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## TEXTS ADOPTED

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### **P8\_TA(2016)0234**

#### **Delivering a new deal for energy consumers**

##### **European Parliament resolution of 26 May 2016 on delivering a new deal for energy consumers (2015/2323(INI))**

*The European Parliament,*

- having regard to the Commission communication of 15 July 2015 entitled ‘Delivering a New Deal for Energy Consumers’ (COM(2015)0339),
- having regard to the Commission communication of 15 July 2015 entitled ‘Launching the public consultation process on a new energy market design’ (COM(2015)0340),
- having regard to the Commission communication of 16 February 2016 entitled ‘An EU Strategy on Heating and Cooling’ (COM(2016)0051),
- having regard to the Commission communication of 25 February 2015 entitled ‘A Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy’ (COM(2015)0080),
- having regard to the Commission communication of 26 November 2014 entitled ‘An Investment Plan for Europe’ (COM(2014)0903),
- having regard to the Commission communication of 15 November 2012 entitled ‘Making the internal energy market work’ (COM(2012)0663),
- having regard to the Commission communication of 8 March 2011 entitled ‘A Roadmap for moving to a competitive low-carbon economy in 2050’ (COM(2011)0112),
- having regard to the Commission communication of 15 December 2011 entitled ‘Energy Roadmap 2050’ (COM(2011)0885),
- having regard to the Third Energy Package,
- having regard to Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC,

- having regard to Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC,
  - having regard to Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings,
  - having regard to Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of personal data,
  - having regard to Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 on unfair commercial practices,
  - having regard to Directive 2011/83/EU of the European Parliament and of the Council of 25 October 2011 on consumer rights,
  - having regard to Commission Recommendation 2012/148/EU of 9 March 2012 on preparations for the roll-out of smart metering systems,
  - having regard to its resolution of 19 June 2008 entitled ‘Towards a European Charter on the Rights of Energy Consumers’<sup>1</sup>,
  - having regard to its resolution of 10 September 2013 on making the internal energy market work<sup>2</sup>,
  - having regard to its resolution of 14 March 2013 on the Energy roadmap 2050, a future with energy<sup>3</sup>,
  - having regard to its resolution of 4 February 2014 on the local and regional consequences of the development of smart grids<sup>4</sup>,
  - having regard to its resolution of 15 April 2014 on consumer protection – protection of consumers in utilities services<sup>5</sup>,
  - having regard to its resolution of 15 December 2015 entitled ‘Towards a European Energy Union’<sup>6</sup>,
  - having regard to Rule 52 of its Rules of Procedure,
  - having regard to the report of the Committee on Industry, Research and Energy and the opinion of the Committee on the Internal Market and Consumer Protection (A8-0161/2016),
1. Welcomes the Commission’s communication entitled ‘Delivering a New Deal for Energy Consumers’;

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<sup>1</sup> OJ C 286 E, 27.11.2009, p. 24.

<sup>2</sup> OJ C 93, 9.3.2016, p. 8.

<sup>3</sup> OJ C 36, 29.1.2016, p. 62.

<sup>4</sup> Texts adopted, P7\_TA(2014)0065.

<sup>5</sup> Texts adopted, P7\_TA(2014)0342.

<sup>6</sup> Texts adopted, P8\_TA(2015)0444.

2. Underlines that this report is exclusively focussed on energy household consumers in the context of the energy transition; highlights that industrial consumers should be considered under a separate framework;
3. Highlights that the ongoing energy transition is resulting in a move away from an energy system based on traditional centralised generation to one which is more decentralised, energy-efficient, flexible and largely renewables-based;
4. Draws attention to the costs of the transition to a new market design in certain Member States; invites the Commission to take due consideration of these costs in terms of affordability and competitiveness;
5. Recalls that the ultimate goal should be an economy based on making full use of the 'energy efficiency first/first fuel' principle and prioritising energy savings and demand side measures over the supply side in order to meet our climate goals in line with the Paris Agreement 1.5 scenario, energy security, competitiveness and especially lower consumer bills;
6. Believes that, in this context, the Energy Union should have the interests of present and future generations of citizens at its core and should:
  - (a) provide citizens with stable, affordable, efficient and sustainable energy, and high quality energy-efficient products, services and buildings;
  - (b) empower citizens to produce, consume, store or trade their own renewable energy either individually or collectively, to take energy-saving measures, to become active participants in the energy market through consumer choice, and to allow them the possibility of safely and confidently participating in demand response; believes that, in this context, a practical common understanding of the definition of 'prosumers' should be agreed at EU level, through a participative process guided by the Commission;
  - (c) contribute to eradicating energy poverty;
  - (d) protect consumers from abusive, uncompetitive and unfair practices by market actors and enable them to fully exercise their rights;
  - (e) create favourable conditions to ensure a well-functioning and competitive internal energy market providing choices and transparent and clear access to information for consumers;
7. Considers that phasing out regulated energy prices for consumers should take into account the real level of market competition in the Energy Union Strategy context, which should ensure that consumers have access to safe energy prices;
8. Believes that, as a general principle, the energy transition should result in a more efficient, transparent, sustainable, competitive, stable, decentralised and inclusive energy system which benefits society as a whole, increases the involvement of citizens and local and regional actors and communities, and empowers them to own or share in the ownership of the production, distribution and storage of renewable energy, while at the same time protecting the most vulnerable and ensuring that the benefits of energy efficiency measures and renewable energy are made available to them;

*Towards a well-functioning energy market benefiting citizens*

9. Considers that, while some progress has been made, the aim of the Third Energy Package to provide a truly competitive, transparent and consumer-friendly retail energy market has not yet been fully realised in all EU Member States, as evidenced by persistent high levels of market concentration, the failure to reflect falling wholesale costs in retail prices and low levels of consumer switching and satisfaction;
10. Believes, therefore, that further indicators for well-functioning, consumer-friendly energy markets need to be identified or developed by the Commission; underscores that such indicators should take into account, inter alia, the economic impact on energy consumers of switching energy suppliers, technical barriers to switching suppliers or plan, and levels of consumer awareness;
11. Highlights that open, transparent and competitive well-regulated markets are important to keep prices down, drive innovation, improve customer service and remove barriers to innovative new business models which can offer good value for citizens, both empowering them and helping to prevent energy poverty;
12. Recalls that customer choice is limited in distribution networks due to their nature as natural monopolies, i.e. that customers cannot switch their distribution system operator; stresses the need for adequate market monitoring of distribution network operators to protect customers from sudden increases in distribution bills;
13. Considers that the Commission and Member States should take the necessary measures to ensure that the benefit of raising the interconnection level of the national networks is not transferred to DSOs, but is directly transformed into benefits for final consumers; considers furthermore that enhancing the interconnection level of the national networks must have a positive effect on the energy price for consumers and shifting the benefits only to DSOs must therefore be avoided;
14. Calls on the Commission and the Member States to rigorously ensure full implementation of the Third Energy Package, and calls for its revision in the form of a new Energy Market Design to take account of the following recommendations in relation to domestic consumers:
  - (a) recommends improving the frequency of energy bills and the transparency and clarity of both bills and contracts in order to aid interpretability and comparison; insists that clear language must be used, avoiding technical terms; requests the Commission to identify minimum information requirements in this respect, including best practices; stresses that both fixed charges and taxes and levies should be clearly identified as such in the bills, allowing the customer to distinguish them easily from the variable, consumption-related cost; recalls existing requirements for suppliers to specify in or with bills the contribution of each energy source to the overall fuel mix of the supplier over the preceding year in a comprehensible and clearly comparable manner, including a reference to where information can be found on the environmental impact in terms of CO<sub>2</sub> emissions and radioactive waste;
  - (b) recommends creating a one-stop shop to provide all relevant information enabling consumers to make an informed decision;
  - (c) recommends that distribution system operators, given that they have access to a household's historical consumption, as well as operators of independent comparison tools, work together with energy regulators to examine how best they can proactively

provide consumers with comparisons of offers in order to enable all consumers, even those without internet access or skills, to find out whether they could save money by switching;

- (d) recommends developing guidelines for price comparison tools to ensure that consumers can access independent, up-to-date and understandable comparison tools; believes Member States should consider developing accreditation schemes covering all price comparison tools, in line with CEER guidelines;
  - (e) recommends the creation of new platforms to serve as independent Price Comparison Tools (PCTs) to provide greater clarity to consumers on billing; recommends that such independent platforms provide consumers with information on the percentage share of energy sources used and the different taxes, levies and add-ons contained in energy tariffs in a comparable way to empower the consumer to easily seek more suitable offers in terms of price, quality and sustainability; suggests that this role could be assumed by existing bodies such as national energy departments, regulators or consumer organisations; recommends the development of at least one such independent price comparison tool per Member State;
  - (f) recommends, in order to enhance retail competition between suppliers, that guidelines be developed by Member States, in consultation with operators of price comparison tools and consumer groups, to ensure that the design by suppliers of different tariffs allows for simple comparisons, avoiding consumer confusion;
  - (g) recommends that consumers should be notified in or alongside energy bills about the most suitable and advantageous tariff for them, based on historic consumption patterns, and that it should be possible for consumers to move to that tariff, if they so wish, in the simplest way possible; notes, given that switching rates are low in many Member States, that many households, especially the most vulnerable, are not engaged in the energy market and are stuck on inappropriate, outdated and expensive tariffs;
  - (h) recommends investigating measures to enable retail prices to better reflect wholesale prices and thus reverse the trend of an increasing proportion of fixed elements in energy bills, in particular taxes and levies and in some cases network charges; highlights the discrepancy between levels of levies and taxes paid by household and industry consumers;
15. Strongly believes that all energy providers' websites and digital invoicing should be fully accessible to persons with disabilities and meet the relevant requirements of European Standard EN 301 549;
16. Insists that the provisions on switching, as set out in the Third Energy Package, should be fully implemented by Member States, and that national legislation must guarantee consumers the right to change suppliers in a quick, easy and free-of-charge way, and that their ability to switch should not be hindered by termination fees or penalties; insists that enforcement of this right through market surveillance and effective, proportionate and dissuasive penalties is essential and supports ACER's 'Bridge to 2025' recommendations on switching;
17. Believes that collective switching schemes and campaigns should be promoted in order to help consumers find a better deal, both in terms of price and quality; emphasises that such schemes must be independent, trustworthy, transparent, comprehensive and inclusive, also

reaching those who are less engaged; suggests that local authorities, regulators and consumer organisations and other not-for-profit organisations are well placed to fulfil this role in order to avoid any abusive practices;

18. Insists that the provisions of the directives on unfair commercial practices and consumer rights relating to doorstep selling, unfair terms or practices and aggressive marketing techniques be properly implemented and enforced by Member States so as to protect energy consumers, especially the most vulnerable; notes that complaints regarding doorstep selling have increased in several Member States;
19. Welcomes the Commission's intention to consider incorporating laws specifically concerning energy into the Annex to the Regulation on Consumer Protection Cooperation<sup>1</sup>;

***Ensuring an inclusive energy system by empowering citizens to take ownership of the energy transition, produce their own renewable energy and become energy-efficient***

20. Believes that, in the context of a well-functioning energy system, local authorities, communities, cooperatives, households and individuals have a key role to play, should contribute substantially to the energy transition and should be encouraged to become energy producers and suppliers if they choose to do so; points out that for this reason it is important that the European Union adopts a common operational definition of 'prosumers';
21. Calls on Member States to introduce net metering schemes in order to support self-generation and cooperative energy production;
22. Considers that significant behavioural change among citizens will be important to achieve an optimal energy transition; considers that incentives and access to quality information are key in this respect and asks the Commission to address this in upcoming proposals; suggests that education, training and information campaigns will be important factors in bringing about behavioural change;
23. Considers that limited access to capital and financial know-how, significant upfront investment costs and extended repayment periods represent barriers to the take-up of self-generation and energy efficiency measures; encourages new business models, collective purchasing schemes and innovative financial instruments which incentivise self-generation, self-consumption and energy efficiency measures for all consumers; suggests that this should become an important objective for the EIB, EFSI, Horizon 2020 and the Structural Funds, of which public bodies and market actors should make full use; reiterates that projects should be funded on the basis of comparative cost-effectiveness, whilst keeping in mind national and European climate and energy goals and obligations;
24. Calls for stable, sufficient and cost-effective remuneration schemes to guarantee investor certainty and increase the take-up of small and medium-scale renewable energy projects while minimising market distortions; calls, in this context, on Member States to make full use of de minimis exemptions foreseen by the 2014 state aid guidelines; believes that grid tariffs and other fees should be transparent and non-discriminatory and should fairly

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<sup>1</sup> Regulation (EC) No 2006/2004 of the European Parliament and of the Council of 27 October 2004 on cooperation between national authorities responsible for the enforcement of consumer protection laws (OJ L 364, 9.12.2004, p. 1).

reflect the impact of the consumer on the grid, avoiding double-charging while guaranteeing sufficient funding for the maintenance and development of distribution grids; regrets the retroactive changes to renewable support schemes, as well as the introduction of unfair and punitive taxes or fees which hinder the continued expansion of self-generation; highlights the importance of well-designed and future-proof support schemes in order to increase investor certainty and value for money, and to avoid such changes in the future; stresses that prosumers providing the grid with storage capacities should be rewarded;

25. Recommends reducing to an absolute minimum the administrative barriers to new self-generation capacity, in particular through removing market and grid access restrictions; suggests shortening and simplifying authorisation procedures, for example by moving to a simple notification requirement, whilst still respecting all legal requirements and ensuring DSOs are informed; suggests that the revision of the renewable energy directive could include specific provisions to remove barriers and promote community/cooperative energy schemes via 'one-stop-shops' dealing with project permits and providing financial and technical expertise, and/or specific information campaigns at local and community level, as well as by guaranteeing prosumers' access to alternative dispute resolution mechanisms;
26. Highlights the need to develop a favourable, stable and fair framework for tenants and those living in multi-dwelling buildings, in order to enable them to also benefit from co-ownership, self-generation and energy efficiency measures;
27. Calls on the Commission to step up its support for the Covenant of Mayors, Smart Cities and Smart Communities and the 100 % RES communities so as to expand and further develop them as a tool to promote self-generation and energy efficiency measures, fight energy poverty, facilitate the exchange of best practices between all local authorities, regions and Member States, and ensure that all local authorities are aware of the financial support available to them;

### ***Promoting the development of demand response management***

28. Stresses that to incentivise demand response, energy prices must vary between peak and off-peak periods, and therefore supports the development of dynamic pricing on an opt-in basis, subject to a thorough assessment of its impacts on all consumers; stresses the need to deploy technologies that give price signals which reward flexible consumption, thus making consumers more responsive; believes that tariffs must be transparent, comparable and clearly explained; recommends further analysis on how to establish and implement progressive and variable tariff systems, in order to incentivise energy savings, self-generation, demand-response and energy efficiency; reminds the Commission that when drafting the upcoming legislative proposals it should be guaranteed that the introduction of dynamic pricing is matched by increased information to consumers;
29. Believes that consumers should have easy and timely access to their consumption data and related costs, to help them make informed decisions; notes that only 16 Member States have committed to a large-scale roll-out of smart meters by 2020; believes that where smart meters are rolled out Member States should ensure a solid legal framework to guarantee an end to unjustified back-billing and a rollout that is efficient and affordable for all consumers, particularly for energy-poor consumers; insists that the benefits from smart meters should be shared on a fair basis between grid operators and users;

30. Emphasises that the development of smart technologies plays a key role in the energy transition and can help consumers reduce their energy costs and improve energy efficiency; calls for the rapid deployment of ICT, including mobile applications, online platforms and online billing; stresses however, that this development must not leave the most vulnerable or less engaged consumers behind, nor see their bills rise if they have not directly benefited; notes that special assistance should be given to these groups and that any lock-in effect which might impede consumers' ability to freely choose between tariffs and suppliers should be avoided;
31. Highlights the need to facilitate the development of smart grids and appliances which automate the management of energy demand in response to price signals; notes that smart appliances need to ensure high levels of data protection and be interoperable, designed for the benefit of the final consumer and equipped with functions enhancing energy savings and supporting the development of markets for energy services and demand management;
32. Emphasises that consumers should have a free choice of aggregators and energy service companies (ESCOs) independent from suppliers;
33. Underlines that the collection, processing and storage of citizens' energy-related data should be managed by entities managing data access in a non-discriminatory manner and should comply with the existing EU privacy and data protection framework which lays down that consumers should always remain in control of their personal data and that these should only be provided to third parties with the consumers' explicit consent; considers, in addition, that citizens should be able to exercise their rights to correct and erase personal data;

#### ***Addressing the causes of energy poverty***

34. Calls for enhanced coordination at EU level to combat energy poverty through the sharing of best practices among Member States and the development of a broad, common definition of energy poverty, focusing on the idea that access to affordable energy is a basic social right; ;
35. Insists that better data availability and collection are essential in order to assess the situation and target assistance on energy-poor citizens, households and communities as effectively as possible;
36. Stresses the importance of encouraging all synergies in this area – including those that may exist between local authorities and distribution system operators, which are able to provide the most information on levels of energy poverty and detect situations of risk – while fully respecting European and national data protection rules;
37. Considers that the Energy Union governance framework should include objectives and reporting from Member States for energy poverty and that a toolbox of good practices should be developed;
38. Considers that energy efficiency measures are central to any cost-effective strategy to address energy poverty and consumer vulnerability and are complementary to social security policies; calls for action to ensure that energy-efficient renovation of existing buildings focuses better on energy-poor citizens in the context of the review of the EPBD and of the EED, notably Article 7; suggests that an objective of reducing the number of energy-inefficient homes by 2030 should be considered, with a focus on rental properties

and social housing; believes that buildings owned and occupied by public authorities should set an example in this field;

39. Calls for EU funds for energy efficiency and support for self-generation to focus more on energy-poor, low-income consumers and address the issue of split incentives between tenants and owners;

40. Believes that, while respecting the different practices in Member States, well-targeted social tariffs are vital for low-income, vulnerable citizens, and should therefore be promoted; considers that any such social tariffs should be fully transparent;

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41. Instructs its President to forward this resolution to the Council and the Commission.