

ENERGY SOLUTIONS IN INCENTIVISING THE CONSUMER TO MAKE CHOICES THAT OPTIMISE THE ENERGY SYSTEM

Principles from the dialogue with Mr. Dominique Ristori, Director General for Energy and Ms. Anna Colucci, Head of Unit, Retail Markets from the European Commission.

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Energy Solutions Principles

Principles are condensed from the dialogue between the European Commission, the European Parliament and industry as a guide to legislation on how to incentivise the consumer to make choices that optimise the energy system:

- 1. Transparency first:** Consumers need full transparency and frequent information flows about individual energy consumption to empower and “nudge” them to make decisions that optimise the energy system and reduce the overall energy consumption. Only by knowing own consumption patterns can each consumer make the right choices.
- 2. Focus on cost reduction** as the greatest trigger to energy efficiency. Energy efficiency/ savings come from e.g. the living rooms with families as decision-makers. Decision-makers need low-cost tools and information systems to empower them to become active consumers in the energy system.
- 3. Cost-efficient use of digital technologies** should be the focus to ensure that the roll-out is in line with the ambition of sustainable, secure and affordable housing. It requires that standards are favoured within low-cost investments with high cost-efficiency.
- 4. Financial enabling environments for industry – and for consumers** for the public sector not just to choose cheapest solutions but the most cost-efficient solution and for activating consumers across different levels and context within Member States. It requires structure funds to incentivise choices that optimise the energy system.
- 5. Harvest low-hanging potential with ‘sector coupling renovation’ of the public sector** across schools, defence, hospitals etc. Solutions include integration of renewable energy in heating and cooling in buildings.
- 6. Empower the consumer by self-consumption, by enabling them to become active customer** (prosumers), and by removing undue barriers.
- 7. Future-proof grid tariff structure including a fair system cost allocation:** Purely energy based grid tariffs are not a sustainable model for the future; instead grid charges need more dynamic and flexible elements to incentivize active customer behaviour.
- 8. New allocation of system charges/costs needed to enhance decarbonisation of all sectors including heating and transport:** We need to redefine the financing of the energy transition because the competitiveness of electricity as an energy source compared to fossil fuels must be strengthened. The energy transition costs are not allocated fairly at present. Retail prices will also better reflect market prices if system charges and taxes on electricity are reduced.



“The road to hell is paved with good intentions. The road to the Energy Union must be paved by actual results – delivering open and transparent markets, enabling Europeans to contribute to a sustainable energy system.”

Vice President of Energy Solutions, Member of the European Parliament, Mr. Bendtsen (EPP).



“A more holistic approach to energy policy will incentivize consumers to make choices that optimize the energy system with savings in energy, costs and CO2. A holistic approach to energy policy will lead to more independent households, able to make their own decisions on energy needs. The future of energy policy is giving households choices which incentivize savings in costs and CO2.”

Vice President of Energy Solutions, Member of the European Parliament, Mr. Poche (S&D).



"I believe that the Single Market is the EU's greatest achievement. As a Member of the European Parliament and Vice-Chair of the ITRE-Committee, I am working for a fully liberalised European energy market: One that is based on competition and secure supply, in which electricity can flow unrestricted, and where consumers have a real choice and benefit from competitive prices."

Vice President of Energy Solutions, Member of the European Parliament, Mr. Henkel (ECR).



With an end to the overcapacity in the power supply, fair CO2 costs and developed grids, electricity prices will reach levels where renewable energy, including offshore wind, can soon be operated without subsidies. Meanwhile, before these conditions are reached, the further industrialisation requires technology specific support keeping build-out rate of offshore wind at around one turbine per day in Europe. Critical is a strong and reliable Governance Regulation as well as principles for support schemes design spelled out in the revised Renewable Energy Directive.



A European Energy Union that is just and benefits consumers and investors alike must be delivered through a market oriented approach where participants are free to compete and respond to credible price signals for emissions, for energy services and for energy commodities. In such a Union the removal of inconsistencies and barriers that undermines a step up in R&D spending, technology deployment and energy system investments should be a priority. To appropriately target energy efficiency improvements, the distribution of costs and benefits of agreed legislative measures must address social, health and climate change issues in complementary ways.

