector. Our members represent the electricity industry in over 30 European countries.

We cover the entire industry from electricity generation and markets to distribution networks and customer issues. We also have affiliates active on several other continents and business associates from a wide variety of sectors with a direct interest in the electricity industry.

We stand for

The vision of the European power sector is to enable and sustain:

- A vibrant competitive European economy, reliably powered by clean, carbon-neutral energy
- A smart, energy efficient and truly sustainable society for all citizens of Europe

We are committed to lead a cost-effective energy transition by:

investing in clean power generation and transition-enabling solutions, to reduce emissions and actively pursue efforts to become carbon-neutral well before mid-century, taking into account different starting points and commercial availability of key transition technologies;

transforming the energy system to make it more responsive, resilient and efficient. This includes increased use of renewable energy, digitalisation, demand side response and reinforcement of grids so they can function as platforms and enablers for customers, cities and communities;

accelerating the energy transition in other economic sectors by offering competitive electricity as a transformation tool for transport, heating and industry;

embedding sustainability in all parts of our value chain and take measures to support the transformation of existing assets towards a zero carbon society;

innovating to discover the cutting-edge business models and develop the breakthrough technologies that are indispensable to allow our industry to lead this transition.

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Customers & Retail Services Committee

Contact:
Gabriel de COUËSSIN, Advisor - Retail & Wholesale markets -
gdecouessin@eurelectric.org

The European Union is enhancing the role of its 450 million citizens within a more sustainable, digital and circular economy. Each of them can actively support the common and ultimate objective of making Europe a climate-neutral continent by 2050. Moreover, as consumers, many opportunities exist for their greater participation in this transition through informed choices.

As emphasised by the European Green Deal, the energy system is at the core the strategy to reduce EU carbon footprint and impact on biodiversity. The increased GHG emissions reduction targets for 2030 and the recovery from COVID-19 pandemic oblige all of us to accelerate the shared efforts to decarbonise our economy. The development of a low carbon (based mainly on renewables) and efficient energy system goes along the empowerment of energy consumers.

The 2019 Clean Energy Package (hereafter referred as CEP) allowed for significant steps to place consumers in the heart of the energy transition. Giving consumers all necessary tools to take an active and better informed role in this new challenge is today seen as being key. In 2020, European electricity suppliers decided to engage directly in this crucial challenge by launching the [15 Pledges initiative](#). [Such initiative aimed at](#) stepping-up and accompanying all electricity customers in the energy transition – meaning making sure that everyone can benefit from carbon-neutral electric solutions and in particular from energy efficiency, renewable and e-mobility services.

In this perspective, **Eurelectric welcomes the European Commission’s ambition to define a “New Consumer Agenda”** and in particular the future initiative aiming to “Empower the consumers for the green transition”. Together with other initiatives (the Digitalisation of Energy Action Plan, the Renovation Wave initiative, the Energy System Integration Strategy...), the enforcement of energy consumers’ rights should remain high in the Commission’s Agenda for the years to come.

In parallel to the definition of the EU legislative framework, the promotion of the new role of consumers should also be made on market-based principles. Energy market operators have indeed to comply with a broad set of rules, whose implementation can sometimes prove to be quite burdensome for operators. Electricity market parties must therefore first be able to properly implement existing legislation in order to reap the full benefits for customers. **Rather than proposing new legislation in the energy sector, the aim of the New Consumer Agenda should first ensure the application of market-based principles and non-regulatory initiatives.**

Being in daily contact with customers, energy suppliers know the needs and expectations of customers. **While we acknowledge that the green transition should be tackled in a global perspective as foreseen in the EC proposal, we think that this new text should also give the opportunity to discuss new important provisions related to the role of customers in energy markets.**

We therefore invite the EC to consider the following elements as being key to the success of the energy transition for customers.

I. Consumer participation in the energy transition is already on good tracks

The participation of electricity consumers in the energy transition is of key importance. The proposed new GHG emission reduction target for 2030 announced by EU Commission President Ursula Von der Leyen will likely put the EU on track to meet its obligation under the Paris Agreement. Such ambition can however not be reached without the participation of every actor on the fields - from governments to companies across various sectors and, of course, energy customers. In particular, as defined in its Long Term Strategy for a climate neutral economy by 2050, the European Commission emphasises the need to drastically increase the electrification rates in Europe in all sectors, from transport to industry and building¹ Today, the current electrification rate in Europe is around 20% of final demand and this rate has hardly changed since 1990 at least. **Reaching climate neutrality in 2050 will thus only be possible if customers are actively engaged in the energy transition, in particular by being able to choose low-carbon supply offers, for instance by supporting renewables, e-mobility and energy efficiency.**

In this regard, the 2019 Clean Energy Package is a very useful set of tools allowing customers to have more visibility on the role they may play in the electricity market. **Eurelectric considers provisions such as comparison tools, dynamic pricing, demand side response or energy communities as being key for consumer trust and participation in the market. Such provisions represent key assets to fulfil some of the objectives defined in the New Consumer Agenda.** An efficient implementation must now be ensured in all Member-States in order to guarantee that these new tools can indeed bring benefits to the market as a whole.

On this solid basis, the electricity industry decided to play its part and engaged voluntarily in an ambitious new initiative. Last March 2020, Eurelectric presented its “15 pledges to customers”: a series of 15 concrete actions that European electricity suppliers will take to help customers benefit from electric mobility, energy efficiency services and renewable generation. This initiative was the follow-up of a one year process involving Eurelectric and Accenture. The project included a roadshow across Europe in 9 Member-States². In each country, interactive discussions took place with representatives from consumer associations, national and regional authorities, NGOs, the automotive industry and technology providers about the main solutions to support customers and encourage their active participation in the energy transition. Based on the new needs defined by consumers and on evolving role of energy suppliers, the pledges aim at fulfilling the 3 following priorities:

- Empowering customers with new services and electric solutions;
- Striving for an affordable and inclusive energy transition;
- Improving customer’s energy experience through simplicity and transparency.

On-the-ground discussions held during this process showed that consumers are increasingly aware of the climate change related challenges and the huge potential of energy and digital technologies to address those.. As underlined in the related Eurelectric- Accenture [“Seeking shared success”](#)

¹ According to the [Eurelectric study “Decarbonisation pathways”](#), a 95% emissions reduction in 2045 would require increasing the electrification rate to 60%.

² Ireland, Norway, Netherlands, Italy, Spain, Portugal, Germany, Czech Republic and Poland

report, the role of energy suppliers as direct interlocutors of consumers is key, as they are the ones who can provide them with personalized tools and services.

II. Important challenges still need to be tackled

Based on the shared observations of all participants of the consultation process led throughout Europe, Eurelectric identified important barriers to consumer participation that still need to be addressed. The “New Consumer Agenda” is a very good opportunity to tackle these challenges to increase energy consumer’s empowerment.

- Ensure the efficient implementation of the CEP :

Above all, as previously mentioned, all Member States should achieve the efficient implementation of the CEP. In particular, they should ensure that the content of the initial provisions related to consumers are respected while taking into account the specificities of national markets. In this regard, the evolution of the energy market design also needs to be carefully assessed, as it is paramount to efficiently and effectively integrate renewable energy generation. **The key principles set out in the Electricity Directive 2019/944 should be respected in order to ensure a smooth functioning of the market; e.g. level playing field, market orientation, freedom of entry, operation or exit on markets, removal of regulatory and administrative barriers.**

- Encourage the development of Energy Communities :

The new provisions defined by the CEP regarding Energy Communities represent a key tool for the involvement of consumers on the ground, through the creation of specific entities using electricity at local scale. **To ensure an efficient appropriation of these new structures by consumers, the role of electricity suppliers is key. As defined in the CEP, national frameworks should therefore allow them to act as service-providers for energy communities.** In particular, they could assist energy communities in various operations, e.g. physical set-up and operation, energy management, commercial operation, micro-grid management and financial services (e.g. investment).

- Make active customers a reality :

The CEP includes tools for domestic customers to become active market customers, independently of their size. By offering flexibility of domestic appliances (heaters, fridges...) domestic customers can become the daily allies of the energy transition by helping the energy system to cope with intermittency. This can be done directly on markets thanks to dynamic pricing or through aggregation, offered as part of a package of services to consumers.

- Increase the awareness of consumers in the energy market :

One of the most crucial barriers to customer empowerment is the difficulty to overcome the complexity of the offers on the market. As underlined in our “15 pledges to customers” work, consumers are often confronted with a wide range of options when considering supply offers, home insulation, renewable energy systems or an EV, without fully understanding the attributes of the offer. These choices can sometimes prove to be very confusing for consumers, particularly considering the lack of information on the use of energy technologies. **Eurelectric therefore encourages the EC to launch the information campaign on consumers rights related to the energy market announced as part of the future Climate Pact³.** Based on the outcome of the CEP provisions on consumer information, such campaign should:

- **promote market-based principles**, particularly regarding the responsibility of suppliers as direct interlocutor of consumers. It could
 - **be supervised by national energy regulators**, and
 - **aim at giving consumers all information needed to have a clear understanding of the real costs and benefits of new energy services.** In particular, focus on the role and missions of energy suppliers in this regard should be given.
- Lower the weight of taxes and levies on the electricity bill :

Today, the electricity bill is often used to finance a large number of low carbon policies- such as RES deployment and energy efficiency. Taxes and levies on the electricity bill are an important source of revenues for Member-States, representing 4.6% of total tax revenues in 2018. This phenomenon has a direct impact on households electricity prices, in which taxes and levies accounted for 41% in 2018. The increasing weight of taxes and levies thus contributes to artificially increasing prices (+ 1.4% per year between 2010 and 2014⁴) and discouraging further electrification as a crucial tool for decarbonisation. **Limiting the weight of taxes on electricity will thus help make electricity more affordable for household consumers, and contribute to minimizing the social and distributional impacts. In this regard, the ongoing revision of the Energy Taxation Directive should be seen as an opportunity to tackle this issue.**

- Ensure the availability of energy data and data privacy :

The combination of both the green and the digital transitions can only be made efficient by ensuring a large access to energy data. The access to such information indeed allows supplier to better understand their customers’ needs and define tailored new offers and services. In this regard, **the framework defined in the CEP should be properly implemented**, particularly as data hubs and platforms for decentralised data exchange are being set up in a number of European countries. **This framework should ensure that full transparency on the use of data and security of critical infrastructures are guaranteed.** Moreover, in order to ensure the wide-scale deployment of energy services, **interoperability should be favoured, as foreseen in the context of**

³ Communication from the European Commission – “Powering a climate-neutral economy: An EU Strategy for Energy System Integration”, July 2020

⁴ European Commission – 2020 Report on energy prices and costs in Europe

implementing act on data interoperability currently being elaborated by the European Commission.

- Encourage the use of transparent green offers for energy consumers :

Eurelectric believes that the framework defined in the 2018/2001 Renewable Energy Directive on guarantee of origins is a key element for the integration of renewable energy and the creation of trust in the market. **The objective of the New Consumer Agenda to tackle greenwashing should thus first allow to avoid any abuses on guarantee of origins**, taking into account that the existing consumer legislation already covers the risk of misleading marketing. **In the same time, the new initiative should also aim at promoting GOs as the most efficient scheme to ensure the traceability of electricity.** The specificities of the energy market regarding the physical nature of electricity should also be taken into account, particularly given the challenges raised by the claims for more “local electricity”. In this regard, a major effort should be made to increase consumers’ awareness on this question, so that they are able to make an informed choice.

- Ensure a coherent approach between the “New Consumer Agenda” and other EU energy-related initiatives :

The energy landscape is under a profound transformation, moving from a system in silos to a fully integrated one. The energy consumption will increasingly rely on renewable electricity powered in a more circular and efficient system. The digitalization of the grid and the development of new technologies will also provide new services to customers. Moreover, higher RES shares in the electricity grid bring new challenges to system management and new types of flexibility needs. In the meantime, increasing penetration of decentralized resources provides a high potential for new flexibility solutions. This will require the development of additional demand-side flexibility tools, with the participation of prosumers in the overall balance of the grid and in emerging local flexibility markets. In this regard, **energy customers’ empowerment is an essential condition for the success of the Energy System Integration strategy and the Renovation Wave initiative. Therefore, a close alignment with the ambition of the New Consumer Agenda is necessary.**

Eurelectric pursues in all its activities the application of the following sustainable development values:

■ Economic Development

Growth, added-value, efficiency

■ Environmental Leadership

■ Commitment, innovation, pro-activeness

■ Social Responsibility

■ Transparency, ethics, accountability



Union of the Electricity Industry - Eurelectric aisbl
Boulevard de l'Impératrice, 66 – bte 2 - 1000 Brussels, Belgium
Tel: + 32 2 515 10 00 - VAT: BE 0462 679 112 • www.eurelectric.org
EU Transparency Register number: [4271427696-87](https://ec.europa.eu/transparency/regexpert/?s=participations&id=4271427696-87)