

## Energy market statistics

Disclaimer: The graphs below show data available in the EU Building Stock Observatory: a country not represented only means data was not available for this specific country.

### Liberalisation of the energy market (electricity and gas)

One of the main objectives of the EU energy policy is to ensure the functioning of the internal energy market. The milestones for the integration of the EU energy market were three liberalisation packages applicable to the electricity and gas markets, of which the latest was adopted in 2009. Despite this, the EU energy market remains rather fragmented into sub-markets with limited cross-border trade and competition, at a disadvantage for consumers.

Originally, energy supply was a natural monopoly comprising production, distribution and trading. Liberalisation separated these components and created regulation schemes for activities where the monopoly had to stay (typically transmission and distribution) and a competitive market for energy trading. The liberalisation process was typically gradually starting with large consumers. In spite of this, this process of liberalisation of the energy market is still not completed in the EU. Also, there is still a big difference among Member States in the regulation of energy markets. The 2014 Market Monitoring Report provides an assessment of the progresses achieved by European countries with reference to the competition in electricity and gas markets. According to the report, European countries still have widely different retail regulatory frameworks, in particular with regards to price regulation and consumer protection. This in turn leads to different levels of market competition.

The EU energy market for electricity and natural gas is liberalised in most countries since 2008. The liberalisation created the conditions for the entry of new energy providers on the market. This established a competitive environment which was supposed to lead to a reduction of energy prices and improve the quality of the provided services.

Also the Energy Efficiency Directive includes targets to remove national technical or administrative barriers to the proper functioning of the internal energy market or of the underdeveloped labour markets, in order to match the low-carbon economy challenge, as many of those barriers are still relevant.

An important factor is the duration of the liberalised market since that time. For the electricity market, it is almost 9 years on average in the EU (ACER, 2014). Another indicator is the mobility of consumers regarding their energy providers or tariffs, which is expressed by the so called 'switching rates', that has the objective of optimising the service conditions and reducing the annual cost of energy. All these indicators are

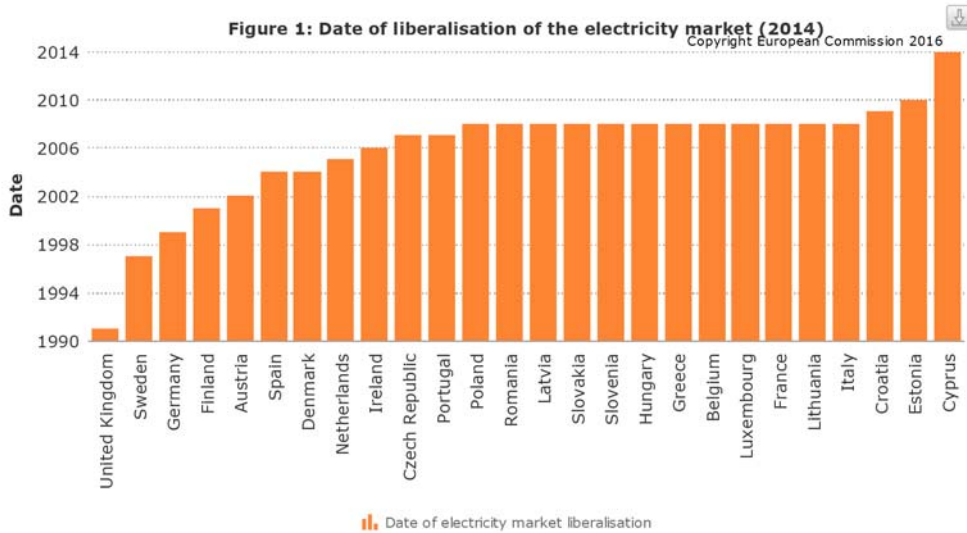
gathered and published separately for electricity and natural gas.

The following indicators show the final stage taking into account the market conditions in force for all end-consumers.

### Electricity market liberalisation

The electricity market has been liberalised in all EU Member States, except in Bulgaria and Malta. The following figure shows the number of years since the electricity market was liberalised. In the United Kingdom, it has been already in place for more than 20 years. In most countries, the number of years since the electricity market was liberalised falls between 5 and 10. The last EU country to liberalise the market was Cyprus.

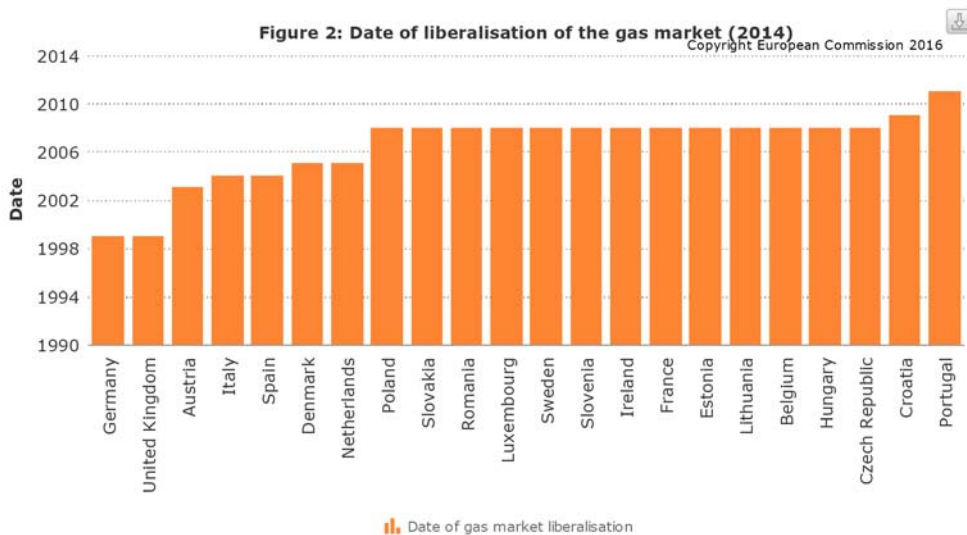
Although in most EU Member States the process of the electricity market liberalisation has been finished several years back, there are still some issues that remain unsolved. There are still physical, economic, and political barriers preventing the unique electricity market goal and leading to regional fragmentation. Also, two markets in the EU remain not liberalised. Further action will be needed to accelerate the creation and the functioning of the European electricity market.



Sources: Acer [Notes](#)

### Gas market liberalisation

22 EU Member States have their gas market liberalised. The last country to introduce the liberalisation so far (in 2011), was Portugal. The following figure shows the number of years since the gas market liberalisation. In the United Kingdom and Germany, it is already in place for more than 15 years, but in most EU states the gas market was liberalised about 8 years ago. Four EU countries have not liberalised their gas market yet: Bulgaria, Finland, Greece and Latvia. This means that some efforts will still be needed to reach both the gas market liberalisation in all Member States and the integration of the national markets. Gas prices are still not sufficiently competitive due to, besides others, the dependency on external suppliers.



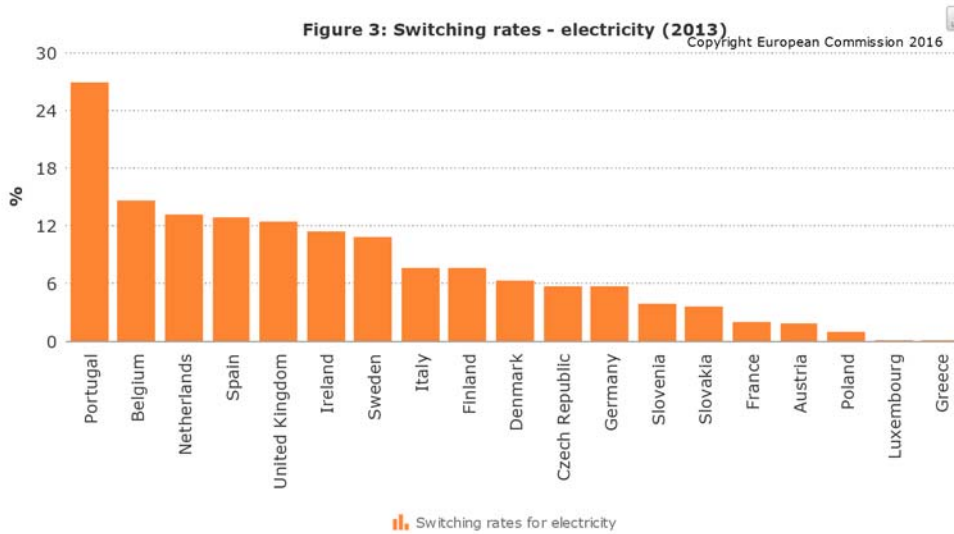
Sources: Acer [Notes](#)

### Switching between suppliers and tariffs - electricity

The following figure shows the share of households that changed their electricity supplier or switched to another tariff at their current supplier in the selected years 2008 and 2013. The biggest increase in the switching rates between these two years was in Portugal (over 20%). In the United Kingdom, Ireland, France and Greece the rates have changed in the opposite direction. The same tendency was observed in Finland and Germany, but only to a slight extent. Although electricity switching rates remain low in many countries, the overall trend is increasing.

There was no change in the observed switching rates in quite a large number of countries between 2008 and 2013: Romania, Malta, Hungary, Cyprus, Croatia, Bulgaria and the Baltic countries. In some countries this is due to the regulated prices for household consumers: in this case switching brings no benefits. It is also caused by consumers who are unable to make informed choices (i.e. compare various offers easily) or that don't have enough experience and perception of the switching process.

Combined with other indicators, the switching rates give an overall assessment of the level of competition on the electricity market.



Sources: Acer [Notes](#)

### Switching rates (electricity and gas)

These indicators show the share of households that changed their supplier of electricity and gas. They reflect the ability of building owners to react flexibly to the development of energy prices on the market. This can help to save a significant part of the annual energy costs.

High switching rates may be considered an indicator of strong competition and of consumers' choice awareness as well as of efficient and effective switching procedures. In general countries that still have retail price regulation have a lower number of active suppliers as well as a lower switching rate compared to countries with fully deregulated retail prices.

Low switching rates usually have to do with consumers' common habits, which are due either to the legacy of several decades of public monopoly (when customers had no right to switch) or to the persistence of regulated prices in combination with free market offers. Regulated prices are often perceived as "safer", and prevent consumers – particularly the elder and the least educated – from switching.

### Switching between suppliers and tariffs - gas

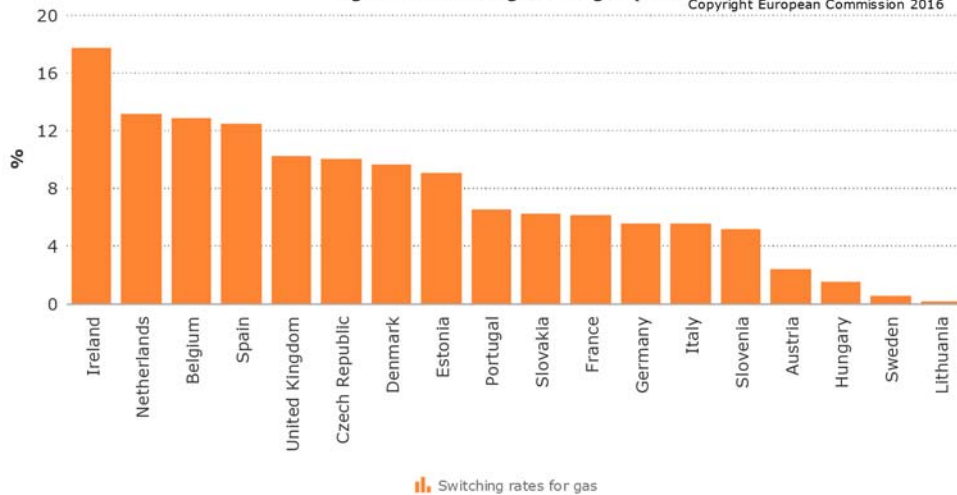
The following figure shows the share of households that changed their gas supplier or switched to another tariff at their current supplier in the selected years 2008 and 2013.

A significant increase in the switching rate for 2013 compared to 2008 can be observed in most countries, with the biggest differences in Denmark, Ireland and Portugal. The only country with a decline in the switching rate is the United Kingdom. In Germany, the switching rate in 2008 remained at the same level as in 2013.

The average switching rates across EU Member States are approximately at the same level for gas and electricity. Again, a large number of EU countries have zero differences in switching rates between the above mentioned two years.

Figure 4: Switching rates - gas (2013)

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Sources: Acer

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