



Procedure file

| Basic information | |
|---|----------------|
| INI - Own-initiative procedure | 2008/2006(INI) |
| Towards a European charter on the rights of energy consumers | |
| Subject 3.60.03 Gas, electricity, natural gas, biogas 4.60.02 Consumer information, advertising, labelling 4.60.06 Consumers' economic and legal interests | |
| Procedure completed | |

| Key players | | | |
|---------------------|--|---|------------|
| European Parliament | Committee responsible | Rapporteur | Appointed |
| | IMCO Internal Market and Consumer Protection | | 21/11/2007 |
| | | PSE DE VITS Mia | |
| | Committee for opinion | Rapporteur for opinion | Appointed |
| | ECON Economic and Monetary Affairs | The committee decided not to give an opinion. | |
| | ENVI Environment, Public Health and Food Safety | The committee decided not to give an opinion. | |
| | ITRE Industry, Research and Energy | | 21/02/2008 |
| | | PPE-DE GYÜRK András | |
| European Commission | Commission DG | Commissioner | |
| | Energy and Transport | PIEBALGS Andris | |

| Key events | | | |
|------------|--|---|---------|
| 05/07/2007 | Non-legislative basic document published | COM(2007)0386 | Summary |
| 17/01/2008 | Committee referral announced in Parliament | | |
| 27/05/2008 | Vote in committee | | Summary |
| 30/05/2008 | Committee report tabled for plenary | A6-0202/2008 | |
| 17/06/2008 | Debate in Parliament |  | |
| 19/06/2008 | Results of vote in Parliament |  | |
| 19/06/2008 | Decision by Parliament | T6-0306/2008 | Summary |
| 19/06/2008 | End of procedure in Parliament | | |

| Technical information | |
|-----------------------|--------------------------------|
| Procedure reference | 2008/2006(INI) |
| Procedure type | INI - Own-initiative procedure |
| Procedure subtype | Initiative |
| Legal basis | Rules of Procedure EP 54 |

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|----------------------------|---------------------|
| Stage reached in procedure | Procedure completed |
| Committee dossier | IMCO/6/58001 |

| Documentation gateway | | | | | |
|---|------|-------------------------------|------------|----|---------|
| Non-legislative basic document | | COM(2007)0386 | 05/07/2007 | EC | Summary |
| Committee draft report | | PE402.546 | 12/02/2008 | EP | |
| Amendments tabled in committee | | PE404.648 | 14/04/2008 | EP | |
| Committee opinion | ITRE | PE404.466 | 07/05/2008 | EP | |
| Committee report tabled for plenary, single reading | | A6-0202/2008 | 30/05/2008 | EP | |
| Text adopted by Parliament, single reading | | T6-0306/2008 | 19/06/2008 | EP | Summary |
| Commission response to text adopted in plenary | | SP(2008)4439 | 16/07/2008 | EC | |
| Commission response to text adopted in plenary | | SP(2008)4967 | 12/09/2008 | EC | |

Towards a European charter on the rights of energy consumers

PURPOSE: the development of a ?European Charter on the Rights of Energy Consumers?.

CONTENT: this paper has been prepared by the Commission within the context of two Communications, published in January 2007, the first on an EU energy policy and the second on the internal gas and electricity market (see [INI/2007/2089](#)). In these two Communications, approved by both Council and Parliament, the Commission reiterated its commitment to improving the rights of the consumer in a liberalised energy market.

The purpose of this paper, therefore, is twofold. Firstly, to examine existing energy related provisions vis-à-vis consumer rights and, secondly, to consider options for a future ?Charter on the Rights of Energy Consumers?, which can be found in the annex to the document.

The 2007 Energy Policy Communication, made a number of observations regarding consumer rights within a liberalised market:

- a) that energy is essential for every European;
- b) that public service obligations must be met in order to combat any negative effects an internal market may have on the consumer; and
- c) that the EU needs to go further in tackling energy poverty.

In order to take account of these issues the Commission is proposing the European Charter. It is to focus on four issues:

- 1) assisting in the establishment of schemes that help the most vulnerable deal with energy price increases;
- 2) improving the level of information made available to the consumer in order to help them make real choices when choosing between suppliers;
- 3) reducing the amount of paperwork when consumers change suppliers; and
- 4) protecting consumers from unfair selling practices.

The Charter is a non-legal document that sets out, in a comprehensive and easy way, existing legislation and future actions. Actions will be based on a set of nine headings:

- 1) Connection: for example, gas consumers should have the right to be supplied where available, with natural gas of specified quality, and at a reasonable price.
- 2) Contracts: for example, tariffs and conditions should be presented in a comprehensible manner.
- 3) Prices, tariffs and monitoring: for example, national authorities should be allowed to monitor and compare prices and make their findings available to the public.
- 4) Free choice of supplier: for example, consumers should be allowed to benefit from more efficient switching procedures. The period required for switching to a new electricity/gas supplier should not last longer than one month.
- 5) Information: for example, information should be made available without incurring excessive costs.
- 6) Complaints: for example, non-judicial disputes should be settled fairly, promptly (within a period of 3 months) and with no cost to the consumer.
- 7) Representation: for example, setting up a system for regular dialogue between energy consumer organisations and other stakeholders such

as the social partners, government representatives etc.

8) Social measures: for example, allowing those with special needs or those in a poor financial situation, to benefit from essential energy services at reasonable prices, or where necessary, free of charge.

9) Unfair commercial practices: for example, ensuring that any authority responsible for defending consumer rights and national energy regulators cooperate effectively.

The Charter, based on the principle of 'shared responsibility', should contribute to improving the production, transmission and efficient consumption of electricity and gas in a socially, economic and environmentally sustainable manner.

In presenting this Communication, the Commission wishes to launch a wide-ranging consultation of all interested parties and stakeholders. Depending on the results of this consultation process the Commission may consider presenting legislative proposals.

Towards a European charter on the rights of energy consumers

The Committee on the Internal Market and Consumer Protection adopted the own-initiative report by Mia DE VITS (PES, BE) on a European Charter on the Rights of Energy Consumers, in response to the European Commission's communication on the matter.

MEPs stress the absolute need to strengthen consumer protection on energy issues and to use the European Charter on the Rights of Energy Consumers as a guiding tool for European and national authorities, as well as private entities, in order to ensure and enforce consumer rights effectively. They also underline the potential added value of the Charter as an information tool collecting, clarifying and consolidating the energy rights of consumers as already adopted in the existing EU legislation.

Access to Transmission and Distribution Grids and Supply: the report recalls that the European energy market continues to be characterised by a large number of monopolies, and that efforts must be made to create a single, competitive energy market and to protect vulnerable customers, in particular.

In order to prevent grid disconnection, MEPs request that Member States have to appoint a supplier of last resort and inform the consumers thereof, and such a mechanism must be set up by national legislation. They consider that disconnection from the network should be considered only as a last resort solution in cases of arrears of payments on the part of consumers.

MEPs also stress the need to ensure the protection of universal rights and call on the Member States to ensure that the consumer is able to switch easily, and within a period that does not exceed one month, to a new supplier free of charge.

Tariffs, prices: MEPs stress that European electricity and gas prices must be reasonable, easily and clearly comparable, and transparent as well as based on actual energy consumption. They call on Member States to promote 'smart meters', which provide consumers with a clear view of their actual energy consumption and therefore contribute to better energy efficiency. The Commission is called to carry out an in-depth study on the current use of smart meters in private households and, if necessary, to carefully examine the possibility of developing and, after consulting Parliament, financing with a view to promoting best practices.

Information/contracts: MEPs underline the need to develop a model for standard invoices based on best practice, and to define standard pre-contractual and contractual information, including information on the consumer's right under the Charter. Member States are called to put in place a physical single entry point for any consumer information request. Consumers must be informed about their energy consumption on a regular basis.

Social measures: MEPs call on the Commission to provide guidance on a common definition of public service obligations and to define the notion of energy poverty. Member States are called to set up National Energy Action Plans addressing energy poverty and to communicate such measures to the European Agency for the Cooperation of Energy Regulators.

Environmental measures: the report underlines that providers and network operators ought to act in an environmentally responsible manner, making every possible effort to keep CO₂ emissions, as well as the production of radioactive waste, at the lowest possible levels. MEPs consider that priority should be given to renewable energy sources, combined heat and power and other embedded generation. The right of consumers to make an informed choice in favour of renewable energies should be recognised in the Charter.

National Regulatory Authorities: MEPs express their conviction that national regulators should play a central role in consumer protection. National Regulatory Authorities must be independent from any public or private interest and have at least the competence to:

- approve the principles for determining network charges or the actual grid tariffs, and possibly their indexation mechanisms;
- monitor prices and all their components, including their indexation mechanisms;
- monitor, control and enforce consumer information provided by the suppliers for at least the first five years after the market has been fully liberalised;
- protect consumers against unfair commercial practices and cooperate, in this respect, with the competent competition authorities.

Complaints: Member States to put in place, as close to consumers as possible, a common entry point for any type of consumer complaints and to encourage the resolution of such complaints through alternative methods of dispute resolution.

Consumer organisations: the report emphasises the important role of consumer organisations and National Regulatory Authorities in promoting sustainable consumption. It recommends that Member States provide financial support to consumer organisations in order for them to provide assistance in the legislative process, in informing and educating consumers and in consumer dispute resolution.

Towards a European charter on the rights of energy consumers

The European Parliament adopted by 543 votes to 18, with 14 abstentions, a resolution on a European Charter on the Rights of Energy Consumers, in response to the European Commission's Communication on the subject.

The own-initiative report had been tabled for consideration in plenary by Mia DE VITS (PES, BE) on behalf of the Committee on Internal

Market and Consumer Protection.

MEPs stress the absolute need to strengthen consumer protection on energy issues and to use the European Charter on the Rights of Energy Consumers as a guiding tool for European and national authorities, as well as private entities, in order to ensure and enforce consumer rights effectively. They consider the Charter as an information document collecting, clarifying and consolidating the energy rights of consumers as already adopted in the existing EU legislation, while also highlighting the need for a broader communication strategy for consumers who do not have internet access.

Access to transmission and distribution grids and supply: the resolution recalls that the European energy market continues to be characterised by a large number of monopolies and that efforts must be made to create a single, competitive energy market and to protect vulnerable customers, in particular.

In order to prevent grid disconnection, MEPs ask that Member States have to appoint a supplier of last resort and that they inform the consumers thereof; such a mechanism must be set up by national legislation. They believe that disconnection from the network should be considered only as a last resort solution in cases of arrears of payments on the part of consumers.

MEPs also stress the need to ensure the protection of universal rights and call on the Member States to ensure that the consumer is able to switch easily, and within a period that does not exceed one month, to a new supplier, free of charge.

Tariffs, prices: MEPs stress that European electricity and gas prices must be reasonable, easily and clearly comparable, and transparent as well as based on actual energy consumption. They call on the Member States to promote 'smart meters', which provide consumers with a clear view of their actual energy consumption and therefore contribute to better energy efficiency. In this respect, the Member States should be required to ensure that the rollout of smart meters is completed with minimum disruption to consumers within 10 years of the entry into force of the 'Third Package' proposals (amending Directives 2003/54/EC and 2003/55/EC).

Information/contracts: MEPs underline the need to establish a model for standard invoices based on best practice, and to develop standard pre-contractual and contractual information, including information on the consumer's rights under the Charter. Member States are called to put in place a physical single entry point for any consumer information request. Consumers must be informed about their energy consumption on a regular basis.

Social measures: the resolution calls on Member States to invest, as a priority, in comprehensive energy efficiency measures for low-income households, thereby addressing in a strategic manner both the problem of fuel poverty and the "20% by 2020" energy efficiency target adopted at the 2007 Spring European Council. The Commission is called to provide guidance on a common definition of public service obligations and to define the notion of energy poverty. Member States are called upon to set up National Energy Action Plans addressing energy poverty and to communicate such measures to the European Agency for the Cooperation of Energy Regulators.

Environmental measures: the resolution underlines that providers and network operators ought to act in an environmentally responsible manner, making every possible effort to keep CO₂ emissions, as well as the production of radioactive waste, at the lowest possible levels. Priority should be given to renewable energy sources, combined heat and power and other embedded generation. The Charter should recognise the right of consumers to make an informed choice in favour of renewable energies.

National Regulatory Authorities (NRAs): MEPs express their conviction that national regulators should play a central role in consumer protection. National Regulatory Authorities must be independent from any public or private interest and have at least the competence to:

- approve the principles for determining network charges or the actual grid tariffs, and possibly their indexation mechanisms;
- monitor prices and all their components, including their indexation mechanisms;
- monitor, control and enforce consumer information provided by the suppliers for at least the first five years after the market has been fully liberalised;
- protect consumers against unfair commercial practices and cooperate, in this respect, with the competent competition authorities.

Complaints: Member States are called to put in place, as close to consumers as possible, a common entry point for any type of consumer complaint and to encourage the resolution of such complaints through alternative methods of dispute resolution.

Consumer organisations: the resolution underlines the important role of consumer organisations and NRAs in promoting sustainable consumption. It recommends that Member States provide financial support to consumer organisations in order for them to be in a better position to provide assistance in the legislative process, in informing and educating consumers and in consumer dispute resolution.