
Europe**Netherlands reviews energy auction market**

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Leo Szolnoki

The Netherlands Authority for Consumers and Markets (ACM) has announced it will investigate companies that organise energy auctions and collective purchasing arrangements to help consumers switch energy supplier.



Auctions offer consumers a convenient way to switch energy providers (Credit: Chris Potter)

Every year several companies organise auctions that allow consumers to hunt for better rates for their energy contracts. The companies, which include consumer clubs, newspapers, and women's magazines, gather large groups of consumers and invite energy suppliers to make offers.

The authority says these auctions offer consumers a convenient way to switch provider but an article by Dutch news service [RTL Nieuws](#) suggests these auctions do not always benefit consumers.

[RTL](#) says some of the companies that organise the auctions and energy companies have colluded to implement a floor price.

The ACM began its investigation after the article was published and is also concerned the organisers have violated the Dutch Unfair Commercial Practices Act by not communicating the floor price to consumers.

Last year, 13 per cent of Dutch energy consumers switched to energy suppliers and 44 per cent of consumers say they have switched supplier at least once.

Approximately 15 per cent of switches occur through auctions and statistics show a significant majority of consumers are happy with the transition process.

The ACM says it will intervene if it finds competition concerns but that it is also important to build consumer trust in these auctions.

Jan Erik Janssen at Stek in Amsterdam says it is a "logical area" for the ACM to investigate.

"The fact that a large percentage of consumers that have made a switch are happy about it does not alleviate the need for transparent and fair information and the benefits of competition," he says. "ACM is right in asking for full transparency in the auction operations of these companies as well as in investigating any structural links between the auctions and the energy suppliers."

"Sufficient transparency will also alleviate the need to retain the so-called 'safety valve regulation', whereby ACM maintains some sort of peculiar form of price control in a liberalised market," he adds.

Diederik Schrijvershof at Maverick Advocaten in Amsterdam says: “The AMC is putting pressure on itself with the investigation. The information available suggests there might be evidence of collusion but if the AMC comes up with nothing then they will have to move swiftly to reinstate consumer trust in the energy auctions.”

The Dutch energy market is highly concentrated, with 80 per cent of the market split between the country’s three biggest suppliers: Eneco, Essent and Nuon.

In 2007, the ACM began an [in-depth review](#) of a €24 billion merger between Essent and Nuon. The companies, however, dropped their plans to merge soon after the investigation began as they could not agree on their respective stakes in the merged company.