



ENERGY TRANSITION IN BRIEF

AN ELECTRICITY BILL THAT TELLS CONSUMERS ALL THEY NEED TO KNOW



Germany applies very high standards to the transparency of electricity bills. Consumers need to be able to exactly understand where their money goes and how this helps move forward the energy transition.

An overwhelming majority of the German population backs the energy transition. Surveys show that Germans are willing to pay more for electricity if this helps protect the climate. Nonetheless, private consumers want to and need to be able to understand what they are paying for. The energy transition must not become a smokescreen for illicit price increases. We need to ensure that the costs and prices linked to the energy transition are as transparent as possible so as to ensure that citizens continue to support the necessary transformation of our energy supply.



(Source: Shutterstock)

Electricity bills help consumers understand electricity prices

In order to ensure transparency and protect consumers, German legislation sets out far-reaching requirements for the bills energy providers send to their customers. All bills need to be easy to understand and contain all the relevant price elements and other important information such as termination dates, consumption values, initial and final meter readings and payment options and relevant customer rights. In addition, energy providers need to provide information about the sources the electricity comes from and the size of the statutory price components in an annex to the electricity bill.

What is the amount of grid charges that consumers pay for grid usage and expansion? How does the energy mix break down? What impact does the electricity used have

on the environment (CO₂ emissions, radioactive waste)? Consumers need to find the answers to all of these questions on their electricity bill. For comparison, the corresponding average values for electricity generation in Germany are also included in the bill. The Bundesnetzagentur assesses whether the electricity labelling information is correct.

Energy providers need to respond to consumers' complaints about their electricity bill within a set amount of time. If the two sides can't reach an agreement, consumers can call upon an arbitration board. The arbitration board is an independent and neutral body that is co-financed by the Federation of German Consumer Organisations and the energy-focused business associations. The arbitration board seeks to help the parties settle their dispute amicably without calling upon a court. Private consumers can use the services of the arbitration board free of charge.

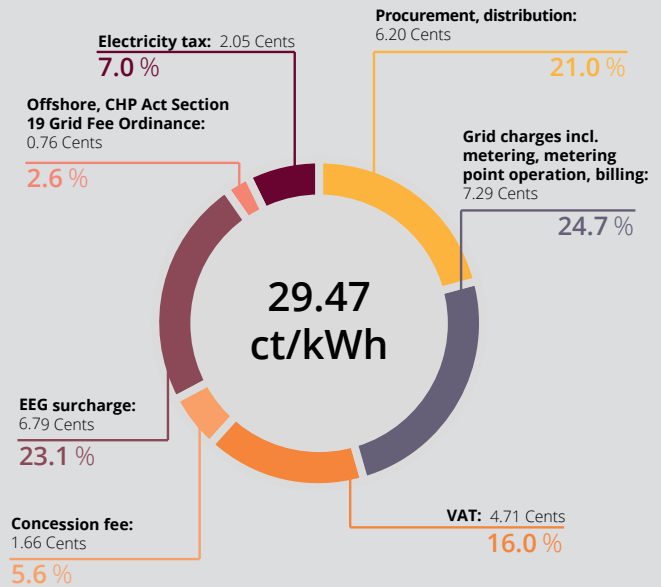
Additional services

Consumers can make use of a wide range of additional services to obtain information about the energy transition and the costs associated with it. For example, the four transmission system operators regularly publish information about how they calculate the EEG surcharge and the scientific studies and expert opinions underlying these calculations on www.netztransparenz.de.

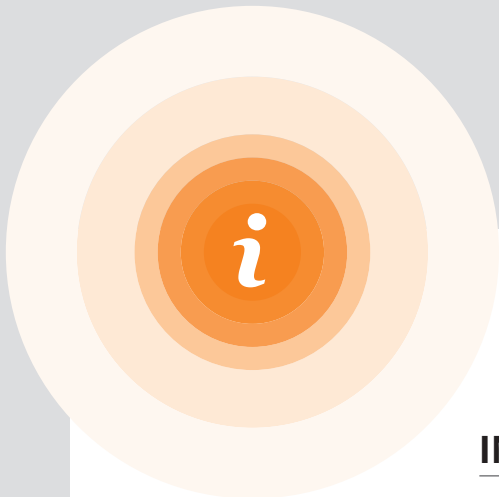
In addition, the Federal Ministry for Economic Affairs and Energy provides a number of information services. For example, the Ministry looks at different indicators to analyse the affordability of the energy transition as part of its Energy of the Future monitoring process. Taken together, these indicators provide a good overview of where Germany stands on the energy transition, whilst taking account of the complexity of the issue. The indicators include average annual private household energy spending (see diagram), average private household electricity prices, consumer prices for fuel oil and gas and electricity exchange prices.

Diagram: Average household electricity price in Germany in 2018*

Source: Own calculation based on data from BDEW



* Annual consumption of 3,500 kWh



IN BRIEF



What can private consumers do in cases of price increases?

Energy providers need to inform consumers about upcoming price increases in time – this means before the end of the regular billing period or sooner. Subsequent to a price increase, consumers have the right to terminate the contract with their energy provider immediately, irrespective of when the contract actually ends. This also applies in cases where price increases are due to a rise in taxes, fees or surcharges. Energy users who need advice or require dispute settlement services can turn to the independent arbitration board – Energie e.V. The Energie e.V. arbitration board was established in 2011 to help consumers and energy providers settle disputes amicably and without involving a court (<https://www.schlichtungsstelle-energie.de/>). Energie e.V. is an independent body which is co-financed by the Federation of German Consumer Organisation and the energy-focused business associations.

What are demand-based tariffs and time-of-use tariffs and what are they used for?

Electricity providers are required to offer their customers at least one demand-based or time-of-use tariff. Time-of-use tariffs mean that electricity costs different prices at different times of the day. Demand-based tariffs mean that customers pay less at times of little demand and low grid utilisation. These tariffs are to encourage consumers to save costs by shifting demand to off-peak hours. Demand-based tariffs and tariffs that are used across more than two time zones require smart meters and smart devices that automatically respond to price signals. In a renewables-based system, demand-side management can help rebalance fluctuations in supply and contribute to the success of the energy transition.