

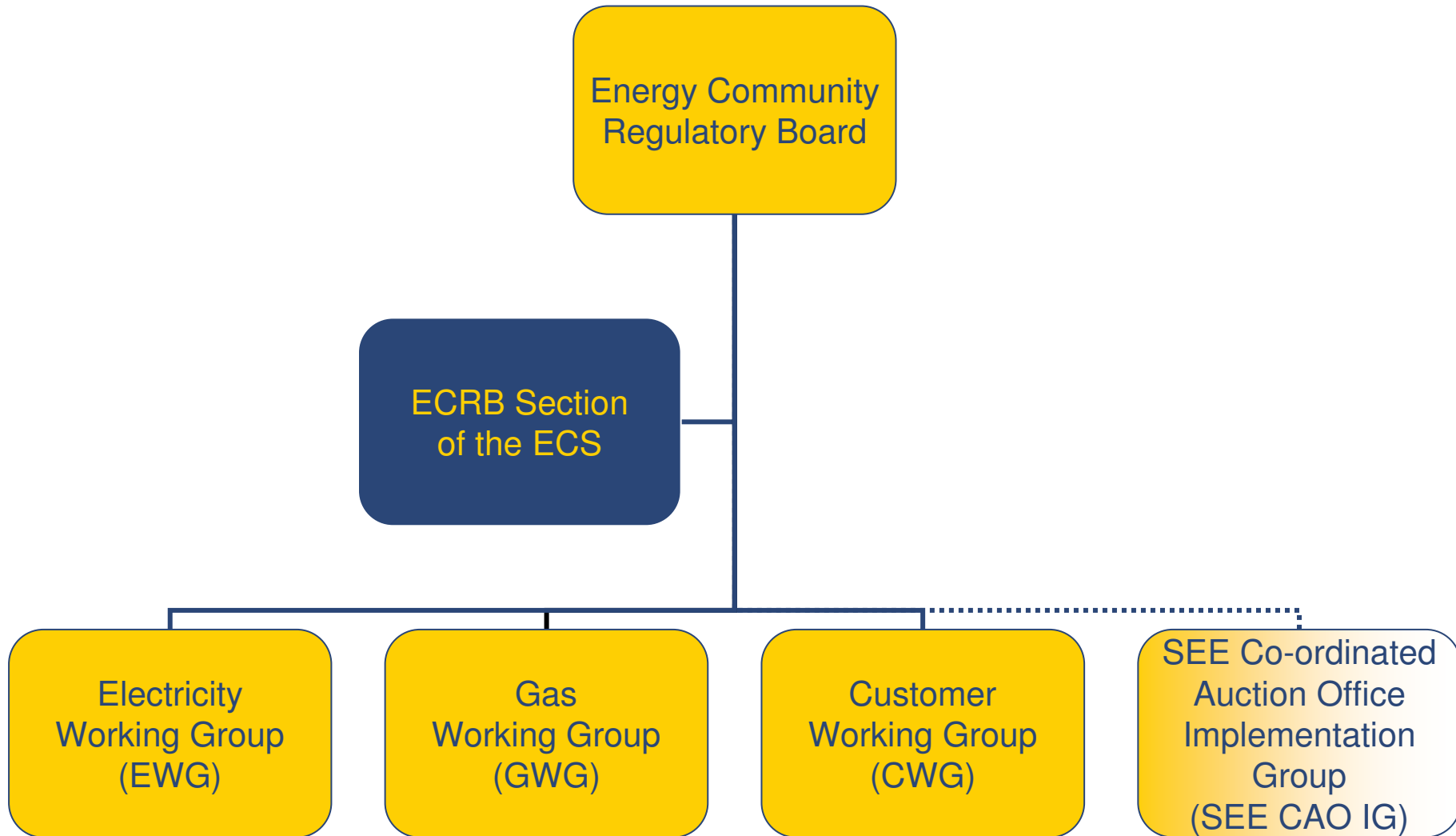


Energy Community Regulatory Board

ECRB AND THE CUSTOMER PERSPECTIVE

European Commission and CEER:
1st WORKSHOP ON REGULATORY CONVERGENCE
THE ENERGY REGULATORS ROLE, POWERS AND CHALLENGES
Vienna, 30-31 May 2012

ECRB Structure



2012

TF1 – Customer Protection

TF2 – Customer Supplier Switching

TF3 – Small Customers' Electricity Generation

TF4 – Grid Connection

TF5 – GGP on Voltage Quality Monitoring (CEER&ECRB)

Some of earlier TFs

- Quality of Electricity Service
- Smart Metering
- Electricity Tariffs
- Gas Distribution Tariffs and Quality of Supply
- Billing

TF1 – Customer Protection

Some of results:

- Best Practice Guidelines on the Protection of Vulnerable Household Customers (2007)
- Report on the Implementation of BPG (2008)
- Vulnerable Household Customers – an ECRB Contribution to a Common Understanding (2009)
- WS on Ways of Improving Participation of Consumer Representations in the Regulatory Process (2010)
- Treatment of Vulnerable Household Customers in the Energy Community (2011)
- Status Review of Complaint Handling Practices in the Energy Community (2011)

Customers and Energy Market



- **The concept of energy being a public good resulted in price below the market value**
- **Market-model implies that both for production/supply and for network companies**
 - costs will be covered
 - in addition a reasonable return on capital must be allowed for (Otherwise, they will have no interest in the market)
- **The transition to market model will imply rise in end-user energy prices, which might be not affordable to certain consumer groups - they should be identified**

Vulnerable Customers

- **Vulnerable customers:** Customers defined as persons to be protected in their relations with energy suppliers
- As a first step, it is recommended to clearly **define criteria** for vulnerable customers, taking into account local realities and provisions with regard to income
- Support systems need to be applied in a **targeted and restricted manner**
 - Generally, strict criteria are needed to keep the number of support beneficiaries as small as possible, in relation to the general economic growth
 - The best option seems to be to grant support to those households whose income is lower than the average minimum income or people with no income at all

Key Issues on Vulnerable Customers



- No common understanding or definition of vulnerable customers – neither in EU nor within the Energy Community Contracting Parties
- 3rd EU legislative package for electricity and gas only calls for definition of “vulnerable customers” on national level
 - Acknowledged by the Citizens’ Energy Forum (London Forum)
- No common criteria for defining vulnerable customers - monthly income mostly used as a criterion
- Different approaches to the vulnerability issue: general social support scheme or energy related support
 - network tariff related discounts, social tariffs, rebates, state heating aid and governmental subsidies to regulated energy prices for certain customer groups
- The challenge should be addressed with market oriented instruments!!!
 - Regulated prices should be abolished and, where necessary, substituted by instruments neutral on competition

2011 Review on Vulnerability in EnC



- There is certain **progress in terms of defining and protecting vulnerable customers** in the CPs. Some of the CPs define vulnerable customers in their energy related laws, while others have some kind of recognition of the vulnerable customers in their general social protection schemes.
- **Low level of income and health or disability of persons** or their family members serves as **criteria** for obtaining the status of a vulnerable customer.
- The implementation of **economic support schemes dominates over non-economic measures**, but they are sometimes used in combination. Economic support systems are mainly based on direct budgetary subsidies.
- Very few CPs and analyzed EU MSs are able to present figures on the share of households receiving economic support.

2011 Review on Vulnerability (Cont.)



- Non-economic support within energy sector usually refers to protection against disconnection and it is in most cases provided for customers with poor health status
- Support schemes for protection of vulnerable customers are only in few cases seasonally based (protection against disconnection) or based on the quantity threshold (economic measures)
- Despite the fact that only few CPs and analyzed EU MSs actually use the term vulnerable customer, there are support systems in the large majority of them for certain customer groups, both economic and non-economic.
- Neutral re-consideration of the protection criteria is advisable

Quality of Service – Some of Results



- Report on Quality of Electricity Service - Standards and Incentives in Quality Regulation (2008)
- Study on “Assistance to regulators in introducing and improving service quality regulation in the Energy Community” (launched in 2009, finalized in June 2010)
- Study on Regulation of Tariffs and Quality of the Gas Distribution Service in the Energy Community (Aug 2010)
- Report on Quality of Electricity Supply in the Energy Community – Annex to the 5th CEER Benchmarking Report on the Quality of Electricity Supply (2011)
- Recommendations for Quality of Service Data Collection, Reporting and Auditing in the Energy Community (2012)

Smart Metering – Some of Results



- **Review of Smart Meters Roll Out for Electricity in the Energy Community**, assessing the current status of smart meters implementation in the Energy Community Contracting Parties and Observers has been published in October 2010
- Report of the Study on **Best Practice Recommendations for Smart Meters Rollout in the Energy Community** (published in March 2012)

Billing – Some of Results

Transparent and customer friendly billing methodologies are one of the key requirements for raising customers' awareness for switching options and making use of their right to choose their energy supplier

- **Survey on the Status Quo of Electricity Billing Practices in the Energy Community (2010)**

- Updated in 2011

- **Survey on the Status Quo Gas Billing Practices in the Energy Community (2011)**

- **Tariffs**
 - A study on Tariff Methodologies and Impact on Prices and Energy Consumption Patterns in the Energy Community (tariff data up to 2007, publ. in March 2009)
 - Report on “Electricity Prices and Tariffs in the Energy Community 2008-2009” (presented in October 2010)
- **Information exchange with CEER Customers and Retail Markets Working Group**
- **The CWG regularly presents its discussion results and documents to the Energy Community Electricity, Gas and Social Fora and other Energy Community Institutions**

Final Remarks

Relevance of 3rd EU legislative package for Energy Community Contracting Parties

- Importance of customer rights
- New duties have been assigned to national regulators to ensure consumers are protected and that markets function efficiently
- Consumers to have a real choice of supplier
- Active participation of customers in the market

- **Definition of a concept of vulnerable customers required**
- **Appropriate measures providing social security benefits to ensure the necessary energy supply to vulnerable customers**
- **One of the objectives of regulatory authorities is to contribute to the protection of vulnerable customers**

THANK YOU!

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