



# **Supplier switching in the Nordic countries – inspiration for Iceland**

Lars Olav Fosse

Adviser

Norwegian Water Resource and Energy  
Directorate



# Structure of the presentation

- NordREG work
- NordREG Customer Switching Working Group Report
  - Best practice for supplier switching
  - Recommendations
- New Retail Market Group and NVE's work on a new model for supplier switching



# Nordic co-operation

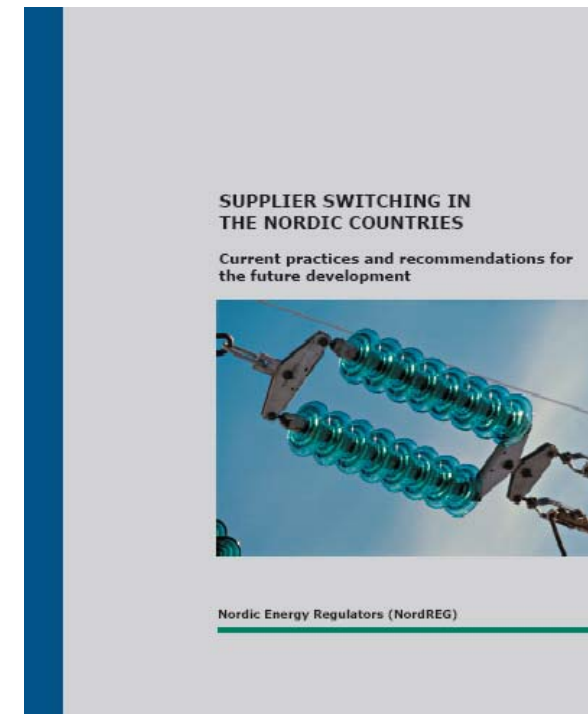
- Forum of Nordic Energy Regulators (FNER) established 2002
- Nordic Energy Regulators (NordREG) 9.6.2005
- Rotating chairmanship (1 year)
- Published Work Programme for 2005





# Customer switching group

- Strategic objective:
  - A truly common Nordic retail market with free choice of supplier
- The task of the Working Group:
  - To develop easy and harmonised procedures for all customers switching supplier







# Issues reviewed

- metering requirements for electricity users
- load profile systems used
- change of supplier fees, if any
- information management
- standard format for the exchange of data
- obligations on network operators regarding supplier switching
- data on switching activity

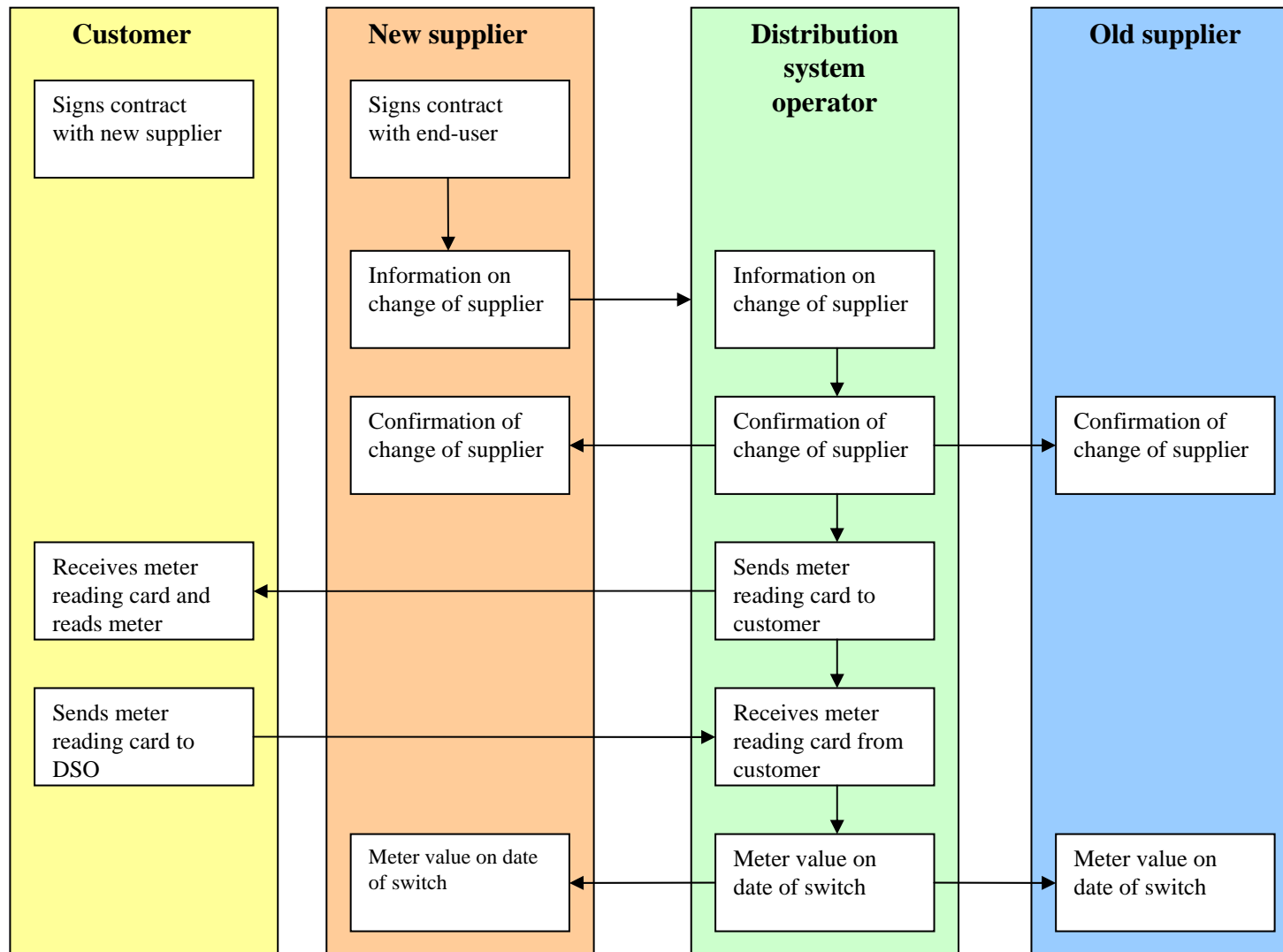


# Best practice proposition

- An efficient model for supplier switching
- Standard contracts
- Price transparency
- No obstacles for switching
- Customer protection
- Information on switching activity



# The model for supplier switching





# Standard contracts

- In order to compare prices between different suppliers, you need standard contracts:
  - Fixed price contracts
  - Floating/spot price
  - Spot price with roof
- But the suppliers should also be encouraged to do product innovation.







# Price transparency

Konkurransetilsynet  
Norwegian Competition Authority

Telefon 22 40 09 00  
post@konkurransetilsynet.no  
Kontakt Konkurransetilsynet

Søk

English Veiviser Kontakt Spørsmål Lenker

Priser  
Fast pris  
Standard kraftpris  
og markedskraftpris  
Leverandør-info  
Spørsmål og svar  
Leverandørskjema  
Årsavregning  
Årsregulering  
Saker  
Reguleringer  
Aktiviteter  
Publiseringer  
Tilgjengelighet

en

Fusjon  
oppkjøp

Reguleringer og oppkjøp

OFSA

Kraftprisene

Reguleringer

Publiseringer

## Laveste kraftpriser, onsdag: Oslo

Oversikten viser prisen til de tre rimeligste leverandørene for levering av kraft for tiden. Alle priser er oppgitt for et forbruk på **20 000 kWh** øre pr. kWh og inkluderer moms (med unntak av Nord-Norge). Fra 2004 er prisene inkludert moms (med unntak av Nord-Norge).

Prisene for markedskraft (spotpris) og standard variabel kraftpris gjelder fra uke 47.

Gå til [hjelp og forklaring](#).

Påslaget for markedskraft (spotpris) angir marginen leverandøren tar i tillegg til spotprisen som bestemmes på kraftbørsen [Nord Pool](#). Standard variabel kraftpris har utgangspunkt i den enkelte leverandørs skjønn og markedsforventninger.

Fastprisen kan du binde for 1 eller 3 år, og oversikten viser den prisen du kan oppnå ved å skifte leverandør i dag.

	Standard variabel pris	Påslag markedskraft (spotpris)	1-års fastpris	3-års fastpris
1	<b>SEA Norge AS</b> 27,83 øre/kWh	<b>Noextras.net fra Forbrukerkraft</b> 1,17 øre/kWh	<b>TrønderEnergi Kraft AS</b> 37,25 øre/kWh	<b>SKS KraftSalg AS</b> 37,50 øre/kWh
2	<b>Telinet Energi AS</b> 27,95 øre/kWh	<b>SEA Norge AS</b> 1,20 øre/kWh	<b>SKS KraftSalg AS</b> 37,50 øre/kWh	<b>Ustekveikja Energi AS</b> 37,67 øre/kWh
3	<b>Midt Kraft Buskerud AS</b> 33,05 øre/kWh	<b>Hydro Texaco</b> 1,56 øre/kWh	<b>Ustekveikja Energi AS</b> 37,59 øre/kWh	<b>Hydro Texaco</b> 37,90 øre/kWh
	<a href="#">Vis full oversikt</a>	<a href="#">Vis full oversikt</a>	<a href="#">Vis full oversikt</a>	<a href="#">Vis full oversikt</a>
	2005 uke 47 <a href="#">Info om standard variabel avtale</a>	2005 uke 47 <a href="#">Info om markedskraftavtale (spotprisavtale)</a>	2005 uke 45 <a href="#">Info om fastprisavtale</a>	2005 uke 45 <a href="#">Info om fastprisavtale</a>

Velg visning

År 2005

Kommune Oslo

Vis kraftpriser



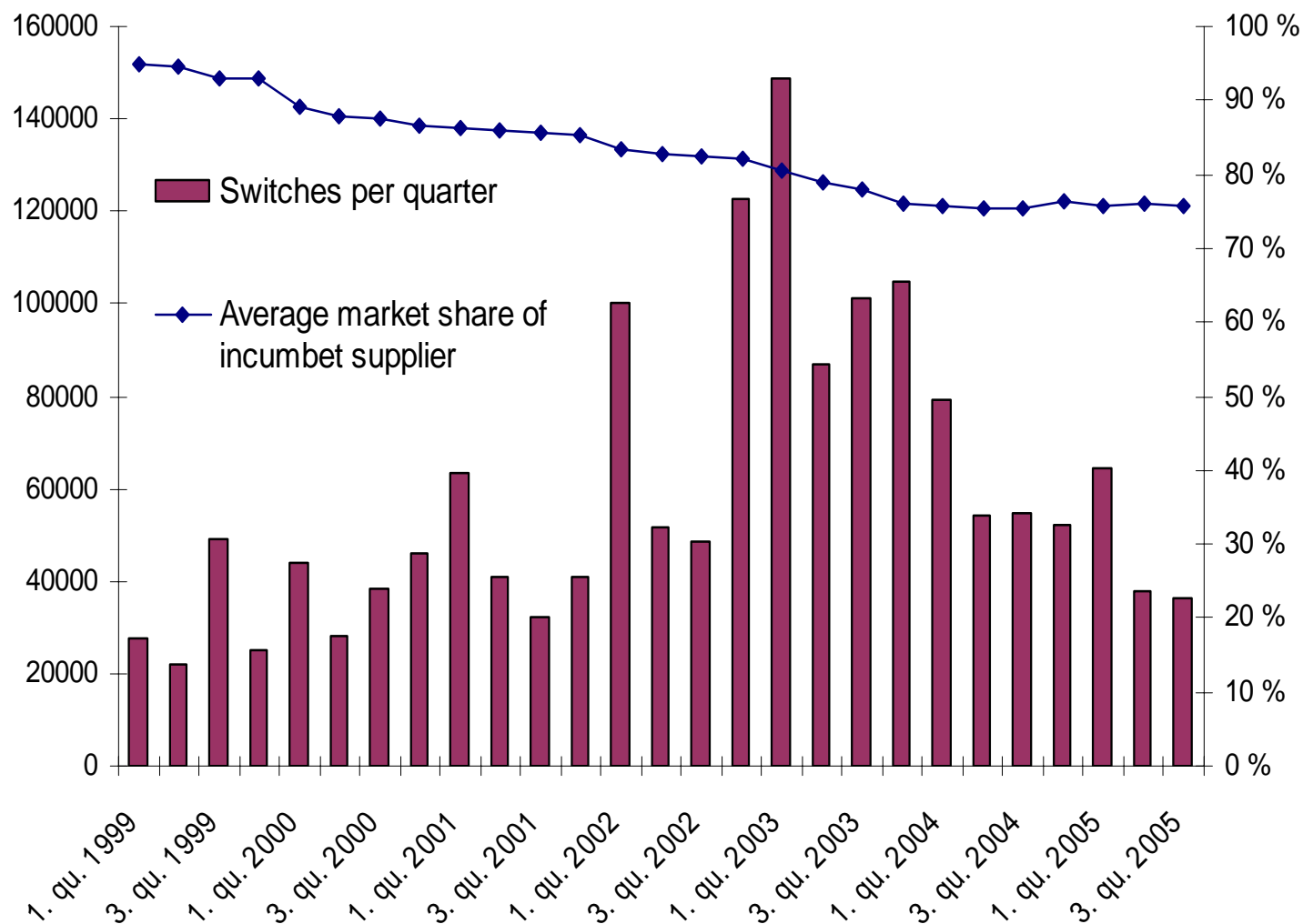
## No obstacles to switching and customer protection

- No fees
- Unlimited switching
- Suppliers free to supply in any grid area
- Switch to take place within reasonable time
- Switching process easy to understand
- Supplier of last resort and dispute settlement





# Information on switching activity





# Recommendations (1)

- Co-ordination needed to obtain better statistics on both prices and contracts to ensure better and continuous comparison of prices across the Nordic countries.
- To increase price transparency, it would be preferable to have common standard contracts.
- The systems of default supplier/supplier of last resort as well as retail supply price regulation and supervision could be further elaborated.



## Recommendations (2)

- It is advisable that all Nordic countries provide small electricity users with a well-functioning and comprehensive price comparison system
- It is important that the switching procedure is easy with a minimum risk of mistakes
- EAN codes to identify metering points should be studied further
- Itemization of electricity bills could be reviewed to identify good practices in this area





## Recommendations (3)

- Clear and specific rules or regulations stating about the information handling of DSOs should be enforced to ensure that no particular supplier is given a competitive advantage
- Common rules on supplier switching
- Issues like access to regional databases on metering ID and meter values should also be discussed



## Recommendations (4)

- Common understanding on the definitions of switching and a common statistical definition/methodology
- Nordic energy regulators should in co-operation with national competition authorities monitor competition in the Nordic retail markets



# Retail market working group


- Starting point: Customer switching report.
- Focus: Regulatory, commercial and technical obstacles to a common market.
- External consultant and interviews with supplier.
- Co-operation with the business
- Report to be delivered to the Nordic council 1 March 2006.





## New model for supplier switching?

- Start of project January 2006
- Starting point: Report from EBL
- Reduce manual work to a minimum.
- Co-operation with the business
- Switches within one week or less?
- Web based system for verification of meter-ID and address?
- More responsibility on the supplier?
  
- Maybe we could come to Iceland next year for another presentation?



Thank you for your attention and  
for inviting me to Iceland