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A common market

The full benefits of these policies will not be realised if we do not change the way in which energy supplies are distributed to their final users. Traditionally, in EU countries, both domestic and commercial customers have been restricted to a monopoly supplier to obtain gas or electricity. Moreover, these suppliers have operated on a national or regional basis, leaving customers no choice.

Since the mid-1990s, the EU has phased in open markets for energy supplies, lowering the barriers to suppliers and promoting choice for customers. As with goods which can now be moved and traded freely throughout the EU, energy supply services can now be offered in a common European market.

The market to supply major consumers – industrial and institutional users – has already been opened for several years. From July 2004, the market in all EU countries has been opened up for all other non-domestic users. In July 2007, this will extend to domestic users too.

Some countries have already opened up the market for domestic users, and the others now have to catch up, as the EU is creating a single market where competition will be on an equal basis.

More information

To find out about the opening of energy markets in your country, you may contact the regulator or consumers' associations there.

Useful links to national websites may be found at the sites listed below:

For electricity:

http://europa.eu.int/comm/energy/electricity/links/index_en.htm

For natural gas:

http://europa.eu.int/comm/energy/gas/links/index_en.htm

For further information we can be contacted at:

http://europa.eu.int/comm/energy_transport/request_form/index_en.cfm

The European Commission's Directorate-General for Energy and Transport develops and implements policy in these closely linked areas. The 2000 Green Paper *Towards a European strategy for the security of energy supply* analysed Europe's structural weaknesses in this field: energy consumption is rising, while the EU is becoming increasingly dependent on external sources of energy. At the same time, to respect its commitments under the Kyoto Protocol, the EU must reduce its production of greenhouse gases. The Green Paper proposes a strategy to reduce energy consumption in Europe, through improved energy efficiency, and to increase the use of renewable energy sources. Opening up the internal energy market throughout the EU is a key component in addressing all these goals. Furthermore, it should improve all-round services for European citizens and industry alike.

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YOUR POWER TO CHOOSE



The European Union promotes freedom of energy supplies




Directorate-General
for Energy and Transport


EUROPEAN
COMMISSION



Efficient energy for all

You now have a choice. Recent European Union legislation means that, from July 2007 at the latest, all consumers will be free to shop around for gas and electricity supplies. Your current supplier will no longer be your only choice.

This is just one component of the EU's energy policy, which seeks to ensure that all of us can rely on safe, affordable and sustainable energy supplies which cause the least damage to our environment.

- EU policies aim, in particular, to reduce our dependence on oil and gas imported from outside the Union, by encouraging greater use of renewable, cleaner energy sources available within our own borders.
- The EU also encourages the use of energy-efficiency measures and technologies to reduce our energy consumption.
- At the same time, the Union is working to ensure that infrastructure, such as electricity and gas transmission networks, is improved, to transport energy as efficiently as possible to where it is needed.

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Open markets and you

Small-business customers can now, as of July 2004, choose from different suppliers in their market. Should you change? What are the benefits, and the drawbacks?

WHY CHANGE?

A choice of suppliers means you can shop around to find the deal that best suits your needs: a package with a single monthly bill, cheaper off-peak rates, a fixed price, direct debit facilities, dual fuel coverage ... The more suppliers there are in the market, the more the possibilities. And once it has competitors, your current supplier is very likely to introduce new and better deals too. However, nobody has to change at all if they do not wish to.

WILL IT BE CHEAPER?

There is no guarantee that you will save money overnight just by changing energy supplier – prices also vary for other reasons – but competition in the marketplace will certainly help hold prices down.

IS IT COMPLICATED TO CHANGE?

No, it is a simple process – you do not need new cables or pipes installed, and your new supplier will take care of the details once you have signed your contract with them. You can always change again or change back if you are not satisfied.

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WILL MORE SUPPLIERS MEAN MORE ENVIRONMENTAL DAMAGE?

Suppliers are separate from producers, so they are free to purchase electricity or gas from whichever producer they wish. This means that Europe's energy resources will be more efficiently distributed.

Furthermore, because your supplier now has to indicate the source of their energy on their bills, you can choose the most environmentally friendly supplier. You may even choose suppliers which only use renewable energy sources.

WILL NEW SUPPLIERS BE LESS RELIABLE?

The infrastructure is separate from the supply companies and all will use the same pipes and wires – so you will not notice any difference. Regulators have been established in each EU country to ensure that suppliers operate correctly and provide the services promised to their customers.

WHERE DO YOU FIND A NEW SUPPLIER?

New suppliers will not all start up straight away – that will depend on each market. You will probably see marketing campaigns by new suppliers, but you can also contact the consumers' associations in your country to identify alternative suppliers.

WHAT ABOUT ENERGY FOR YOUR HOME?

These new arrangements apply only to industrial and other non-domestic users, but, from July 2007, they will also apply to all domestic users too. However, in some EU countries full competition has already started and consumers there are already benefiting from greater choice.