

Stockholm, 19th May 2021

Sales ethics in the electricity market

The Nordic electricity retail market consists of over 350 electricity suppliers, of which most are aware of existing rules and guidelines and have well developed sales routines. However, in the last years we have experienced an increase in firms with questionable selling methods and deceptive contract conditions. This threatens to create mistrust from customers and render a bad image for the entire market.

The Nordic Energy Associations (Nordenergi)¹ would like to offer our views on some of our main concerns regarding sales ethics in the electricity market.

Satisfied customers and trust for the electricity retail market

Customers' trust in the electricity market is built by the good conduct of salespersons and a safe sales procedure. The electricity industry's aim is to secure supplier's sales process and gain the customers trust and confidence in the electricity retail market. This is important for the whole electricity industry's trustworthiness.

Supervision from authorities

Nordenergi considers that it is important for authorities to have a rigorous control over illegal activities performed by market actors. For example, providing misleading information of who the customer is entering into contract with or actors using negative contractual ties. In that regard, authorities need to collaborate with each other to manage different regulatory requirements. Also, we believe that regulators should use their tools for supervision more effectively, for instance more continuous controls and by using tougher penalties and increased fines for repeated offenses.

Further, Nordenergi advocates that the Nordic consumer and energy regulators coordinate their supervisory activities and share information regarding actors with questionable selling activities to obstruct these actors from easily moving from one country to another. We have seen examples of actors that set up activities in a new organisation in order to continue their questionable methods but avoid recognition from the former firm's bad reputation. This should be monitored by the authorities.

Mismatch of existing energy regulation

We believe that there is a mismatch between existing regulation of the electricity market on customer protection and actual problems on the electricity market. For instance, today's regulation focuses on extensive information on the invoice when the customer already has entered a contract while the problem rather lies in addressing certain problems in an earlier stage of the selling and switching process. Also, while regulation aim to facilitate supplier switching in the electricity market, in some circumstances it is too easy to switch a customer without the customer's consent.

Nordenergi calls on the authorities to review regulation and detect best practices in different countries to enhance control over misbehaving actors.

¹ Swedish Energy Association, Finnish Energy Association, Energy Norway, Danish Energy

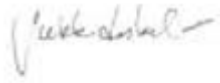
The industry responsibility

The Nordic electricity industry has worked hard to find tools to come to terms with problems caused by firms with questionable selling methods. For instance, Sweden and Norway has set up an own certification for firms that insert routines for quality assurance of the selling process which live up to certain requirements. Moreover, the industry has set up recommendations and guidelines and have an on-going dialogue with both consumer and energy regulators.

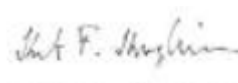
However, these industry activities must be supported by the regulators to have maximal effect. For instance, the industry's activities are counteracted by regulators own price comparison tools that continues to publish actors with questionable selling methods.



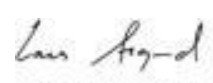
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