

Greater value for money for consumers through Pan-European tariff simulators

ERG invites all stakeholders to give feedback about the current and planned activities for 2008. EasyChange thanks the ERG for the opportunity to give input for the I/ERG 2008 Work Program.

EasyChange advocates that the ERG should start coordinating the introduction of telecom tariff simulators throughout Europe, even before the ultimate introduction via the new European Commission Review of the 'Universal Service Directive'. In the following paragraphs, EasyChange comes back on the following elements:

- 1) Agreement between EC & ERG on greater tariff transparency for consumers
- 2) Regulatory advantages of introducing tariff simulators
- 3) What a good tariff simulator tool can bring
- 4) Inclusion in the ERG 2008 Program

1) Agreement between EC & ERG on greater tariff transparency for consumers

The European Commission is a long time advocate for consumer tariff transparency. Peter Scott (Head of Unit, Policy Development, Infosoc) summarises this in a sentence with which he generally starts his presentations¹: 'The aim is: giving users more choice, better quality and greater value for money.' What value for money do consumers get if Portuguese consumers are paying €700 million per year more than they would if they were all on the best tariff?²

The European Commission acknowledges that telecoms liberalisation and competition has benefited Europe's consumers with more choice and lower prices. However, consumers do not always get a good deal. Consumers are bewildered by an ever-increasing number of communications products and services. One third of consumers admit that they have difficulties in comparing the offers of different providers. Many consumers also appear not to take advantage of beneficial offers.

The Commission proposes to include the following elements in article 21 of the Universal Service Directive, paragraph 3: "*National regulatory authorities shall encourage the provision of information to enable end-users and consumers to make an independent evaluation of the cost of alternative usage patterns, by means of interactive guides or similar techniques. Member States shall ensure that national regulatory authorities make such guides or techniques available, when these are not available on the market.*"

EasyChange welcomes that the Commission has put the firm commitment to come up with these new rules that will oblige telecom providers to publish all relevant information

¹ Presentation of Peter Scott, ETNO Conference 22/11/2007.

² 2007 EU Telecoms Reform #4, Empowering European Consumers, document released by the EC on 13/11/2007 accompanying the Review

on prices and other conditions so it is easier for consumers to make informed choices before purchasing services.

EasyChange notes that the ERG fully supports the objectives of the review, in particular more focus on consumers³ (objectives adhered upon: better regulation, internal market, progressive deregulation, consumers focus, efficient use of spectrum, network security).

2) Regulatory advantages of introducing tariff simulators

If an independent body operates a tariff simulator for the whole market it creates more transparency and leads to:

- protection of consumers and an end to rip-off of the end user: then end user knows the different offers in the market in a snapshot, and ideally all promotions
- more satisfied customers
- enhanced competition
- better view for the regulator on the pricing elements in the market

3) What a good tariff simulator tool can bring

- transparency for the end-user, without having to make a harsh search on multiple different websites (if even available)
- when the tariff simulator is run by the National Regulatory Authority, there is a guarantee of full independence, what is not certain in case of a commercial comparison website
- a complete listing of all tariffs, not limited to the operators that pay money to be listed like many commercial comparison sites operate
- NRA can instantaneously look at price levels, price evolution over time,...
- cross-border comparisons: in case the same program is used in different countries, instantaneous reports possible on general price level in different markets; enabling the NRAs and EC to focus on the most important markets where there is a lack of competition

4) Inclusion in the ERG 2008 Program

While the ERG fully supports the objective of the EC review emphasizing more focus on consumers. EasyChange does not see this reflected in the I/ERG 2008 Work Program. It is important that ERG actions follow ERG statements. Therefore, EasyChange asks the ERG to get to an agreement in the Rome ERG Meeting of 6/7 December to include the following additional paragraph 2.5 in 'Part 2. Further harmonization of the internal market'.

'2.5 Monitoring Tariff Transparency

ERG strives for a pan-European approach towards tariff transparency. Therefore, a working group will be started in order to streamline the legal possibilities for introducing tariff simulators in each Member State and to agree on a set of elements that will make cross-border comparison feasible.

Deliverable: Tariff Transparency ERG Report

Deadline: 2Q08'

³ Roberto Viola, ERG Chairman 2007, presentation to ETNO Brussels Conference 22/11/2007

Summary of the main proposed amendments to the Universal Service Directive on consumer rights on transparency and publication of information for end-users: improving the transparency and publication of information for end-users

In Article 21, paragraphs (2) to (6): the aim is to increase price transparency to the benefit of consumers by imposing on operators an obligation to publish comparable, adequate and up-to-date information in an easily accessible form (paragraph 2) and allowing third parties to use publicly available tariffs (e.g. for the purpose of selling or making available interactive guides) and national regulatory authorities to make such guide available when these are not available on the market (paragraph 3). NRAs are given powers to require from operators better tariff transparency (paragraph 4) as well as clear information on possible restrictions on access to all types of content and applications (paragraph 5). The possibility for the Commission to take implementing measures is intended to ensure, where appropriate, a minimum level of harmonisation in this area (paragraph 6).

‘Article 21 Transparency and publication of information

1. Member States shall ensure that transparent, comparable, adequate and up-to-date information on applicable prices and tariffs, and on standard terms and conditions, in respect of access to and use of the services identified in Articles 4, 5, 6, and 7 is available to end-users and consumers, in accordance with the provisions of Annex II.

2. Member States shall ensure that undertakings providing public electronic communications networks and/or services publish comparable, adequate and up-to-date information on applicable prices and tariffs in respect of access and use of their services provided to consumers. Such information shall be published in an easily accessible form.

3. National regulatory authorities shall encourage the provision of information to enable end-users and consumers to make an independent evaluation of the cost of alternative usage patterns, by means of interactive guides or similar techniques. Member States shall ensure that national regulatory authorities make such guides or techniques available, when these are not available on the market. Third parties shall have a right to use without charge the tariffs published by undertakings providing electronic communications networks and/or services, for the purposes of selling or making available such interactive guides or similar techniques.

4. Member States shall ensure that national regulatory authorities are able to oblige undertakings providing electronic communications services to provide applicable tariff information to customers at the time and point of purchase to ensure that customers are fully informed of pricing conditions.

5. Member States shall ensure that national regulatory authorities are able to oblige undertakings providing electronic communications services and/or networks to provide information required in accordance with Article 20(5) to customers in a clear, comprehensive and easily accessible form.

6. In order to ensure that end-users can benefit from a consistent approach to tariff transparency, as well as to the provision of information in accordance with Article 20(5) in the Community, the Commission may, having consulted the European Electronic Communications Market Authority (hereinafter referred to as “the Authority”), take the appropriate technical implementing measures in this area, such as specify the methodology or procedures. Those measures designed to amend non-essential elements of this Directive by supplementing it shall be adopted in accordance with the regulatory procedure with scrutiny referred to in Article 37(2). On imperative grounds of urgency, the Commission may use the urgency procedure referred to in Article 37(3).’