

Consumer rights in the UK electricity markets

Presentation to Acquirente Unico by Ann Robinson Chair of *energywatch*

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



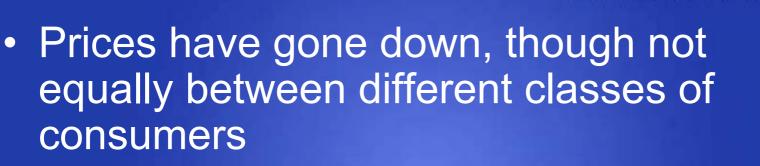
- Key rights include-
 - Special protection for vulnerable consumers
 - Duty to supply consumers offering a number of payment methods
 - Accurate and timely billing- based on meter readings (at least every two years)
 - Certain guaranteed standards of performance from suppliers and monopoly networks

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



17% for those who switched and 8% for those who did not.

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- 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 energywatch



- 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 ulletconditions