

Online Price Comparison Tools (PCTs) in the energy sector – Current status & future developments

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TABLE OF CONTENTS

I. Introduction and relevant framework

II. The Importance of a PCT

III. PCTs key principles - A list of best market practices

IV. Current Status – EU Level

V. RAE's Price Comparison Tool and main objectives

VI. Closing Remarks

I. Introduction and relevant framework

INTRODUCTION

- In July 2012: Council of European Energy Regulators (CEER) published Guidelines of Good Practice (GDP) on Price Comparison Tools (PCTs) and presented a list of 14 recommendations on how comparison tools should function effectively to the benefit of energy customers offering neutral, objective and usable information on available offers.
- Retail energy markets' technological developments, such as smart grids and the "**Clean Energy for all European Package** " **legislative proposals** in November 2016, made CEER to investigate further, whether and how the previous mentioned Guidelines could be enhanced in order to address issues that energy consumers face when approaching and using Comparison Tools (CTs).

INTRODUCTION

- As a result CEER, in December 2017, published the updated *"Guidelines of Good Practice (GDP) on Comparison Tools in the New Energy Market Design"* using the experience of the past five years. These updated guidelines should be considered as a *"list of best market practices"*.
- Target audience: energy suppliers, traders, prosumers, electricity and gas customers, electricity and natural gas industry, customer representative groups, network operators, Member States, academics and other interested parties.
- Keywords: comparison tools, consumer rights, customer protection & empowerment, supplier switching, price, contracts, tariffs, reliability, simplicity, 3rd package, vulnerable consumers.

II. The Importance of a PCT

THE IMPORTANCE OF A PCT

1. Easy access to neutral and objective information on available offers is one of the key elements that can empower electricity and natural gas customers to play an active role in retail markets, enabling them to take advantageous decisions about choosing their new contract, or about whether or not to switch their current contract or provider.
2. A PCT can offer a smart and easy access to this kind of information.
3. It is however crucial to ensure that the PCT is actually functioning well, meaning that customers can trust the Comparison Tool and are able to take advantage of the information and the services that the tool provide.
4. In general, the PCT must exhibit the following characteristics: *independence, transparency, exhaustiveness, clarity and comprehensibility, correctness and accuracy, user – friendliness, accessibility and customer empowerment.*

-Statistical records

- Price comparison web sites used widely throughout the EU – 22% of comparison sites are located in the energy area (March 2017)
Ref: Competition and Markets Authority, (March 2017), Digital comparison tools market study - GOV.UK.
- People aged 25 – 34 were most likely to have used a PCT, with just 7% of this group never having do so.
- Consumers use price comparison websites:
 - ✓ To find the best deal (85%)
 - ✓ To compare prices (83%)
 - ✓ To save money or reduce costs or outgoings (79%)
 - ✓ To view which companies offer products/services they need (69%)
 - ✓ To switch suppliers (67%)
 - ✓ To save time searching and comparing deals (65%)
 - ✓ Identify different types of service/product bundles on offer (54%)
 - ✓ Research products/services or read reviews (47%)
 - ✓ Get general advice on services/products (35%)
 - ✓ Other (2%)

Ref: Study on the coverage, functioning and consumer use of CT and 3rd party verification schemes for such tools (ECEAHC/FWC/2013 85 07) and CEER Public Hearing on Price Comparison Tools 14th March 2012.

III. PCTs key principles – A list of best market practices

PCTs KEY PRINCIPLES (1/4)

1. **INDEPENDENCE**: PCT must be independent of energy supply companies, giving the user a non – discriminatory overview of the market. The provider of a comparison tool should show all information in a consistent way. The best way to achieve this goal can be efficiently defined at national level and could be implemented with the **active role of NRAs** or other public bodies.
2. **TRANSPARENCY**: PCT must present the necessary information in a clear way to customers. Advertisements and/or sponsored products should be separated from the comparison results and clearly identified.
3. **EXHAUSTIVENESS**: All the prices and products covered by the PCT should be shown as a 1st step in the comparison results screen.

PCTs KEY PRINCIPLES (2/4)

4. **CLARITY & COMPREHENSIBILITY**: Costs should always be presented in a way that is clearly understood by the majority of customers, (such as total cost on a yearly basis or on the basis of the unit kWh/price).

Any discounts should be clearly described, specifying when those discounts end; discounts which are subject to conditions or restrictions should be clearly separated from total cost estimation.

Explanations of the different characteristics, access to additional information on cost details and on the methodology used for total cost or potential savings estimation, should also be made available to customers, as second-level information to help them understand their options (for example, fixed or floating price; time of use or flat price, main contractual terms, bundled services or products, origin of energy production etc).

PCTs KEY PRINCIPLES (3/4)

5. **CORRECTNESS & ACCURACY:** Price information used in the comparison should be updated as often as necessary to correctly reflect prices available on the market.
6. **USER-FRIENDLINESS:** Customers should be allowed to introduce their consumption data in a simple and friendly manner. PCT should offer help through default consumption patterns or, preferably, a tool that calculates the approximate consumption, based on information available to the user.
7. **ACCESSIBILITY:** At least one additional communication channel (other than the internet) should be provided free of charge or at minimal cost. Whenever possible, CTs should adapt to the continuing development of technological devices (smart phones, tablets, new gadgets...)

PCTs KEY PRINCIPLES (4/4)

8. **CUSTOMER EMPOWERMENT**: PCT providers should ensure that all the information given to customers is clearly written and presented. They should also offer navigation tools or alternative ranking functionalities. The default ranking should be based on price criteria.
9. **FUTURE DEVELOPMENTS**: PCT should be open to innovation in order to adapt and reflect the evolution of the current energy market, such as implementation of smart metering, electric vehicles, new pricing models and new business models.

IV. Current Status – EU Level

Current Status – EU Level

- ✓ Finland: <http://www.sahkonhinta.fi/>
- ✓ Sweden : <https://www.elpriskollen.se/>
- ✓ Denmark: <http://www.elpristavlen.dk>, <http://www.gasprisguiden.dk/>
- ✓ United Kingdom:
http://www.adviceguide.org.uk/england/consumer_e/consumer_energy_s_u
- ✓ Ireland: <http://www.bonkers.ie/>
- ✓ Netherlands: <http://www.nma.nl/regulering/energie/default.aspx>
- ✓ Belgium: <http://www.brusim.be>, <http://www.vreg.be/doe-de-v-test>,
<http://simulateur.ugr.be>
- ✓ Luxembourg: <http://www.calculix.lu>
- ✓ France: <http://comparateur-offres.energie-info.fr/comparateur-offres-electricite-gaznaturel/criteria.action?profil=particulier>

Current Status – EU Level

- ✓ Spain: <http://www.cnmc.es/eses/energ%C3%ADa/consumidores/comparadordeofertasdeenerg%C3%ADa.aspx>
- ✓ Portugal: <http://www.erse.pt/pt/simuladores/Paginas/Simuladores.aspx>
- ✓ Austria: http://www.e-control.at/de/konsumenten/service-und-beratung/toolbox/tarifkalkulator/tarifkalkulator-application?sav_ref=http://www.e-control.at/de/home&js=1&sw=1024
- ✓ Czech Republic: <http://kalkulator.eru.cz/>
- ✓ Italy: <http://www.autorita.energia.it/it/trovaofferte.htm>
- ✓ Poland: http://ure.gov.pl/ftp/ure-kalkulator/ure/formularz_kalkulator_html.php
- ✓ Slovenia: <http://www.agencija.si/primerjalnik/index.php?/kalkulatorplin/kalkulator/action>
- ✓ N/A: Greece, Cyprus, Malta, Estonia, Romania, Hungary

✓ A PCT example (1/2)

Compare Prices

Does the same company currently supply both your gas & electricity? ? Yes No

[I don't have a supplier or I have just moved in](#)

Your Electricity Supply

Who supplies your electricity?

Electric Ireland ▼

What is your electricity supply region? ? Urban Rural

Do you have an electricity NightSaver meter? ? Yes No

How do you pay your electricity electricity bill? ? Cash / Cheque Direct Debit

Pay As You Go / Pre-payment

✓ A PCT example (2/2)

Compare Prices

What is the name of your current electricity tariff? Standard Domestic Electricity ▾

How much electricity do you use? ? I am not sure - use national average ▾

Your Natural Gas Supply

Who supplies your natural gas? Bord Gáis Energy ▾

How do you pay your gas bill? ? Cash / Cheque Direct Debit

Pay As You Go / Pre-payment

What is the name of your current natural gas tariff? Standard ▾

How much gas do you use? ? I am not sure - use national average ▾

Your Results

How would you like to pay your energy bill? ? Show me all available options ▾

Only show 100% Green choices in your results? ? Yes No

V. RAE's Price Comparison Tool and main objectives

RAEs PRICE COMPARISON TOOL

RAE aims to develop a web application in order to monitor and compare all the available products of the Retail Energy Markets (electricity and natural gas). That application will be separated in three distinct areas and entities.

RAE will publish a relevant Operation Regulatory frame for that service describing the obligations and the rights per entity and distinct area.

- ✓ **Area A:** a public access area, where consumers can be informed for all the available data given by the providers.
- ✓ **Area B:** providers' registration/identification and data entry area. After the completion of the registration and identification process, active providers will be obliged to insert their data automatically through an API (Application Program Interface) or via a predefined format with the Regulator.
- ✓ **Area C:** an internal/intranet area, where Regulator will monitor and manage areas A & B.

RAEs PCT – DRAFT TIMETABLE

PHASE 1

05/2018-10/2018

Detailed design of Areas A, B, C

25/7/2018: 1st workshop with the providers-presentation of main entities and tariff parameters.

Preparation of the relevant Operation Regulatory frame.

PHASE 2

11/2018-02/2019

Public consultation of the tariff parameters and the relevant Operation Regulatory frame.

Trial mode and operation in real conditions (on the job training).

Training seminars for administrators and Users.

Manuals, tutorials and reports on the operation of the trial mode.

PHASE 3

03/2019

IT hosting in the cloud

Technical support of PCT and rectification of any bugs

Help Desk - customer support (until the end of 2019).

Regulation objectives-Closing Remarks

- In contrast to wholesale markets, retail markets are mainly national. EU harmonisation is still in its infancy in this area.
- However, a future shift from large scale production to more renewables-based and local energy communities create new challenges but also opportunities for retail markets.
- By 2030, new markets and technology will probably have changed the energy retail markets fundamentally.
- In this new landscape, consumers need empowerment through clear, comprehensible information and they must be given the opportunity to **compare prices on neutral platforms.**
- **Comparison tools will need a continuous development and evolution** as new technologies such smart metering and time-of-use tariffs are increasingly being offered to customers.

Regulation objectives-Closing Remarks



Feasibility and verifiable



Conditions to investment



Minimize cost and reduce duplication



Consumer empowerment

- RAE in cooperation with other energy participants, works intensively
 - to **empower retail competition**,
 - to serve and protect **low income customers**
 - to **enhance consumer interaction**
 - generally to secure system **reliability** at lower cost, by respecting **European environmental guidelines**.
 - to design a regulatory framework characterized by **effectiveness, predictability, simplicity, fairness** and **consistency**.

Thank you for the attention

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