24 July 2013: Social energy tariffs

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The Autorité de la concurrence welcomes the fact that all electricity suppliers are now allowed to offer their customers social electricity tariffs.

It also recommends that the government initiate an information campaign designed to explain the benefits of this reform to consumers who are in fuel poverty.

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Following a referral from the Government, the Autorité de la concurrence has issued a favourable opinion concerning a draft decree on social electricity and gas prices.

The current arrangement for social tariffs for electricity and gas

Social electricity and gas prices are intended for households in fuel poverty, i.e. those who spend more than 10% of their budget on gas, electricity and fuel. Those entitled to benefit from these rates receive a reduction on their electricity and/or gas bills.

The law of 15 April 2013 extends the benefit of social tariffs to four million households

In an opinion issued on a previous draft decree concerning automation of the procedure for granting social tariffs (see opinion 12-A-03 and the press release

dated 8 March 2012), the Autorité de la concurrence stated that the text submitted to it for examination was compatible with competition law, since the mechanisms designed to protect consumers were not, in principle, incompatible therewith. It also recommended that, in the same way as the social tariffs that are applied to gas, the body of electricity suppliers ought to be allowed to offer social tariffs to their customers. Hitherto, only EDF and the non-nationalised distributors (local distribution companies) were authorised to apply these rates.

The Autorité de la concurrence is pleased that the legislator included its proposal in the draft law passed on 15 April 2013. The households in question may henceforth benefit from the competition situation, especially by concurrently benefiting from both social tariffs and more competitive energy offers than the regulated gas and electricity tariffs, something that was not previously possible in the case of electricity.

The provisions of the implementing decree have not led to any observations from the Autorité

In order to expand the number of households accessing social tariffs, the draft decree intends to take account of an additional criterion based on the income tax reference (the current criteria being eligibility for universal complementary sick pay coverage (CMUC) and assistance with additional health coverage (ACS)). Furthermore, with the aim of simplifying the ways in which the social tariff for electricity is calculated, the decree suggests basing the calculation method on the social tariff for gas (lump sum rebate on total consumption).

Since these new arrangements do not in themselves involve any specific competition issues, the Autorité has no particular observations to make.

The Autorité de la concurrence recommends, however, that the government initiate an information campaign to explain to vulnerable consumers the benefits they can gain from the reform of social tariffs.

In view, however, of the unfamiliarity of French consumers with the opening up to competition of the electricity and gas markets, the Autorité recommends that

the government initiate an information campaign aimed at those consumers entitled to benefit from the new mechanism. Such a campaign would make it possible to inform consumers that they could not only benefit in future from a social tariff discount on their bills, but they could also make additional savings by choosing a more competitive energy offer than that of the regulated tariffs.

> Full text of Opinion 13-A-13 of 24 July 2013 on a draft decree relating to social tariffs for gas and electricity

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