

**NOTE OF DG ENERGY & TRANSPORT ON DIRECTIVES 2003/54  
AND 2003/55 ON THE INTERNAL MARKET IN ELECTRICITY AND  
NATURAL GAS  
THIS DOCUMENT IS NOT BINDING ON THE COMMISSION**

### **Labelling provision in Directive 2003/54/EC**

The opening up of the electricity market in the European Union will gradually give all consumers a choice of supplier. This choice can be based on price, on quality and reliability of service, but can also relate to the generation characteristics of the electricity supplied.

The Electricity Directive, therefore, introduces the obligation on suppliers to specify the fuel mix and its related environmental impact of the electricity they sell to final consumers.

The objectives of this specification are fourfold:

- increase market transparency by providing open and easy access to relevant information,
- comply with the consumers right to information regarding purchased products,
- enable consumers to make informed choices about suppliers based on the generation characteristics of the electricity they supply,
- educate consumers and stimulate electricity generation that contributes to a secure and sustainable electricity system.

The provision is contained in Article 3 (6) of the Directive and reads as follows:

*Article 3*

*6. Member States shall ensure that electricity suppliers specify in or with the bills and in promotional materials made available to final customers:*

- (a) the contribution of each energy source to the overall fuel mix of the supplier over the preceding year;*
- (b) at least the reference to existing reference sources, such as web-pages, where information on the environmental impact, in terms of at least emissions of CO<sub>2</sub> and the radioactive waste resulting from the electricity produced by the overall fuel mix of the supplier over the preceding year is publicly available.*

*With respect to electricity obtained via an electricity exchange or imported from an undertaking situated outside the Community, aggregate figures provided by the exchange or the undertaking in question over the preceding year may be used.*

*Member States shall take the necessary steps to ensure that the information provided by suppliers to their customers pursuant to this Article is reliable.*

From Article 3 (6) flow two main obligations for Member States:

- I) Ensuring that suppliers provide fuel mix information on or with the bill and environmental information on the fuel mix at least in the form of information on reference sources, such as web-pages.
- II) Ensuring that the information provided by suppliers is reliable.

### **Implementation suggestions**

The provision to specify the fuel mix and its related environmental impact obliges Member States to achieve a certain result and leaves to them the choice of form and methods. While a wide variety of options to implement this provision are open to Member States, it may be desirable to take into account the following suggestions, which are designed to help achieve the objective of transparency for consumers and to make comparisons between various suppliers possible.

### **Reference period and frequency**

- The disclosed information (fuel mix and its related environmental impact) must relate to the preceding calendar year.
- The frequency at which the information is sent out is decided at the Member State level, but should at least be once a year. However, Member States may – in the early stages of implementation – require the information to be sent out more regularly than once a year if the billing process allows, in order to raise awareness among consumers.

### **Portfolio and product**

- The information on fuel mix and environmental impact must be provided on the supplier's portfolio as a minimum.
- The portfolio refers to all the electricity sold to final consumers, both domestic and non-domestic, by the supply company that is named on the bill.
- Suppliers are free to provide product information in addition to their portfolio disclosure but it is recommended that Member States should require that if a supplier chooses to differentiate more products, he must then provide product and portfolio information to all customers.

### **Fuel source information**

- Each Member State should develop a standard list of fuel sources reflecting the order of importance within the country (from highest to lowest in terms of what is sold nationally) to be used by all suppliers in or with the bills and in promotional material. Member States should consider limiting the list of fuel source categories to around 10-12 (including any detailed listing of renewable sources). A category for 'other/unknown'

should be included at the end of the list if necessary. This category should ideally not exceed 5% of the overall electricity supplied.

- Suppliers display their fuel mix portfolio in line with the standard national list, even if they have to show some sources at 0% (to ensure a uniform display within a country and comparability between suppliers).
- Definitions of renewables should be based on those given in the Renewables Directive 2001/77/EC to ensure consistency across Europe.
- A detailed list of individual renewable sources is only required if a supplier sells renewable electricity (otherwise the supplier just shows 0% against the generic renewables category). The detailed list of renewable sources should reflect those sold at a national level, even if the supplier does not provide them all (in which case they would display 0%), as with the main fuel source categories.

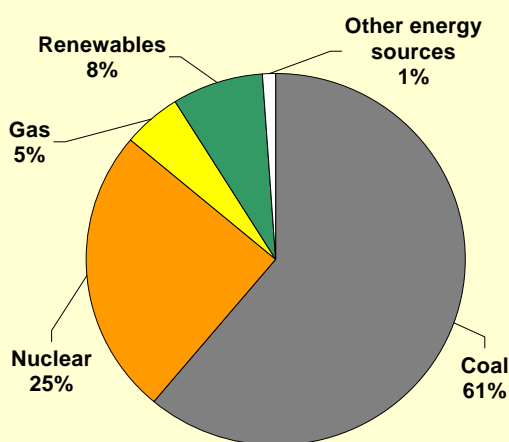
### **Fuel mix display**

- The choice of display format is ultimately left up to individual Member States.
- It is recommended that there should be a harmonised presentation at Member State level as a minimum, in order to make comparisons between suppliers in a Member State easily possible.
- It is recommended that a pie chart be used to illustrate the supplier's portfolio while the table provides a more detailed breakdown of fuel sources and more specifically renewables. National averages for the total fuel mix could be included in an additional table to be used for comparison purposes.
- If the supplier has chosen to display product and portfolio information, the pie chart should be used to illustrate the portfolio (to ensure comparability with the presentation from other suppliers), whilst details on the product and national averages can be displayed in a table. An additional pie chart could be used to illustrate the product details.
- Whole numbers should be provided unless the category represents less than 1% in which case 1 decimal place should be shown.

Recommended fuel mix display format:

## Electricity supplied by Supplier X, 2002

Electricity supplied by Supplier X was generated from the following fuel sources



Fuel source	Supplier X	for comparison average consumption Country Z
Coal	61%	51%
Nuclear	25%	31%
Gas	5%	7%
Other conventional energy sources	1%	4%
<b>Renewables (total)</b>	<b>8%</b>	<b>8%</b>
Hydro electric	5%	4%
Wind	3%	3%
Biomass	0,3%	0,8%
Solar	0,0%	0,0%
Other renewables	0,0%	0,0%
<b>15% of electricity sold by Supplier X was imported</b>		

### Location of fuel mix information

Member States need to ensure that suppliers display disclosed information on the fuel mix on the bill, or on a separate insert which is sent out with the bill.

- If an insert is chosen, there should be a clear link on the bill to the insert provided with the bill.

### Environmental indicators

In addition to the information on the breakdown of fuel sources used to generate the electricity supplied, the Directive requires that the consumers are informed on the environmental consequences, in terms of pollution, of the electricity they use. The Directive requires that supply companies provide information at least on the amount of CO<sub>2</sub> and the radioactive waste that is generated by the electricity they use. These figures could relate to the preceding year, like the figures on fuel source information.

- Specification of CO<sub>2</sub> emissions and nuclear waste (covering high level waste) is the minimum required in the Directive.
- Member States are given the option to include additional environmental indicators.
- CO<sub>2</sub> emissions factors could be based on country averages initially, with a move towards plant-specific emissions factors in the near future. This is especially indicated given the fact that as from 2005 in the framework of the Emissions Trading Scheme the emissions of the largest part of the electricity producers (all plant above 20 MW) will be available.
- CO<sub>2</sub> figures should be expressed in kilograms/kWh and radioactive waste should be expressed as micrograms/kWh.

- Member States can choose to oblige suppliers to refer to a website where this information can be found, or can oblige suppliers to include the information on the bill or the separate insert with the bill. In any event, the information on environmental impact provided should at least relate to the portfolio of the supplier. In addition, information on the environmental impact of a specific product can be given.
- If the environmental impact information is to be found on a separate website, a prominent link to this site should be made on the bill or the separate insert.
- It should be ensured that the environmental information will be easily comprehensible for consumers. A display format in the format of a graph, or a bar chart might be the most appropriate format.

### **Information at Member State level**

- It is recommended that a body such as the regulatory authority or national consumers association, issue information comparing what is offered by all suppliers (at least on a portfolio basis) within a certain region, which is made available to all consumers (for instance on the internet).

### **Promotional materials**

- Promotional materials are materials handed out or sent directly to consumers, but do not include newspaper, magazine, bill-board and television advertisements.
- Disclosed information displayed on promotional materials should use the same basic format as the information displayed on or with the bill, with suppliers having the option to add further information if they wish.

### **Tracking of information**

- It is recommended that for the tracking of the generation attributes, Member States ensure that the best available information is used: a combination of information on own generation related to the supplier, generation of known fuel source, reference to a suitable regional/national mix in the case of traded electricity, information on Guarantees of origin, as defined in Directive 2001/77/EC on Renewable Electricity Sources.
- The use of estimations should be avoided.
- The use of statistical averages should be avoided as much as possible.
- Member States should ensure that double counting of generation attributes, such as generation based on renewables, is avoided, as this is contrary to the reliability required under the Directive.

In order to avoid double counting of generation attributes in the case of electricity generated by renewable sources, where this quality has a certain market value, for instance in the form of certificates, only the supply company owning the certificates is allowed to

disclose this as electricity generated by renewable sources. A company producing electricity from renewable energy sources and having sold the value attached to it is no longer allowed, in the event it also supplies electricity to final customers, to declare on its bill that the electricity it supplies has been generated from renewable sources.

### **Verification**

- To ensure reliability of the system, it is necessary that Member States ensure that the information on both the generation attributes and the environmental information are verified at least on an ex-post basis. This task might be most appropriately carried out by the national regulatory authority.

### **Evolution**

- The implementation of this provision will be regularly evaluated by the Commission. One of the key elements of the assessment will be the reliability of the information that is provided to consumers. As more experience is gathered and benchmarking of the different approaches has taken place, the Commission will issue recommendations taking account of any new developments and best practice, especially on the tracking of generation attributes.

NB: For additional information on this subject, you can consult the study on Consumer Information on Electricity at the following address:

[http://europa.eu.int/comm/energy/electricity/publications/index\\_en.htm](http://europa.eu.int/comm/energy/electricity/publications/index_en.htm)

The Union of the Electricity Industry – Eurelectric – has published a report on the fuel mix provision, available via: <http://public.eurelectric.org/Content/Default.asp?PageID=35> , click on full table of contents, market regulation.