



Customer Protection and the Croatian Energy Regulatory Agency

September 8th 2010

Workshop On Ways Of
Improving Participation Of Consumer Representations
In The Regulatory Process



Today's presentation

- About HERA

- HERA's responsibilities and activities

<http://www.hera.hr/english/html/about.html>

<http://www.hera.hr/english/html/activities.html>

www.hera.hr



- Institutional framework
- HERA's perspective



Institutional framework



Institutional framework

Overview

■ Institutions

- HERA
- Ministry of Economy, Labour and Entrepreneurship
- State Inspectorate

■ Non-governmental organizations (NGO) & Civil society organizations (CSO)

- **20-30 Consumer Protection Associations**
- **Two unions* of Associations**
 - Croatian Union Of The Consumer Protection Associations “Consumer”
 - Union of Associations for Protection of Croatian Consumers’ rights

* Both unions are registered as associations. The Croatian legal system recognizes only “associations” whose members can be physical or legal persons. The Associations Act (“Official Gazette”, no. 88/01 i 11/02) regulates the establishment and activities of associations as the most numerous type of civil society organizations in Croatia.



Institutional Framework

Protection of Consumers Interests (1/2)

- Procedures for **protection** of collective interests of consumers **before the Commercial court** can be initiated* by:
 - the Ministry of Economy, Labour and Entrepreneurship;
 - the Ministry of Health and Social Welfare;
 - State Inspectorate;
 - Croatian Post and Electronic Communications Agency;
 - Ombudsman for children;
 - Croatian Union Of The Consumer Protection Associations “Consumer”
 - Union of Associations for Protection of Croatian Consumers’ rights

* Regulation on the definition of persons authorized for initiating procedures for protection of collective interests of consumers (Official Gazette“, broj 124/09)



Institutional Framework

Protection of Consumers Interests (2/2)

- HERA takes into consideration of Consumer Interests:
 - in the development of tariff systems and other secondary legislation
 - in the process of tariff setting procedures
 - Protection of interests in a short run → regulation of end prices
 - Protection of interests in a long run → approval of 3 (10) year development plans
- HERA is involved in administrative procedures
 - In resolving customers' complaints
- HERA works under the The Act on the Regulation of Energy Activities (“Official Gazette” no. 177/04 & 76/07)

* Regulation on the definition of persons authorized for initiating procedures for protection of collective interests of consumers (Official Gazette“, broj 124/09)

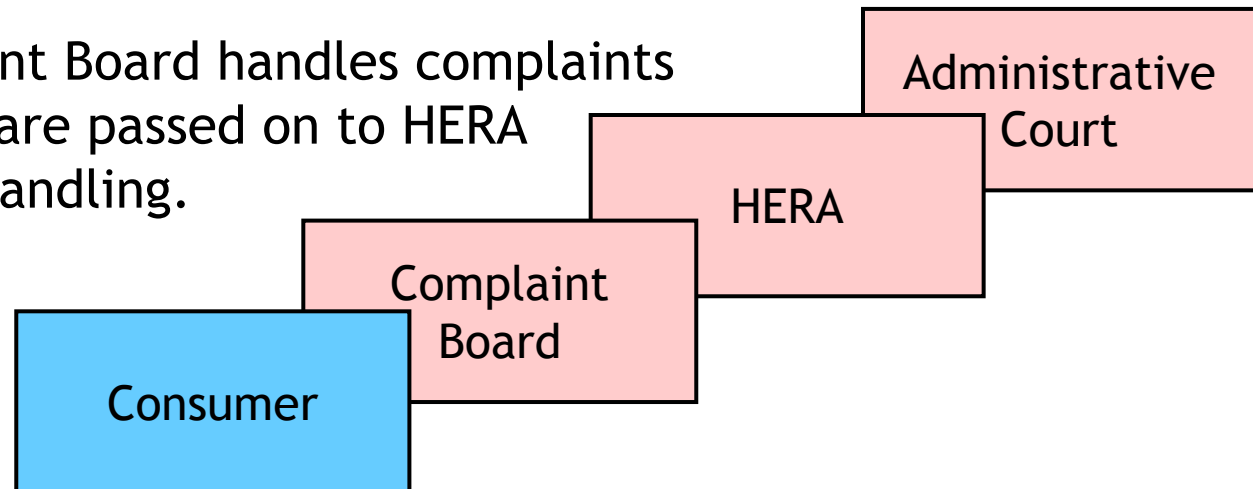


Institutional framework

Complaint Boards

- Subject providing public service (i.e. regulated energy activities) must form a Complaint Board for handling complaints
 - Art. 24 Para.7 Consumer Protection Act (“Official Gazette” 79/07, 125/07, 79/09 & 89/09)
 - **Representatives of Consumer Protection NGOs should be included in the Board**

- The Complaint Board handles complaints before they are passed on to HERA for further handling.





Institutional framework

Councils

- Bodies in charge of consumer rights and obligations of public service providers should form **councils**:
 - incorporating representatives of Consumer Protection NGOs for participating in decision making
 - Art. 24 Para.6 Consumer Protection Act (“Official Gazette” 79/07, 125/07, 79/09 & 89/09)

- HERA has two councils:
 - **Council for Regulatory Affairs**
(gives recommendations and opinions on regulatory issues like tariff systems, tariff setting, etc.)
 - **Council for Consumer Protection**
(gives recommendations and opinions on consumer issues like prices, quality of services, rights and protection of different consumer groups, etc.)



Institutional framework

Participation in the development of legislation

- The Croatian Government adopted in 2009 (“Official Gazette”, no.140/09)

the Consultations Code with interested public in procedures for adopting laws, other legislation and documents

- The Code recognizes four pillars of participation:
 - Informing interested public/parties
 - Consultation
 - Active involvement of representatives
 - Partnerships in development and implementation



HERA's perspective



HERA's perspective

Structure of complaints



The graph represents the shares of complaints and objections according to categories in electricity for 2009. The 132 complaints and objections related to electricity in 2009 by far exceed the number of complaint and objections in thermal energy (19 in 2009) and gas (3 in 2009).



HERA's perspective

Structure of inquiries

Informal inquiries (ad hoc phone calls & emails) are mostly related to:

- Within authority

- Prices & Tariffs
- Connection costs in growing construction areas

- Outside (direct) authority

- Billing
- Property and Right of Way issues induced by the construction and use of energy infrastructure



HERA's perspective

Submission of complaints

- Complaints are in predominantly submitted:
 - directly **by consumers**
 - **via complaint boards**
formed within companies with public service obligations

- Occasional submissions:
 - **by the State Inspectorate**
 - **re-routing of complaints**,
typically from the Ministry of Economy, Labour and Entrepreneurship



HERA's perspective

Further development

- Opportunities for collaboration with Customer Protection Organizations:
 - better collaboration in the development of legislation
 - partnerships for implementing new legislation, especially related to the development of energy markets
 - collaboration on individual projects related to customer protection, educating the general public and rising awareness



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