

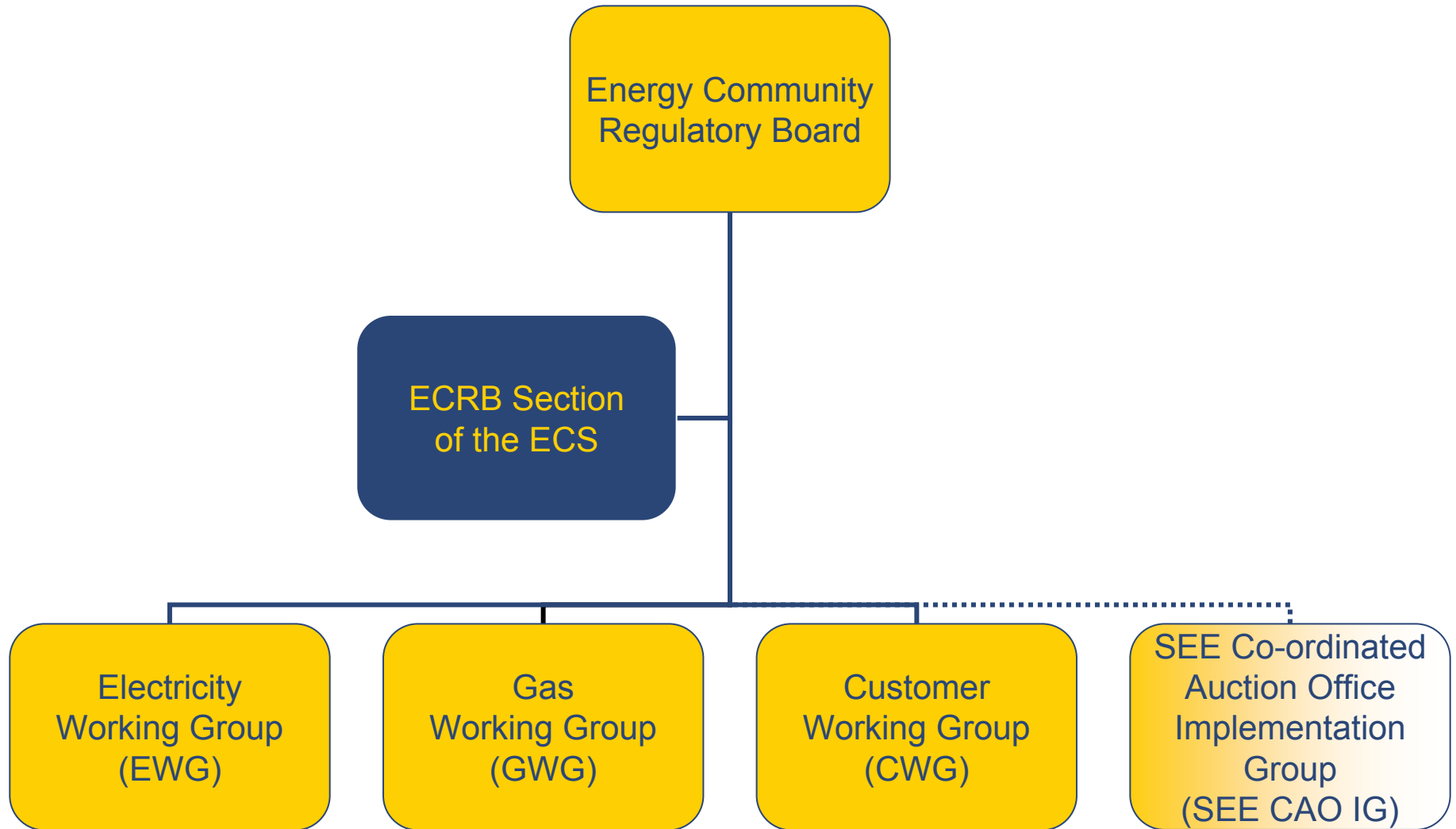


Energy Community Regulatory Board

ECRB CONTRIBUTION TO CUSTOMER PROTECTION ISSUES

*Workshop on ways of improving participation of consumer
representations in the regulatory process*
Vienna, 8 September 2010

ECRB Structure



ECRB CWG Task Forces



TF1 – Customer Protection

TF2 – Quality of Electricity Service and Smart Metering

TF3 – Electricity Tariffs

TF4 – Gas Distribution Tariffs and Quality of Supply

TF5 – Billing

Some of EnC Relevant Documents



- **Best Practice Guidelines on the Protection of Vulnerable Household Customers (2007) – presented to the Social Conference**
- **Report on the Implementation of BPG (2008) – presented to the 1st Social Forum**
- **Study “Tariff Methodologies and Impact on Prices and Energy Consumption Patterns in the Energy Community” (early 2009) – presented to the 2nd Social Forum**
- **Report on the Quality of Electricity Service – Standards and Incentives in Quality Regulation (July 2009)**
- **Vulnerable Household Customers – an ECRB Contribution to a Common Understanding (Nov 2009)**
- **Study on Regulation of Tariffs and Quality of the Gas Distribution Service in the Energy Community (May 2010)**

TF1 – Customer Protection

Vulnerable Household Customers – an ECRB Contribution to a Common Understanding

Main conclusions:

- 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 2nd 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

TF1 – Customer Protection

Vulnerable Household Customers – an ECRB Contribution to a Common Understanding

Recommendations:

- The protection of vulnerable energy household customers has to be taken into account when implementing the Social Action Plans of CPs
- “Vulnerable customers” should be defined on national level
- The challenge should be addressed with market oriented instruments!!!
 - Regulated prices should be abolished and, where necessary, substituted by instruments neutral on competition

TF1 – Customer Protection

Report was approved at 12th ECRB meeting and presented to the 15th Athens Forum with the following conclusions:

- The Forum thanked the ECRB for its input ... and recalled the need to put adequate measures in place to protect those customers. These measures should be market oriented and should not distort competition. In this context the Forum also referred to the important role of overall Social Action Plans of the Contracting Parties.
- The Forum concluded that it is important for the governments to consider the social dimension of market opening by market orientated approaches without administrative intervention into inherent mechanisms of the electricity markets and without distorting competition. In this respect the Forum underlined that regulated price regimes - and in particular those applying artificially low prices - impede the development of a competitive market.

TF2a - Quality of Electricity Service



Report on the Quality of Electricity Service – Standards and Incentives in Quality Regulation

- approved at 11th ECRB meeting
- presented to the 15th Athens Forum with the following conclusion:
 - The Forum welcomed the presentation ... and asked the ECRB to continue its work in this direction. The Forum stressed that quality of supply is the basis of a functioning electricity market and that it is therefore of highest importance. The Forum outlined that TSOs, DSOs as well as regulators are tasked to guarantee the best possible level of service quality.

TF2a - Quality of Electricity Service

Within the Study *Assistance to Regulators in Introducing and Improving Service Quality Regulation in the Energy Community* two workshops were organized (Vienna, January and May 2010)

Consultant: Energy Institute Hrvoje Pozar, Croatia

Main findings:

- Introduction of quality regulation is complex process that generally expands over a period of years
- Gradual implementation of regulatory instruments is common to all successfully implemented regulatory schemes (periodical revision, permanent dialog among stakeholders)
- Workable regulatory framework is the result of a series of preparatory and regulatory activities

TF2a - Quality of Electricity Service



Preparatory/introductory activities:

- Introduce principles for collection of data and regulatory reporting
- Conduct surveys on the costs incurred by customers as a function of quality level → optimal quality level
- Collection of data
 - Continuity of supply
 - Voltage quality
 - Commercial quality
- Introduce auditing of the data and, if crucial to achieve data accuracy, penalize the wrong data supply
- Regulators to provide assistance to customers and network operators in solving specific quality of service problems

TF2a - Quality of Electricity Service



Regulatory activities:

- Publish relevant statistics and quality indicators
- Evaluate existing level of quality (customer complaints, analysis of indicators, ad hoc research)
- Define priority list of quality aspects and identify indicators to be followed
- Introduce standard levels for the performance indicators
- Formulate compensations to customers in case of deviations from standard values (which can be based on request, automatically or by agreement)
- Introduce duties in improvement of performance indicators (e.g. network development plans)
- Introduce rewards and penalties in the tariff regulation method

TF2b – Smart Metering

- Enhance access to information
- Promote energy efficient behaviour and responsible consumption
- Reduce meter reading costs and billing inaccuracy
- Improve forecasting
- Improve supplier switching process
- Stimulate an effective demand side response
- Empower customers to actively participate in the market!!!

ECRB CWG is preparing the report on smart metering issues in the Energy Community

- To be presented to the 16th Athens Forum (12-13 Oct 2010)

TF3 – Electricity Tariffs

- **Study “Tariff Methodologies and Impact on Prices and Energy Consumption Patterns in the Energy Community” presented to the 14th Athens Forum (tariff data up to 2007)**
- **ECRB is invited to keep the Forum updated on related developments**
- **2008 and 2009 tariff data collection in progress**
- **Update Report on Electricity Prices and Tariffs will be prepared and presented to the 16th Athens Forum (October 2010)**

Study on Regulation of Tariffs and Quality of the Gas Distribution Service in the Energy Community (May 2010)

The 3rd Social Forum (Skopje , 10-11 June 2010) was briefed on findings of the Gas Study and ongoing ECRB customer related activities

The Forum expressed its concerns about the access of all citizens to affordable energy. It welcomed the work undertaken by the ECRB Customer Working Group on protection of household customers with special emphasis on vulnerable categories and recommended that this is pursued further.

- The Study will be presented to the 5th Gas Forum (Ljubljana, 14Sep 2010)

TF5 – Billing

- Bill should be accurate and easy to understand by the customer
- Billing terminology used by suppliers and DSOs should be harmonized to make bills more easily comparable for the customer
- “Recommended bill” (Good practice guidelines for billing 2009, prepared by WG on billing - DG SANCO, consumers, industry and regulators, good electricity bill examples at http://ec.europa.eu/consumers/citizen/my_rights/energy_en.htm)

Survey on the status quo of billing methodologies in the Contracting Parties is ongoing.

- Main findings of the ECRB (CWG) report on billing issues will be presented to the 16th Athens Forum (12-13 Oct 2010)

Activities to Come

- Social action plans implementation
- 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
- Outcomes of Energy Community fora (Social, Electricity, Gas, Oil) and Citizens' Energy Forum (London Forum) – follow up

THANK YOU!

Contact:

Edin ZAMETICA

ECRB CWG Chairman

Secretary

State Electricity Regulatory Commission

Bosnia and Herzegovina

Tel.: +387 35 302060

Fax: +387 35 302077

E-mail: ezametica@derk.ba

URL: www.derk.ba