Energi market in Norway – focus on the retail market

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Retail energy market in Norway – status and challenges

- The market opens up for Industrial customers from 1991
- Small Industrial customers in the market since 1993
- Market opens for houshold customers from 1997 – 98.
- The retail market in Norway is a welfunctioning market according to the physical and legal framework. (NVE 2005, Competetion Authority 2004).
- But improvments are possible:

- Customer switching, marketing procedures, automatic metering and flexible billing systems.

- Converging of national rules in an European market can reduce system an technology costs in a larger retail market.

- Competetion on prices – yes ! But customer service and quality on delivery must be in focus.

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Customer switching – experiences and challenges in the Norwegian retail market

- The role of the Supplier
- The role of the Customer
- The role of the Distribusion company

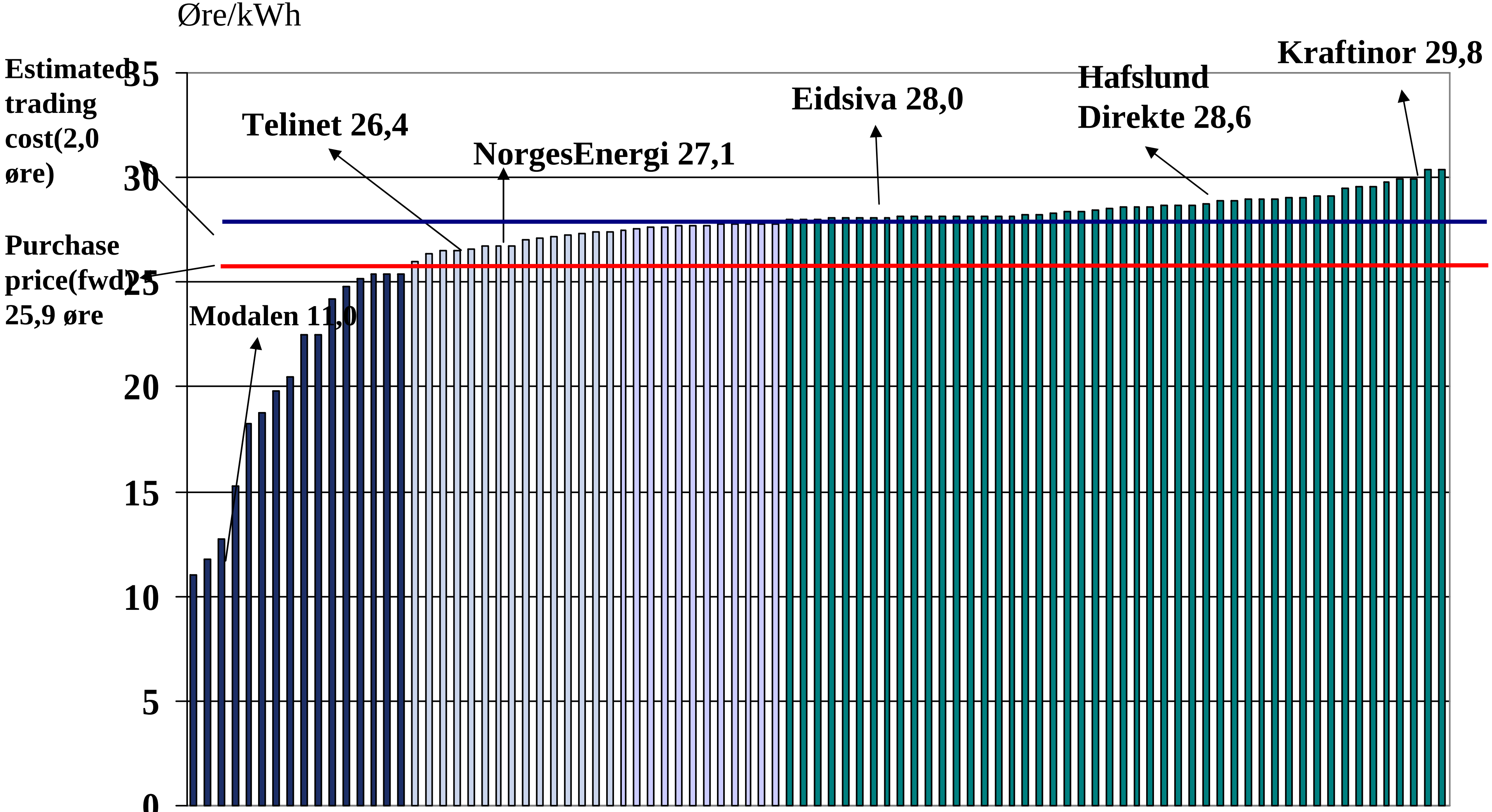
Statistics

- In the year 2000 50 % of the customers had very poor knownlegde about the contract with the supplier
- In 2004 this had changed. Only 8 % of the customers could not describe the power contract
- In 2004 44 % of the customers have changed supplier one or more times since market opening.
- In 2004 35 % of the customers have changed the type of contract (spot, fixed or market price) since market opening.

Power prices to households in 2004

(Kilde : Pareto)

All suppliers on the official list for benchmark of retail prices2004



The role of the Supplier

- Marketing and sale to consumers / household customers are regulated i different laws and agreements:

- General Rules for competition, Competition ath. (KT)

- General Rules for Consumers rights, Consumers ath.(FO)

- Specific prescriptions made by regulator, (NVE.)

- Standard contracts for the 3 main products, agreement between EBL – FO .

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Information

- Suppliers marketing channels:
- Internet, direct mail, advertising in newspaper, televison and radio,(SMS ?).
- Prices are continously benchmarked on national level and published on internet by Comp. Auth.
- DSOs are obligated to inform in direct letters about suppliers that are active in the grid area.
- From 2006 EBL has recomended improvements in information about prices from the DSO in the role as supplier of last resort

The role of the DSO / grid company

- Information to all customers about suppliers
- Purchase and sell energy to customers without suppliers in the grid area, (Supplier of last resort)
- Metering and accounting
- Metering values and accounting information and service to suppliers.

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The role of the Customer

- Make a choice between several offers from suppliers
- Sign the contract with the new supplier
- Read the meter.
- The customer must give the supplier the id number for the delivery point to change supplier.

What is the focus in the rules of today

- Competition on best price
- Regulation and neutrality in the monopoly
- Correct and well organized market handling by the DSO
- Customers rights in general

To improve the marketfunctions the rules also should focus on the Customers demand for

- Safety and predictability
- Simplicity and flexibility.
- Confidence to the energymarket in general.
- Individual and quick use of sanctions against players that violate the framework.

How can we improve the marketfunctions within reasonable costs for the Customers, the Companies and the Society?

- The focus should be on the Customers demand:

- Balanced rules for Customer switching (CUS) - means quick response when customer decides to switch to another supplier.

- The new supplier should be responsible for CUS – means there should be only a technical controll of delivery point and metering from the DSO.

- Automatic meterreading and automatic systems for handling of meter values (AMM)

- Code of conduct for suppliers and DSOs

EBL propose:

CUS should be done within 14 days respite from 2006, and with options for better solutions. (Eurelectric recommendations)

Accurate metering (AMM) should be introduced and flexibility in billing systems should be better

Code of Conduct – to improve the quality and quantity in Customer services and marketing.

The Companies should offer a single point of contact for the Customer