
THE CONSUMER FOCUS – A NEW TREND IN THE ENERGY POLICY OF THE EUROPEAN UNION

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Abstract

The consumer focus is a key element of European Union policies and of related initiatives of European Union institutions. This orientation towards the consumer is reflected as well in the business environment, in private companies acting at international level. Consumer protection is not only a trend at European Union level, it is more than that. It is a common value of the Member States of the European Union and thus of the companies activating in this business environment. The consumer focus is part of the new energy policy at European Union level and of the related legislative initiatives, contained in the package “Clean Energy for All Europeans”. The present article assesses to what extent the consumer focus is a new trend in the energy policy of the European Union and how this value has been reflected in previous harmonization attempts of the energy sector at European Union level. The article illustrates the concept of consumer protection as a common value of the European Union, as it is reflected in the specific field of new energy policies. In order to perform this assessment, the interdependencies between consumer focus and the energy policy are analyzed, as there are interactions in both directions. The consumer focus shapes the new energy policy of the European Union and the energy policy is influenced by consumer behavior. The European Union consumer paradigm is analyzed in this context. The originality of the present research consists of an interdisciplinary approach, combining the assessment of legal issues and of European Union legislation with a business and economics perspective, outlining new trends in consumer behavior and in consumer protection related to European Union policies. Solutions based on this evaluation are proposed to be considered when drafting energy policy measures.

Keywords

Consumer focus, energy policy of the European Union, Clean Energy, consumer protection, consumer behavior.

JEL Classification

D11, D18, F64, F68, I18, K32, M10, M16, M21, P46, Q01, Q20, Q40, Q42, Q47.

Introduction

The new energy policy framework at the level of the European Union is oriented towards promoting sustainability and ensuring consumer protection (Vătămănescu, Nistoreanu & Mitan, 2017). A key issue is the consumer focus as a trend of European policies in general and as well of the new energy policy of the European Union in particular. These aspects are

reflected in the legislative and institutional framework built within the European Union in order to achieve the new goals of the new drafted energy policy. This common framework finds its concrete expression in the package

“Clean Energy for All Europeans”, an initiative of the European Commission that started in November 2016 and that shapes the future energy policy. This package contains measures for a modernized energy sector, based on clean energy, energy efficiency and the use of renewable energy as well as strategic measures regarding the Energy Union as a basis for the common energy policy of the European Union.

Nowadays, following the latest developments at European Union level, this Energy Union is not only a vision any more but it becomes reality (EC, 2019a). These new developments in the energy policy come along with new goals to be achieved. The new Directives on Energy Efficiency and Renewable Energies set new goals for 2030 for the European Union: the new energy efficiency target of 32.5% and the new renewable energy target of 32%.

An interesting research issue are the changes that occurred in the energy policy during the harmonization attempts of this sector. Such a change is the shift from market orientation towards consumer orientation in European Union policies, a topic that is analyzed in the present research paper. It is important not to focus only on market issues when drafting policy measures, but to put the consumer first, to offer him perspectives and best alternatives, a healthy environment as well as an active role in drafting policies and an active participation in shaping this transition to clean energy. The present article deals with these research topics, in the international context of promoting sustainability and reducing the negative impact of climate change.

Review of the scientific literature

There were several harmonization attempts in the energy sector in the last twenty years and the consumer welfare used to be one aspect considered for the measures proposed or taken. The studied literature identifies consumer protection and transparency as key elements that have to be taken into consideration when drafting a harmonized energy sector at European Union level (Gundel & Lange, 2011, p.24). On this basis, the focus on the consumer has become a common value of the European Union. Consumer protection and transparency are important issues reflected in the new package “Clean Energy for All Europeans”.

The European Internal Market is the core element of the European Union (Lengauer, 2014, p. 89). Considering a parallel between the European Internal Market and the common energy market of the European Union to be established by the Energy Union, this could be an important element unifying the energy sector towards common goals. Consumer welfare is a main goal of the European Internal Market and it is as well a very important element of the new energy policy of the European Union. Achieving this goals thus strenghtens as well the European Union as a construction.

Consumer protection has always been an important goal at European Union level, as the European Internal Market has as a main function to ensure consumer welfare through competition (Lurger & Augenhofer, 2008, pp. 10-11). The competencies of the European Union in the specific field of consumer protection are established in the Treaty on the Functioning of the European Union (TFEU), article 114, paragraph 3 and in the article 169 TFEU (TFEU, 2019). The legal basis for consumer protection is thus set in the primary law of the European Union. It is nevertheless not an exclusive competence of the European Union, like it is in the case of the European Internal Market or European Competition Law. Consumer welfare is a topic where there are shared competencies between the European Union and the Member States of the European Union. This is why cooperation is so important in this field, in order to find the best solutions for achieving common goals for the benefit of the consumer. This cooperation often takes the concrete form of European Directives (Lurger & Augenhofer, 2008, pp. 10-11), as it is the case of the new Directive on

Energy Efficiency and of the New Directive on Renewable Energies. These Directives have an important role in harmonizing the energy policy at European Union level and building a common basis for the energy strategy of the European Union.

Regarding the consumer concept, there has been a shift of paradigm from a naïve and informed consumer which was easy to mislead to a rational, informed consumer (Lurger & Augenhöfer, 2008, p. 41). This is the consumer paradigm valid for the European Union consumer, as it was confirmed by the jurisprudence of the Court of Justice of the European Union, in the Judgement of the Court referring to the Mars Case C-470/93, where the consumer is defined as a responsible and rational person (Eur-Lex, 2019c, C-470/93 Mars). This approach regarding the consumer is obvious as well in the sector of energy policy, where the consumer has a central role. Consumer welfare thus becomes a key value for the energy policy of the European Union and it becomes an interdisciplinary concept to be considered as well by business, economics and law (Möller, 2008, p. 38), in assessments and when drafting policy measures.

The future development of the energy policy of the European Union is shaped by consumer preferences and by consumer behavior (Tantau et al., 2016). The willingness to have a transition towards clean energy has as well a cultural dimension, not only an economic one (Pelau & Pop, 2018). The correlations between variables defining consumer behavior relevant for the energy sector has been analyzed in the literature by means of the linear regression in the field of circular economy (Tantau et al., 2018). These results are relevant as well for the energy policy sector.

The present research paper is in line with previous research articles and further develops their findings, using a new perspective in line with the current developments at European Union level in the field of energy policy.

Research topics and research methodology

The present research paper analyzes the developments of the energy policy sector and the related harmonization process in terms of consumer focus and of the shift of consumer paradigm, which occurred in time. The article deals as well with the new perspectives for consumers opened by the new energy policy of the European Union as well as with the role of the consumer in this context. The background for the analysis is built by the new trends of promoting sustainability at global level.

In order to deal with these research questions, the relevant literature has been studied. The relevant European Union legislation, for example the new Directive on Energy Efficiency and the new Directive on Renewable Energies have been as well analyzed. The official websites of relevant European Union institutions, for example the website of the European Commission, have been considered, as they provide information regarding the latest developments at European Union level in the field of energy policy.

In order to research the interaction between consumer behavior and the energy sector an appropriate research method that has been used is the questionnaire. This was addressed to 130 experts from the energy field and as well to experts from the academic field, from European Union countries like Austria, Germany, Poland, Romania, Italy, Greece, Bulgaria, Portugal and Belgium. The research was performed between February 2018 and February 2019. The questionnaire comprised 21 questions on the topic of energy policy, including questions about the importance of consumer protection as an orientation in new energy policies (Bartels, Pleșea, Studeny & Just, 2017). Expert interviews have been used as a qualitative research method, relying on the valuable expertise of the respondents, who were either university professors with a high academic qualification or representatives of the private sector, dealing with the energy field or related to this. Private companies that are not active in the energy field but that share the same values regarding clean energy have as well been considered.

Another research method used in the present paper is the case study revealing practical aspects of the consumer focus in the energy policy sector. The city of Vienna has been selected as a case study reflecting the consumer orientation in the energy policy sector, as this city is recognized as a smart city and as it was as well ranked as the most liveable city in 2018, having a very good quality of life.

The questionnaire-based research method and the case-study are complementary methods used in the present research.

The present paper proposes an interdisciplinary research approach, combining aspects of business and economics with a legal perspective, as the field of consumer protection and as well the energy field are multidisciplinary areas. According to the studied literature business, economics and law belong to econosciences (Dinu et al., 2016, p. 34) and can thus reflect various facets of the researched aspects. As the experts responding to the questionnaire are from different Member States of the European Union, the present research paper presents an international perspective, using a comparative dimension for the assessment of the results.

The research methods used and the mixed interdisciplinary methods represent the novelty and originality of the present article.

Results and discussion

The consumer focus is a trend with a high impact both on the private sector and of the public sector. Private companies act customer-oriented while policies are drafted considering the role and the expectations of consumers. This trend is reflected as well in the new energy policies of the European Union, a topic of great interest at the present moment and with interesting perspectives for the future. The European Union aims to build an Energy Union, offering the best alternatives for the citizens of the European Union and respecting as well the environment. Clean energy is in this context a key issue of the energy policy.

The new energy policy of the European Union places the consumer in the center of its actions in the transition towards clean energy. This result is reflected as well in the answers of the respondents in the performed questionnaire based research. This orientation is an important result and represents at the same time a shift of paradigm compared to the previous consumer oriented strategies. Previous economic theories and models, such as the Ordoliberalism, the Harvard School and the Chicago School considered the consumer as a market participant but he was not the main target of competition and market policies aiming consumer welfare (Möller, 2008, p. 99). The benefits for the consumer were mainly results of the implemented market model. But the energy policy nowadays has its focus on the consumer, he is not only a market participant but the most important market participant. The consumers' behavior shapes the policy, the consumer does not only benefit of taking part in this policy, but he becomes proactive.

The energy policy is drafted considering the demands and behavior of consumers, their needs for a healthy environment and for convenient alternatives. This attitude is a response to the previous criticism at European Union level related to the fact that market issues and economic aspects like profit were very important when drafting the project of the European Internal Market. Now it is time for the consumer to be at the center of the actions of European policies, to make the system more human-oriented instead of profit-oriented. This principle is in line with the new trends regarding the achievement of sustainability and of social responsibility.

Having this new policy orientation towards the consumer as a central element, new perspectives arise for consumers, as well as new roles for them in society. The consumer thus receives an active role in the context of energy policy. He is an active player in the energy sector. This shift of paradigm is reflected in the new project of the European Union in

the energy sector involving the transition from the concept of consumer to the concept of prosumer. The consumer can produce energy and it can provide it to the network. This is an element of novelty that was not present in the previous harmonization attempts at the level of the European Union. It marks the transition from consumer and related consumerism to prosumer with new roles in the energy policy of the European Union.

The practical impact of this new approach is reflected in new projects of the European Union, as the initiative of the European Commission regarding Smart Cities (EC, 2019b). This initiative shows the practical application of the energy policy, with benefits for the citizens of smart cities. The questionnaire-based performed research reflects the opinion of the respondents towards the importance of consumer protection in the context of energy policy. The case study of Vienna as a Smart City has a complementary role compared to the questionnaire based research, further reflecting the importance of the consumer-orientation in public policies, an issue illustrated in the practical case of the city of Vienna.

Vienna is an important smart city at European Union level (Stadt Wien, 2019a). The Austrian capital was ranked as the most liveable city in 2018 (Stadt Wien, 2019b) and it is known for its achievements in becoming and remaining an important smart city in Europe.

In order to reach and maintain this status, Vienna’s municipality designs its goals for its strategy until 2050. A synthesis of these goals can be found in the table no. 1.

Table no. 1 Vienna – Smart City goals

Vienna	Goals until 2050:
Smart City Strategy	<ul style="list-style-type: none"> → efficient use of energy → good energy performance for buildings → good mobility with effective use of resources → environment friendly city → high rate of social inclusion → good education for its inhabitants → focus on research, innovation and development

Source: Own representation based on Stadt Wien, 2019a.

In order to reach the goals within the Smart City Strategy, Vienna emphasizes the importance of using renewable energy which is environment friendly and permits an efficient use. The trend to use renewable energy is a behavior that can be learned and educated by presenting its advantages and by creating awareness regarding this issue. The evolution of this behavior in time for the city of Vienna is presented in fig. no. 1.

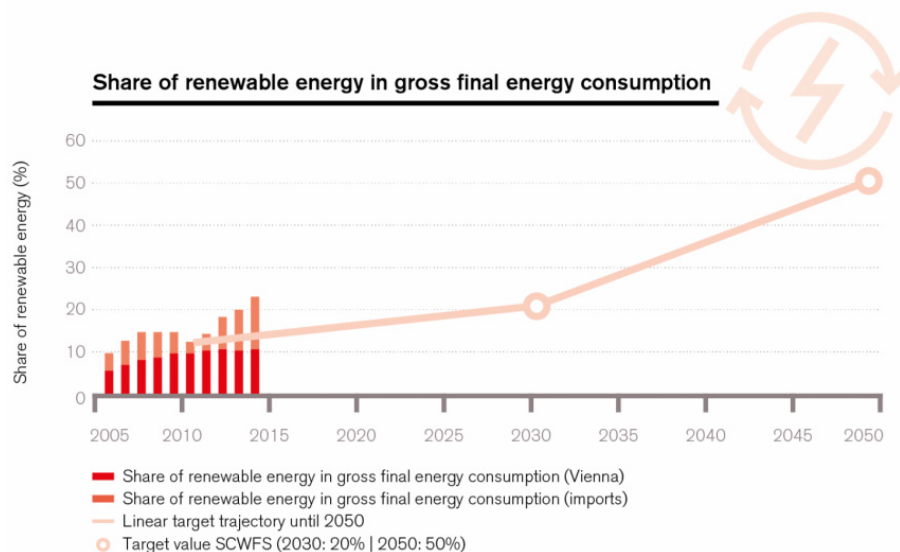


Fig. no. 1 Share of renewable energy in gross final energy consumption in Vienna

Source: Stadt Wien, 2019c.

The strategy of the municipality in Vienna has its focus on the wellbeing of the citizens of Vienna. It is thus a consumer-oriented approach. The goals and actions aim to create better living conditions for energy consumers in Vienna. The objectives of Vienna’s consumer oriented strategy are highlighted in fig. no. 2.

OBJECTIVE




Energy efficiency 	Increase in energy efficiency and reduction of per capita final energy consumption in Vienna by 40% by 2050 (compared to 2005).
Energy consumption 	At the same time, the per capita primary energy input should drop from 3,000 watt to 2,000 watt.
Renewable energy 	In 2030 over 20%, and in 2050 50% of Vienna’s gross final energy consumption will originate from renewable sources.

Fig. no. 2 Energy related objectives for the city of Vienna

Source: Stadt Wien, 2019c.

The importance of a consumer oriented energy policy is reflected as well in the results of the conducted research, where consumer protection and the use of renewable energies and clean energy are indicated by the respondents as the most important priorities for new policies in the energy sector. The results of the research can be summarized in fig. no. 3.

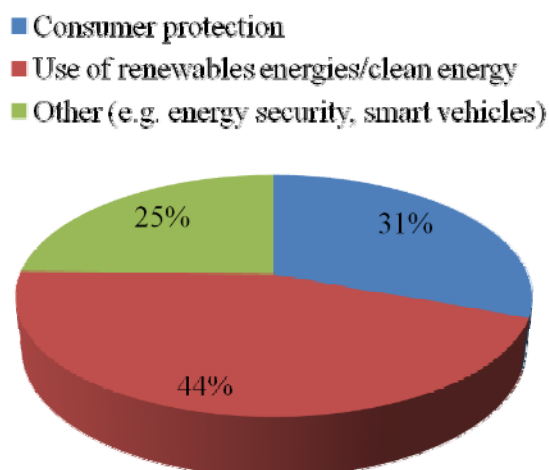


Fig. no. 3 Priorities for new energy policies

Source: Own representation based on the conducted research.

Conclusions

The present article highlights the importance of the consumer focus in the context of the new energy policies of the European Union, a very dynamic field which affects all of us, citizens of the European Union. As the latest developments in this field show it, this sector is one that will further develop in the future, as it is one of great interest. Further research will for sure be needed related to these new dynamics. The results of this paper can be used as a basis for further research. The role of the consumer will be more and more important when drafting policy measures and in this context further analysis of consumer behavior and the new energy policy will be needed. The importance of the consumer focus is highlighted by a study case presenting the strategy of Vienna as a smart city. The consumer orientation is obvious in the goals set by Vienna within its long-term strategy.

The present article creates a connection between the already studied topics of consumer behavior and the very new and developing field of energy policy with a focus on the consumer, thus creating a bridge between different fields and placing the topic of consumer protection into a currently very debated context of European policies, which is the energy sector, now in transition to clean energy.

The findings of the present paper related to the interdependency between consumer behavior and energy policy as well as the international comparative research performed bring a contribution to the world of academia that can be further developed in future research projects. As consumer welfare is an important value of the European Union, further research to consumer protection in the context of new energy policies at European Union level will for sure be needed and the results of the present study can be further developed.

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