PM+: EU's energy union presents new challenges for consumers

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Europe's independent energy ombudsmen have a key role to play in fostering the relationship between the energy sector and its customers, explains Marine Cornelis.

The national energy ombudsmen network (NEON) welcomes the EU's energy union strategy but fears that without consumer trust in protection mechanisms within the energy sector consumer empowerment will unfortunately remain a castle in the air.

The energy union strategy aims to provide secure, sustainable, competitive, and affordable energy for every European citizen. Consumer empowerment is a key factor, as consumers are expected to play an active role in the transition to more sustainable and efficient energy consumption.

But citizens need to feel safe to engage. Trust implies a high level of protection through transparent, efficient, and fair procedures followed by all stakeholders. Without the full enforcement of energy consumers’ rights, including the right to send a complaint to an independent body for an out-of-court
dispute settlement such as an energy ombudsman, consumer engagement will remain limited.

Independent ombudsmen are autonomous observers and through complaints and dispute data management, they act not only as whistle-blowers but as regulatory support for policymakers.

"For Europe's independent energy ombudsmen, complainants are more than customers; they are citizens"

By listening to all parties - ombudsmen and other independent alternative dispute resolution (ADR) bodies - build bridges between consumers, regulators, policy makers, distribution system operators and suppliers. For Europe's independent energy ombudsmen, complainants are more than customers; they are citizens.

NEON’s members formulate recommendations for companies and act as advisors for their respective parliaments and governments.

To achieve the energy union's goals the European commission should ensure the full completion of the third energy package and carefully monitor the implementation of the ADR directive.

Recent research on the state of play of ADR within the energy sector raised the issue that although EU member states have bodies responsible for dealing with energy complaints (at national or regional level), there are big differences in the set-up of these bodies, with many countries at differing stages of implementation on both the third energy package and the consumer ADR directive.

This report recommends that every member state (at national or regional level) should establish access to a single energy ombudsman, which is seen to have independence from the regulator. EU member states should avoid fragmentation of consumer ADR into multi-sectoral schemes.

In our position paper on the commission's energy union plans, we called for stakeholders to share responsibility for consumer engagement in the energy market by tailoring the internal energy market for consumers, especially the most vulnerable ones.

"We believe that the NEON network should develop as the network of energy ADR providers, with the aim of sharing best practice, feeding back on complaints, encouraging improvements in the sector, providing relevant data in a coherent way and developing a common language"

This should be done by developing a common framework to protect consumers with minimum standards for prices and price comparison tools, sales, switches, moving, contractual terms, unified communications, information on real-time consumption with smart meters, easily understandable bills, and complaint procedures.

In line with the ADR directive, we believe that the NEON network should develop as the network of energy ADR providers, with the aim of sharing best practice, feeding back on complaints, encouraging improvements in the sector, providing relevant data in a coherent way and developing a common language.

Europe's independent energy ombudsmen have a significant role to play in fostering the relationship between the energy sector and its customers; in helping rebalance the relationship between
consumers and the market and by empowering consumers.

The energy union's innovative energy services such as bundled offers, smart technologies, self-generation, and cooperatives for renewable energy generation require specific knowledge of consumer activity.

Ombudsmen and independent ADR providers, with the help of consumer associations and regulators, are best placed to provide this and will establish a strategy to anticipate those challenges.

A dedicated working group on the 'complaints of the future' will be established so that ombudsmen continue to act as whistle-blowers and regulatory support for policy makers.

About the author

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