



# Energy Connections:

## Engaging the consumer in building stronger systems

A report from ICER Virtual Working Group 3



# The Nature of the Initiative

- VWG3's commitment within the 2012-2015 ICER Work plan.
- To explore the manner in which regulators engage and protect consumers in various market frameworks



# The Methodology

- Commenced with the development of a survey questionnaire for National Regulatory Authorities.
- Deeper case studies were solicited from respondents
- Six case studies were received and an overarching observations report was developed



# The Contributors

- E-Control Austria
- The Australian Energy Regulator (AER)
- The Italian Authority of Electricity and Gas (AEEGSI)
- The Netherlands Authority for Consumers and Markets (ACM)
- An overview of USA regulatory activity, provided by the Office of the Consumer Advocate of Wyoming
- The Ontario Energy Board, a provincial regulator in Canada



# The changing public environment

- Generally, consumers have become very empowered with the availability knowledge related to most consumer goods and services.
- The same level of empowerment does not exist in the energy sector.
- The complexities of how prices for consumers are derived inhibits consumers from making informed choices and impairs the effectiveness of markets.



# Building awareness of the regulator

- Most case studies indicate that regulators are raising awareness of their existence and doing so, making consumers aware of their rights and choices.
- Engagement is not a process with a beginning and an end, but an ongoing effort with well defined objectives.



# Speaking a common language with consumers

- “the curse of knowledge”. A regulator’s deep level of expertise can make it difficult to effectively communicate with the less informed.
- The use of plain language and disuse of jargon is a common approach to raising energy literacy.



# Having knowledge enables choice

- There is an inherent fear of making choices that can lead to unknown consequences.
- Many of the case studies illustrate how regulators are proactively reducing the fear of making a bad choice by ensuring proper price comparisons are available to consumers.





# Bringing the consumer into the regulatory process

- The complexity of the energy market and its network cost drivers have made it difficult for consumers to participate meaningfully.
- It takes effort to get consumers engaged—simply posting notices of hearings or consultations is not likely to successfully solicit input.



# Enforcement, compliance and conflict resolution

- Engagement may ensure understanding.
- Empowerment may lead to more choices being made
- Enforcement, and fair results when rules are not followed builds credibility in the system.
- Considerable efforts are made to ensure this outcome is expected and delivered



# Tackling energy poverty

- All case study contributors dealt with the subject matter. Common appreciation of the importance of holistic approach with other social programs.
- All of the engagement and empowerment activities of regulators require special consideration in terms of effectiveness for those experiencing energy poverty. Outreach should be tailored to those who do not use common communication channels.



# Conclusions

- Engagement, empowerment and protection activities are more likely to succeed with an energy literate consumer.
- Initiatives designed to accomplish regulatory policies are best considered part of an ongoing process as opposed to a project. Continuous improvement through assessments of what works well and what does not is essential.
- We all have a lot to learn from each others stories and the case study compilation approach works well.



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