



**CONCERTED ACTION
ENERGY EFFICIENCY
DIRECTIVE**

Billing Information Requirements

Executive Summary 3.4

Metering and Billing

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1 Summary

The main objective of an energy bill is to provide information to the consumer about the consumed energy to be paid. In many Member States (MS) the yearly bill has the function of a statement of used energy and (pre) payments. Since the liberalisation of the market, it is possible for consumers to switch between suppliers and as a consequence bills are gaining several other functions. Bills have in many cases been improved to help make consumers better understand their energy usage and costs. Consumers could use their bill to make switching decisions (or negotiate better tariffs) and to assess their consumption levels. Therefore, the bill can be one of the most powerful tools to help consumers manage their consumption and to act in the liberalised retail market.

Despite these new opportunities, the main objective of a bill is still and will always be for 'payment by customers'. Therefore, a bill may not be the best available tool or instrument to create awareness among consumers about consumption and energy efficiency. Billing information, such as information based on actual usage, may be needed more frequently and presented in a different way to increase the consumers' awareness about energy efficiency potential.

The Energy Efficiency Directive (EED) defines that Member States (MS) shall ensure, by 31st December 2014, that billing information is accurate and based on actual consumption. In accordance with paragraph 1.1 of annex VII, this applies to all sectors covered by the Directive, including energy distributors, distribution system operators and retail energy sales companies. This requires that billing information should be made available at least quarterly upon request or where customers have chosen electronic billing, otherwise it should be provided twice a year. Under article 10(1), these minimum requirements do not need to be followed if it is not "technically possible and economically justified" (Figure 1).

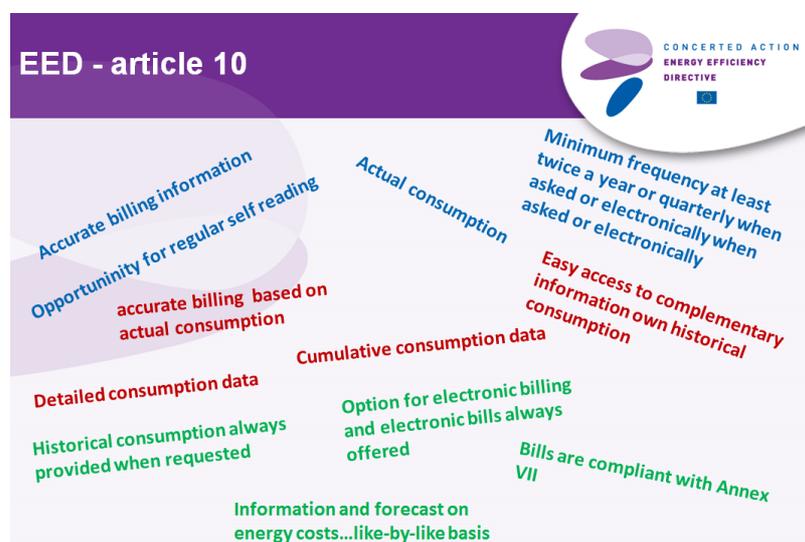


Figure 1 - EED minimum requirements - Article 10

Although defined in the article 10, EED gives MS the freedom to choose new minimum requirement indicators to include in the "billing information".

It is simpler to meet the Article 10 and annex VII requirements in the electricity sector, however in the gas sector there are many situations where billing on actual consumption is not "technically possible and economically justified".

In this discussion it is important to remember that article 11(1) requires MS to ensure that final customers receive all their consumption data as well as bills and billing information free of charge.

2 Recommendations/Conclusions

Undoubtedly, the most important conclusion of this report is that EED allows some freedom in the implementation of the concept of “billing information”, mainly in the type of indicators used for each MS.

The difficulties presented by MS are regarding the interpretation of the difference between the terms "billing" and "billing information". The distinction between bills and billing information concepts can be obtained based on Article 10(3) (d) where it is stated that:

- Bills - carry the obligation to settle the due amount
- Billing information - do not carry this obligation, but will normally contain the same information

It is important to note that “billing information” can be made available together with the bill or separately. Naturally, “billing information” needs to be based on actual consumption. Its primary objective is to assist the final consumer by providing a comparison between the current energy consumption and the amount consumed during the same period in the previous year. This can also be done through an alternative indicator freely chosen by each MS, which should be graphically represented.

As previously stated, article 10 gives MS the freedom to choose new indicators to include in the "billing information". In this context, the three most important minimum requirements identified by MS during this research are:

- Comparison of current energy consumption with the amount consumed during the same period in the previous year
- Comparison with energy use of a similar consumer, for example one neighbour (indicator used in the USA) or some benchmarking tool (for example standard consumers or even the consumption corrected to take into account the heating and cooling degree days)
- All types of energy should be presented in the same units (kWh) to facilitate the comparison of different types of energy

Despite the efforts that have been made in recent years, the gas sector continues to have cases where it is not technically possible or economically justified to provide all customers with quarterly billing information based on actual consumption. However, the expectation is that it will become easier to plan the best way to overcome this difficulty and learn from the maturity and experiences of the electricity sector.

In the context of heating or cooling or domestic hot water, article 9(3) requires that individual consumption meters/heat cost allocators for measuring individual consumption of heating or cooling or domestic hot water must be installed in multi-apartment buildings by 31st December 2016. In these cases therefore, the implementation of the obligation to provide accurate billing information based on actual consumption in line with article 10(1) does not have to take place before the implementation article 9(3), i.e. by 31st December 2016 at the latest.

Another conclusion is that each MS should be free to create the most efficient billing model taking into consideration the characteristics and peculiarities of the energy system and energy market in their country. However, the creation of minimum indicators that should be part of “billing information”, as well as the clarification of the purpose of the "billing information" concept according to article 10 and annex VII EED, will be beneficial for all MS.

3 Practical Example

A yearly bill based on actual consumption is a reality for almost all consumers in each MS. In some cases, especially where smart metering is available to final consumers, billing based on actual consumption is provided on a monthly basis.

One option to help consumers understand their energy consumption is to educate them through meter self-reading. Norway gave an excellent example of what the concept of “billing information” is in the EED context. The Norwegian energy sector provides online software for consumers to log their energy usage through meter self-reading. The software instantly delivers a graph to the consumer comparing their actual consumption with the same period last year. The consumer can provide their electricity meter reading in two different ways:

- Website (see Figure 2)
- Smartphone App (see Figure 3)

To motivate consumers to participate in this programme, each month the network/grid-company sends an SMS to remind them to do submit their meter reading either online or via the App.



Figure 2 – Website example – Consumption Graph

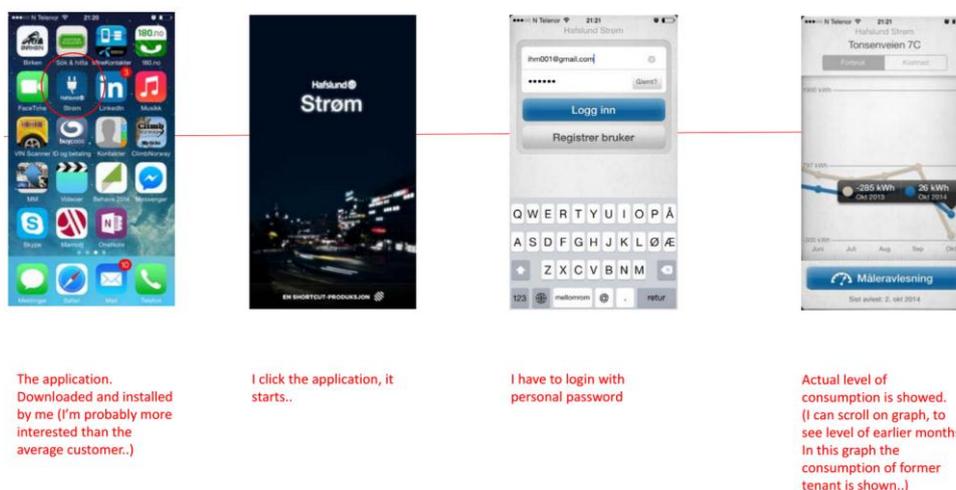


Figure 3 - Smartphone example - Login and Consumption Graph

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For further information please visit www.ca-eed.eu or contact the CA EED Coordinator Lucinda Maclagan at lucinda.maclagan@rvo.nl



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