

**European Commission,
Directorate-General for Health and
Consumers, B232 02/34
Rue Breydel/Breydelstraat 4
B-1040 Brussels, Belgium**

Subject: Consultation on a market study of the functioning of the retail electricity market for consumers in the European Union

Dear Sirs,

In response to the invitation of DG SANCO for a consultation on a *market study of the functioning of the retail electricity market for consumers in the European Union* as Expressem in the letter of August 26, 2009, please find attached our answers to the questionnaire.

The Energy Trade Association (TOE) was formally established at the end of 2003 and it is a voluntary, permanent and politically neutral association under the Association Law in Poland. The membership includes all leading trading companies, including electricity retailers. We are working closely with all electricity market stakeholders in Poland, strongly including consumers. TOE mission includes:

- Actively support the development of a competitive energy market;
- Promote the rules and standards of energy and fuel trade;
- Engage in publication and communications regarding the sectoral issues, especially disseminate information on the competitive energy and fuel market opportunities for all stakeholders;
- Develop and promote ethical standards in the area of energy and fuel trade;
- Represent socially and economically relevant interests of the energy and fuel trade sector vis-a-vis government administration and other trade organisations.

For further information on TOE please go to www.toe.pl.

Given the areas of our focus, we very much welcome the Study and look forward to the consultation results and we are more than happy to take an active role in the process.

Our response to the questions in the framework of the Consultation on a market study of the functioning of the retail electricity market for consumers in the European Union:

Q1 – Which of the issues listed in the box above do you consider the most problematic for consumers? (Please list a maximum of 5 issues in order of importance, starting with the most relevant issue)

The most problematic issues for Polish electricity consumers (in the context of the market instruments and operation) are:

- 1) Awareness: of consumer rights, price (per kWh);
- 2) Contract terms: accessible and understandable information about cancelling contracts, price increases, awareness of terms, fairness of terms;
- 3) Billing: billing practices, payment methods, accuracy, access to and understanding of information;
- 4) General consumer attitudes: dealings with providers, trends (e.g. towards sustainable or reduced consumption), vulnerable consumers;
- 5) Switching: awareness of offers, transparency and comparability of offers, barriers to switching, best practices;

Q2 – What additional issues (not listed in the box above) should the study of the retail electricity market address?

Additional issues which should be addressed by the Study are:

- i) Tariffs: seller's obligation to seek approval of energy sales tariffs by the Regulator (in Poland that is the President of URE [Energy Regulation Authority]) versus a competitive electricity market;
- ii) Levels of electricity price for consumers versus consumer behaviour;
- iii) Competitive offers in consolidated markets (with one or several dominant retailers);
- iv) Role and responsibilities of the Regulator in a competitive retail electricity market;
- v) Online capabilities and adoption levels: retailer websites, electronic mail, generally accessible price/tariff calculators etc. Communication with consumers, lead generation and customer acquisition, quotation, contracting and business partnerships

Q3 – Do you have any data or information that the Commission could use as input into the study? If yes, please provide references or other info. We also welcome opinions on anything you consider relevant in the frame of this study.

We believe the following publications may be helpful to understand the development of Poland's competitive retail electricity market:

- [1] *Praca zbiorowa: Docelowy model rynku energii elektrycznej* (rozdział 4. Rynek detaliczny) [*Collective paper. The Target Electricity Market Model* (Chapter 4, Retail Market)]. TOE. Warsaw, October 2007, available at www.toe.pl;

- [2] *URE President Performance Reports for 2008*. URE Bulletin 3/2009 Warsaw, May 4, 2009;
- [3] *Praca zbiorowa: Rynek energii elektrycznej w Polsce - stan na 31 marca 2009 r. Raport TOE [Collective Paper: Electricity Market in Poland – status as of March 31, 2009. TOE Report]*. Warsaw, April 30 2009 r., available at www.toe.pl (English version available)
- [4] Kulesa M.: *Rynek energii elektrycznej w Polsce 2009/2010. Przełom czy stagnacja? [Electricity Market in Poland 2009/2010. Breakthrough or Stagnation]* AKNET, Polskie Elektrownie. Kraków, September 2009., available at www.toe.pl (English version available)
- [5] *Informacja uzupełniająca Prezesa URE w sprawie warunków i perspektyw zwolnienia przedsiębiorstw obrotu z obowiązku zatwierdzania taryf na obrót energią elektryczną dla odbiorców w gospodarstwach domowych i jej przewidywanych skutków [Supplementary Information from URE President on the Prospects and Conditions to Exempt Trading Companies from Compulsory Retail Electricity Tariff Approval and Policy Impacts]*. URE, Warsaw, September 1, 2009, available at www.ure.gov.pl

Sincerely yours,



Director TOE