

## **EER Statement on the Consequences of the COVID-19 Crisis**

March 2020

Energy is not among the sectors who have to shut down their activity as a consequence of the COVID-19 crisis: it is an essential service and the energy sector's workforce in Europe is mostly still active, even if energy demand has dramatically dropped over the last weeks.

Energy, being an essential and *de facto* non-interruptable service, however, needs to deal with customers who cannot pay their bills or who are allowed not to do so by national regulations in the context of the current crisis. This puts finances at risk not only due to the mere inability to repay the cost of energy, but also because energy retailers are generally requested by law to collect taxes and charges (which account for a large part of the bills) at their own risk.

As a consequence, every customer delaying a payment leads to a financial burden over charges which only in a very limited amount relate to retailers' own business.

We must avoid that the European energy retail sector is dragged into a risk of mass bankruptcy or serious financial difficulties. Smaller or independent, innovative retailers are particularly at risk. If we allow this to happen, the advantages that years of free market competition have provided customers in terms of quality and affordability would be rolled back.

More in detail:

- The burden put on retailers by failure to pay bills due to the COVID-19 crisis should be distributed throughout the whole energy value chain, including DSOs and TSOs.
- The right of skipping/delaying payments by customers needs to be clearly regulated, allowing Member States to provide compensations accordingly, and/or allowing retailers to claim the same occurrences with respect to the upstream value chain (e.g. DSOs, TSOs, tax administration).
- Integrated/incumbent players (including retailers integrated with grids operation or suppliers with strong positions in energy generation/import) should not be using the COVID-19 emergency to get unfair advantages on competitors. Competition in the energy sector is an important achievement, it creates value, ultimately benefits all customers and its protection is therefore in the common interest especially during this emergency.
- Taxes/charges collection should never be at the retailers' risk and cost. Furthermore, in the current situation, all risks related to the collection of taxes/charges should be promptly guaranteed by the tax/energy administration.
- Access to all customers' data needed to bill customers electronically should be eased as much as possible on an equal footing between integrated and non-integrated operators.

As energy retailers we are ready to do our part in the crisis. We need fair rules and a reasonable level of protection to be able to do so. Limiting the unfair part of the burden we are suffering is extremely urgent.