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## ACER Consultation on "European Energy Regulation: A Bridge to 2025" Fortum Oyj's Response

### REGISTERED ORGANISATION:

Fortum Oyj ([www.fortum.com](http://www.fortum.com))

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**Register ID number: 03501997362-71**

Thank you for the opportunity to comment on the paper "European Energy Regulation: A Bridge to 2025".

We would like to emphasise the aspects below related to the retail markets (mainly section 3D "REGULATORY IMPACTS: Consumers, retail markets and the role of DSOs").

Otherwise we support the comments of Finnish Energy Industries.

### ACER:

*D REGULATORY IMPACTS: Consumers, retail markets and the role of DSOs*

*Stakeholders strongly argued for protection and empowerment of consumers so that they remain at the heart of retail markets. They explained the need for greater transparency of consumption information whilst protecting and securely managing consumers' personal data and envisaged a role for suppliers to act as a single point of contact for consumers thereby facilitating easier, speedier switching.*

*A core role for DSOs is that of a 'neutral market facilitator' responsible for distribution networks' system and possibly data management. When considering unbundling, the importance of the full implementation of the Third Package rules was highlighted, arguing that regulators should define clearly the relationships between DSOs, other service providers and consumers and develop a clear framework that supports new market players, such as aggregators.*

### Fortum's comment:

We support these key principles and further emphasize the following;

- The single point of contact / supplier centric model is of key importance for a customer driven development of customer service and product, forming the foundation for improvement of the customers' perception and trust for the industry. Smarter use of energy will need packaging of customer friendly services that are easy to buy and use, which require a model where the supplier clearly has the leading role in the customer interface.

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- The DSOs should not participate in commercial operations, competing with stakeholders on the competitive market. Also, full compliance to the unbundling principles should be guaranteed in all relevant areas, to ensure a level playing field and to avoid confusion in the customer interface.
- The main roles and responsibilities for the retailers and DSOs should be the same in all countries, even if there is no need for harmonization of all details on the European retail markets. As an example, the retailer should be responsible for customer interface with regard to billing in all countries, since it a key component of a supplier centric model. Different models would create entry barriers.

#### **ACER:**

##### *Removing barriers in Europe's retail markets*

*3.27 A fully functioning single European energy market should allow for the benefits of cross-border trade to be passed on to retail markets and to consumers in all Member States. Whilst retail markets will continue to be founded on national jurisdictions, suppliers in one country should be able to compete in the retail market in another, in that way enhancing competition at retail level to the benefit of consumers. A useful step towards a pan-EU retail market framework would be to develop a common framework for authorising the activities of individual suppliers and other energy service providers in order to facilitate their entry into another Member States' retail market.*

*3.28 A true assessment of retail markets on the basis of the outcomes created for consumers must be secured. These outcomes should include the levels of consumer confidence in energy markets; the extent to which energy companies deliver value for money; and the ease with which consumers are able to understand and choose between different offers. However, the case for seeking to fully harmonise the design of retail markets (e.g. a Retail Target model) is far less strong than for wholesale markets. Regulators' focus is rather to ensure that there are no barriers to increasing competition in retail markets and no impediments to the benefits of competition reaching consumers. ACER and NRAs will, therefore, focus on identifying any barriers to the entry of suppliers in others' national retail markets and examine how best these can be removed.*

#### **Fortum's comment:**

- We agree that the case for full harmonization of the retail markets isn't as strong as for the wholesale markets. Harmonised detailed rules all over Europe should not be targeted. In order to lower the entry barriers, the roles and responsibilities should be the same. The same mechanisms and principles for supportive functions, such as data hubs for exchange of information between the stakeholders, should be applied. This would also create a good foundation for the evolvement of Pan-European markets for service providers, offering services for e.g. invoicing based on the same overall infrastructure (regardless of some national adaptation needs).

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- In areas with relatively small national markets with large similarities, such as in the Nordics, a higher degree of harmonization and integration should be targeted and facilitated, to achieve advantages of scale. This would boost both the range and quality of the offering and improve cost efficiency, for the benefit of the customer.

**ACER:**

*Role of DSOs (3.31 ... 3.35)*

**Fortum's comment:**

- As earlier stated, we emphasise the DSOs role as neutral market facilitator;
  - leaving the supplier with the main responsibility for the customer interface,
  - not participating in commercial activities in the competitive market,
  - ensuring a level playing field for all commercial players. (E.g. the present situation in Finland and Sweden, where only the local supplier can offer combined invoicing, constitutes an entry barrier and distorts the competition. A market set-up with mandatory combined invoicing and related supporting structures such as data hubs, should be implemented.)
- The unbundling rules should ensure that there is no confusion with regard to the role of the different stakeholders in the customer interface
- The unbundling exemption for undertakings serving less than 100 000 customers should be removed to ensure a level playing field. The significance of the exemption is higher in markets where the number of such companies is high, like in Finland.



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