

# Procedure file

| Basic information                               |                                |                     |
|---|--------------------------------|---------------------|
| INI - Own-initiative procedure                  | <a href="#">2015/2323(INI)</a> | Procedure completed |
| Delivering a new deal for energy consumers      |                                |                     |
| Subject   |                                |                     |
| 3.60.03 Gas, electricity, natural gas, biogas   |                                |                     |
| 4.60.06 Consumers' economic and legal interests |                                |                     |

| Key players         |   |   |            |
|---------------------|---|---|------------|
| European Parliament | Committee responsible   | Rapporteur  | Appointed  |
|                     |  <b>ITRE</b> Industry, Research and Energy             |  <a href="#">GRIFFIN Theresa</a>    | 20/10/2015 |
|                     |   | Shadow rapporteur   |            |
|                     |   |  <a href="#">KELLY Seán</a>         |            |
|                     |   |  <a href="#">FOX Ashley</a>        |            |
|                     |   |  <a href="#">MLINAR Angelika</a>  |            |
|                     |   |  <a href="#">MARAGALL Ernest</a>  |            |
|                     |   |  <a href="#">TAMBURRANO Dario</a> |            |
|                     |   |  <a href="#">KAPPEL Barbara</a>   |            |
|                     | Committee for opinion   | Rapporteur for opinion  | Appointed  |
|                     |  <b>IMCO</b> Internal Market and Consumer Protection |   | 22/09/2015 |
|                     |   |  <a href="#">KALLAS Kaja</a>      |            |
| European Commission | Commission DG   | Commissioner  |            |
|                     | <a href="#">Energy</a>  | ARIAS CAÑETE Miguel   |            |

| Key events |  |   |         |
|------------|--|---|---------|
| 26/11/2015 | Committee referral announced in Parliament |   |         |
| 21/04/2016 | Vote in committee                          |   |         |
| 28/04/2016 | Committee report tabled for plenary        | <a href="#">A8-0161/2016</a>  | Summary |
| 25/05/2016 | Debate in Parliament                       |  |         |
| 26/05/2016 | Results of vote in Parliament              |  |         |
| 26/05/2016 | Decision by Parliament                     | <a href="#">T8-0234/2016</a>  | Summary |

| Technical information      |                                |
|----------------------------|--------------------------------|
| Procedure reference        | 2015/2323(INI)                 |
| Procedure type             | INI - Own-initiative procedure |
| Procedure subtype          | Initiative                     |
| Legal basis                | Rules of Procedure EP 54       |
| Other legal basis          | Rules of Procedure EP 159      |
| Stage reached in procedure | Procedure completed            |
| Committee dossier          | ITRE/8/05065                   |

| Documentation gateway                               |      |                              |            |    |         |
|---|------|------------------------------|------------|----|---------|
| Committee draft report                              |      | <a href="#">PE571.801</a>    | 25/01/2016 | EP |         |
| Amendments tabled in committee                      |      | <a href="#">PE578.533</a>    | 03/03/2016 | EP |         |
| Amendments tabled in committee                      |      | <a href="#">PE578.661</a>    | 03/03/2016 | EP |         |
| Committee opinion                                   | IMCO | <a href="#">PE572.937</a>    | 12/04/2016 | EP |         |
| Committee report tabled for plenary, single reading |      | <a href="#">A8-0161/2016</a> | 28/04/2016 | EP | Summary |
| Text adopted by Parliament, single reading          |      | <a href="#">T8-0234/2016</a> | 26/05/2016 | EP | Summary |
| Commission response to text adopted in plenary      |      | <a href="#">SP(2016)539</a>  | 12/10/2016 | EC |         |

## Delivering a new deal for energy consumers

The Committee on Industry, Research and Energy adopted the own-initiative report by Theresa GRIFFIN (S&D, UK) on delivering a new deal for energy consumers.

Welcoming the Commissions communication entitled [Delivering a New Deal for Energy Consumers](#), Members stressed 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.

In this context, the Energy Union should have the interests of present and future generations of citizens at its core and should:

- provide citizens with stable, affordable, efficient and sustainable energy, and high quality energy-efficient products, services and buildings;
- 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; a practical common understanding of the definition of prosumers should be agreed at EU level;
- contribute to eradicating energy poverty;
- protect consumers from abusive, uncompetitive and unfair practices by market actors and enable them to fully exercise their rights;
- create favourable conditions to ensure a well-functioning and competitive internal energy market providing choices and transparent and clear access to information for consumers;

Towards a well-functioning energy market benefiting citizens: Members considered 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. Customer choice is limited in distribution networks due to their nature as natural monopolies.

Members called for revision of the Third Energy Package, in the form of a new Energy Market Design to take account of the following recommendations in relation to domestic consumers:

- improving the frequency of energy bills and the transparency and clarity of both bills and contracts in order to aid interpretability and comparison;
- creating a one-stop shop to provide all relevant information enabling consumers to make an informed decision;
- developing guidelines for price comparison tools to ensure that consumers can access independent, up-to-date and understandable comparison tools;

- the creation of new platforms to serve as independent Price Comparison Tools (PCTs) to provide greater clarity to consumers on billing;
- enhancing retail competition between suppliers;
- consumers should be notified in or alongside energy bills about the most suitable and advantageous tariff for them, based on historic consumption patterns.

The provisions on switching, as set out in the Third Energy Package, should be fully implemented by Member States.

Ensuring an inclusive energy system by empowering citizens to take ownership of the energy transition: Members proposed to define prosumers as active energy consumers such as households (including both owners and tenants), institutions and small businesses that participate in the energy market by producing renewable energy either on their own or collectively through cooperatives, other social enterprises or aggregations.

The report considered it of major importance to establish and define a basic right to self-generation and self-consumption and to set up a common legal framework for the right to store and sell excess electricity at a fair price within a revised renewable energy directive (RED).

Member States should:

- develop a Citizen and Community Energy Strategy, describing in their national action plans how they will promote small and medium-sized renewable energy projects;
- introduce net metering schemes in order to support self-generation and cooperative energy production.

Members called 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. They also recommended reducing to an absolute minimum the administrative barriers to new self-generation capacity, in particular through removing market and grid access restrictions.

Promoting the development of demand response management: Members stressed 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. They stressed the need to deploy technologies that give price signals which reward flexible consumption, thus making consumers more responsive. Tariffs must be transparent, comparable and clearly explained. Members recommended 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.

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. The report highlighted the need to facilitate the development of smart grids and appliances which automate the management of energy demand.

Addressing the causes of energy poverty: Members called 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 but non-quantitative definition of energy poverty, focusing on the idea that access to affordable energy is a basic social right. The Commission was urged to prioritise measures to alleviate energy poverty in upcoming legislative proposals and to present a dedicated action plan by mid-2017.

## Delivering a new deal for energy consumers

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The European Parliament adopted by 577 votes to 65, with 9 abstentions, a resolution on delivering a new deal for energy consumers.

Welcoming the Commission's communication entitled [Delivering a New Deal for Energy Consumers](#), Members stressed 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.

Main objectives of the Energy Union: Parliament considered that the ultimate goal should be an economy based on making full use of the energy efficiency first/first fuel principle and prioritising: (i) energy savings and demand side measures over the supply side; (ii) energy security; (iii) competitiveness; (iv) lower consumer bills.

In this context, the Energy Union should be based on the following principles:

- provide citizens with stable, affordable, efficient and sustainable energy, and high quality energy-efficient products, services and buildings;
- 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; a practical common understanding of the definition of prosumers should be agreed at EU level;
- contribute to eradicating energy poverty;
- protect consumers from abusive, uncompetitive and unfair practices by market actors and enable them to fully exercise their rights;
- create favourable conditions to ensure a well-functioning and competitive internal energy market providing choices and transparent and clear access to information for consumers.

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.

Towards a well-functioning energy market benefiting citizens: Members considered that, while some progress has been made, the aim of the Third Energy Package to provide a truly competitive, Parliament noted that 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.

Parliament also highlighted 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.

Therefore, it called for revision of the Third Energy Package, in the form of a new Energy Market Design to take account of the following recommendations in relation to domestic consumers:

- improving the frequency of energy bills and the transparency and clarity of both bills and contracts in order to aid interpretability and comparison;
- creating a one-stop shop to provide all relevant information enabling consumers to make an informed decision;
- developing guidelines for price comparison tools to ensure that consumers can access independent, up-to-date and understandable comparison tools;
- the creation of new platforms to serve as independent Price Comparison Tools (PCTs) to provide greater clarity to consumers on billing;
- enhancing retail competition between suppliers;
- consumers should be notified in or alongside energy bills about the most suitable and advantageous tariff for them, based on historic consumption patterns;
- investigating measures to enable retail prices to better reflect wholesale prices.

The provisions on switching, as set out in the Third Energy Package, should be fully implemented by Member States.

Ensuring an inclusive energy system by empowering citizens to take ownership of the energy transition: the report noted 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. It is important in this regard that the European Union adopts a common operational definition of prosumers.

It encouraged new business models, collective purchasing schemes and innovative financial instruments which incentivise self-generation, self-consumption and energy efficiency measures for all consumers. Members highlighted 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. They suggested that education, training and information campaigns will be important factors in bringing about behavioural change.

Members called 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. They highlighted 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. They also recommended reducing to an absolute minimum the administrative barriers to new self-generation capacity, in particular through removing market and grid access restrictions.

Promoting the development of demand response management: Parliament stressed 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. It stressed the need to deploy technologies that give price signals which reward flexible consumption, thus making consumers more responsive. Tariffs must be transparent, comparable and clearly explained. It recommended 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.

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. The resolution highlighted the need to facilitate the development of smart grids and appliances which automate the management of energy demand in response to price signals.

Addressing the causes of energy poverty: Parliament called 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 but non-quantitative definition of energy poverty, focusing on the idea that access to affordable energy is a basic social right.

Members insisted 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. They called 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.