

EUROPEAN UNION



Committee of the Regions

ENVE-VI/009

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DRAFT OPINION

Commission for Environment, Climate Change and Energy

Delivering a New Deal for Energy Consumers

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This document will be discussed at the meeting of the **Commission for Environment, Climate Change and Energy** to be held from **11 a.m. to 6 p.m. on Wednesday 24 February 2016**. To allow time for translation, any amendments must be submitted using the on-line tool for tabling amendments (available through the Members' Portal: <http://cor.europa.eu/members>) **by no later than 3 p.m. (Brussels time) on Thursday 11 February 2016**. A user guide is available at <http://toad.cor.europa.eu/CORHelp.aspx>.

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

Draft opinion of the Commission for Environment, Climate Change and Energy – Delivering a New Deal for Energy Consumers

I. 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 are able not only to participate actively in the market but also to benefit from effective and appropriate protection mechanisms;
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 and technological 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. is aware of the fact that the present opinion is part of a wider discussion that recently led to the adoption by the European Commission, on 25 February 2015, of the framework strategy for an Energy Union, which was approved by the European Council during its summit on 19 and 20 March 2015;
5. welcomes the fact that the communication on a new deal for energy consumers (COM(2015) 339 final), published in the wake of the framework strategy, paves the way for an Energy Union that places the citizen at the centre and can protect the most vulnerable consumers. The Committee advocates following up this communication by adopting and implementing specific, concrete initiatives;
6. 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;
7. recommends that the EU 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 or Member States;

8. 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, as well as managing decentralised production and sharing best practices developed at local and regional level. 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;
9. 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 involvement that fully complies with this principle;
10. reaffirms its readiness to continue contributing to the preparation and organisation of the Citizens' Energy Forum and actively participating in EU policy formulation by issuing recommendations on recent and upcoming policy initiatives and their socio-economic impact at local and regional level;
11. welcomes the fact that the European Commission makes reference to the Covenant of Mayors¹. It is worth noting that its signatories, i.e. local and regional authorities across the EU, are genuine models of sustainable energy consumers and promote energy self-generation best practices among consumers;
12. reiterates its request to be represented among the main energy regulatory authorities at EU level (ACER) as well as at national level (NRA)²;
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 Union to take into consideration the impact that new measures could have overall upon local and regional authorities, their budgets and their administrative and operational capacity, applying in practice the precautionary principle at each stage of its deliberation;
14. with regard to energy infrastructure, asserts that in order to make consumers more independent and responsible for their own energy consumption, it is necessary to put in place smart grids and meters that are affordable, cost effective, efficient, easy to use, safe and adapted to consumers' needs and expectations with regard to information, taking control of their consumption and reducing their bills;

¹ See also ENVE-VI-005.

² 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);
16. 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" 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

17. underlines that in addition to smart meters, genuine consumer empowerment inevitably depends upon raising awareness in people's minds 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;
18. 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 that could help to reduce their consumption and their bills or enable them to generate electricity themselves;
19. emphasises that, as local and regional authorities are closest to the general public, they could provide assistance and advice to consumers and, if provided with the necessary resources, they could also create a culture of encouraging local initiatives³;

Varying demand

20. 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;
21. 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);
22. draws the Commission's attention to the fact that any energy policy must aim to reduce the energy burden for households' and businesses' budgets and, consequently, for their final bills. In

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E.g. one-stop shops could be set up at the local level to coordinate different administrative approval processes and licences for community projects, including grid access, as well as to advise local people and energy groups, providing them with assistance on technical, financing and regulatory issues (Client Earth position paper).

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. Accordingly, price safeguards should be ensured and designed in advance to protect consumers against price instability and ensure that their final energy bills are effectively reduced;

Making it easier to change supplier

23. 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;
24. reiterates that it would be appropriate to develop comparison tools to facilitate the process of switching supplier. 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;
25. suggests that information campaigns for switching supplier should be launched by energy regulators, local authorities and consumer organisations. These campaigns could make reference to existing comparison tools;
26. 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;
27. 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;
28. 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 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;
29. 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

30. 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. 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 bills⁴;
31. calls for standardisation to be accompanied in the final bill by 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;
32. 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;
33. 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;
34. 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 and the Member States to assist local and regional authorities in setting up support systems in the field of energy;

Improving meter readings

35. 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.);
36. 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;
37. 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

38. 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

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ACER-CEER: [Energy Regulation: A Bridge to 2025](#).

meters, which are essential to the efficient management of demand with the active involvement of the consumer;

39. 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 fully evaluated, prior to adoption, with regard to their potential energy, economic, social and environmental impact;
40. 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;
41. underlines the important role that a European Innovation Partnership on Smart Cities and Communities and other new funding and business models could play in facilitating the rolling-out of smart energy technologies;

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

42. 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 renewable energy generation and use. The European Committee of the Regions calls upon the European Union to incorporate this element into all funding programmes relevant to this field;
43. 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;
44. 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 production of renewable energy and self-generation;
45. notes that there are many examples of good practices⁵ regarding the participation of consumers in the sound management of consumption and decentralised production of renewable energy;
46. 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 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

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In Germany 35% of renewable energy sources installed are owned by private individuals and 11% by farmers (German Agency for Renewable Energy, 2013).

be paid to consumers who do not have the means, financial or practical, to invest in self-generation technologies;

47. praises the initiative of the Citizens' Energy Forum, whilst highlighting 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, ...

II. PROCEDURE

Title	Delivering a New Deal for Energy Consumers
Reference	COM(2015) 339 final
Legal basis	Article 307(1)
Procedural basis	
Date of Council/EP referral / Date of Commission letter	15 July 2015
Date of Bureau/President's decision	24 July 2015
Commission responsible	Commission for the Environment, Climate Change and Energy (ENVE)
Rapporteur	Michel Lebrun (BE/EPP) Member of Viroinval Municipal Council
Analysis	
Discussion in commission	24 February 2016
Date adopted by commission	24 February 2016
Result of the vote in commission (majority, unanimity)	
Date adopted in plenary	7 and 8 April 2016
Previous Committee opinions	
Consultation of Subsidiarity Monitoring Network	