

# Consumer rights in the UK electricity markets

Presentation to Acquirente Unico  
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# Outline



1. The rights of consumers in the UK's liberalised market.
2. Why these rights are necessary in a competitive market.
3. Price and price protection
4. Market failures
5. The future of regulation

# The rights of consumers in the UK's liberalised market.



- Rights are contained in
  - Statute Gas Act 1986, Electricity Act 1990, Utilities Act 2000
- Licence conditions
  - Suppliers licence
- Company codes of practice
  - “ET charter”

# The rights of consumers in the UK's liberalised market- 2



- Key rights include-
  - Special protection for vulnerable consumers
  - Duty to supply consumers offering a number of payment methods
  - Accurate and timely billing- based on meter readings (at least every two years)
  - Certain guaranteed standards of performance from suppliers and monopoly networks

# Why these rights are necessary in the competitive market.



- Energywatch received complaints 70K complaints in our first year of operation, this year the figure will go over the 120K mark.
- The three largest complaint categories are-
  - Billing (43%)
  - Transfer process (39%)
  - Marketing (15%)
- Energywatch received over 1M phone calls last year

# Price and price protection



- Prices have gone down, though not equally between different classes of consumers
  - 17% for those who switched and 8% for those who did not.
- The removal of price controls was a year too early
  - 40% reduction in wholesale prices as a result of the new electricity trading arrangements were not sufficiently passed on

# Market failures



- Energy suppliers have gone out of business–
  - Independent Energy (could not bill properly)
  - TXU, Enron (parent company went into receivership)
- Energy suppliers miss-sell energy
  - LE/Virgin energy was fined £2M
- At least 33% of transfers were not completed or not completed in a reasonable period of time

# The future of regulation



- The market is highly concentrated
  - Edf, Centrica, RWE, EON have 83% of the energy market
- There is a need for independent organisation to champion consumer issues, disseminate information and resolve complaints.
- Disadvantaged consumers need to benefit from competition
- Regulation will continue and adapt to these new conditions