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Regulatory measures to mitigate the impact of COVID-19 outbreak in the Mediterranean region

Information note



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Introduction

On 30 January 2020, the World Health Organization (WHO) declared the outbreak of the COVID-19 a Public Health Emergency of International Concern, and recommended safety measures to be taken by each government to ensure the safety and health of the population.

The measures focus mainly on minimizing the human-to-human transmission by banishing all public gatherings, postponing all public events, travels, closing all schools and universities.

Unfortunately, the virus continues to spread worldwide, and the measures were extended to suspend all activities except the necessary ones such as food supply chains and pharmacies. These measures have had direct repercussions on all energy markets of the Mediterranean region. This paper presents the measures taken by the MEDREG member countries and how each regulator and government adopted measures to keep the continuity of supply and reduce the economic impact on consumers and on market actors (namely, in the wholesale market, network operators and suppliers).

The report is based on information received from 17 MEDREG members regarding the measures taken during the COVID-19 outbreak to support the energy sector and to ensure the security and quality of supply to the consumers. Given the rapidly evolving situation in each country, the information reflects those measures adopted as of 10 April 2020.

The following sections provide information on two main aspects of the decisions taken by the MEDREG members. The first part reports on the main measures adopted for energy markets including for consumers, while the second part summarizes specific measures that each country has taken.



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1. Regulatory measures regarding the COVID-19 outbreak in the Mediterranean region

1.1. Support to the energy market

The support to the energy market is oriented in terms of adjusting the imbalance in the wholesale market and the extension of deadlines related to the legal procedures and licenses.

Due to the difference in the tariff systems in the MEDREG countries, each member has a different measure to support energy actors (network operators, producers and distributors). In **Italy**, **Spain**¹ and **Morocco** the government created a fund to support energy market operators (if they comply with the requirements). In the case of **Slovenia**, the government decided to remove temporarily from electricity bills the contribution for the renewables (RES) and co-generation high efficiency.

As regards measures taken regarding staff working arrangements in the energy sector, teleworking is strongly recommended for both NRA and energy companies. In most MEDREG NRAs, the staff have the obligation/possibility to work from home, except for the presence of essential workers. In addition, some NRAs switched to online procedures instead of physical applications (see below the case of **Egypt**). On the other hand, network operators have had to adapt their ways of working. Many of their staff are teleworking (except for critical functions like dispatching or network repairs). All but essential repairs and connections are postponed, while meter readings for billing purposes must be done remotely, through consumer self-reading or not at all, which can lead to estimated consumption in consumer's bills.

For example, in **Slovenia** and **Portugal**, consumers are asked to report their meter reading by phone or online. In **Albania** and **Turkey**, average consumption will be used for the upcoming energy bills (relative to the same months of the previous 2 years), for the zones subject to administrative measures or the areas where meter reading would impair social distance.

In case of **Algeria**, the regulator authorized the electricity and gas distributor to estimate, during this period, consumption of end consumers due to the impossibility of physically recording consumptions.

As regards administrative procedures, in **Egypt** (for both electricity and gas), operators can send their application online regarding any issues such as licenses. Furthermore, nearly all the regulators will exceptionally tolerate the failure to comply with the quality of supply requirements and objectives. In **Italy** and **Portugal**, in order to ensure maximum safety for all parties called to participate in the recognition of data. In Italy (**ARERA**) has approved the postponement for regulated companies to communicate service quality data beyond the established deadlines.

Nearly all DSOs in MEDREG member countries are not allowed to disconnect any consumers due to non-payment of the last month utility bills, therefore, in several European countries (**France**, **Spain** and **Italy**) suppliers are allowed to request to defer the transmission bills and network access tariff until the payment of the utility

¹ In case of Spain : economic measures to workers and SMEs affected by the pandemic in different sectors (not specifically in the energy sector).



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bills by the consumers. In **Portugal**, both consumers and energy suppliers are able to set up a payment plan to pay their outstanding bills over a period of maximum 12 and 9 months, respectively. In addition, small suppliers (with less than 5% market share) that experience a fall in invoices equal to or above 40% can request a moratorium on their network access charges.

In case of **Morocco**, the government set an economic watch committee to follow the development of the current situation and adopt the adequate measure to ensure the continuity of energy supply and support the operators in the economic aspects.

In **Egypt**, the government allocated a budget to support the industrial sector by reducing the price of natural gas and lowering electricity prices by ten piasters for heavy and average use industries.

1.1. Support to the end-consumers

In all countries, the government and in particular the regulators, have adopted several measures to ensure the continuity of energy supply to all consumers as well as to protect the vulnerable consumers.

Energy suppliers are not allowed to interrupt the supply of energy to consumers due to non-payment of the utility bills during this period. Consumers also have the right to postpone or stagger the payment of their bills, as noted above.

In **France**, the regulator decided to postpone the end of the winter truce (the period during which tenants cannot be evicted from their homes). The winter truce has been extended by 2 months by ordinance, from 31 March to 31 May).

In **Italy**, the regulator suspended any restrictions to services applied to domestic customers in case of default payments (electricity low voltage and gas up to 200.000 cubic meter/year), as well as re-activation of all the suspended services (electricity, gas and water services) for the entire period of effectiveness of the containment measures. Furthermore, payment of invoices for the supply of electricity, gas, and water to domestic customers is suspended and it will be recovered by installment payments;

In **Spain**, the social electricity tariff is extended to professionals and small business that have had their incomes affected by 75%. Additionally, small business and professionals can cease their energy supply contract temporarily at no cost.

In some **Balkan countries and Cyprus**, final electricity prices were reduced between 10% to 15% for vulnerable consumers, while vulnerable consumers will pay only the fixed part of the electricity bill for the months of April, May and June. In parallel, the Energy Power Holding Company of Montenegro (EPCG) will double the sum of the electricity bill subsidy for socially jeopardized households.

In **Palestine**, the regulator issued a bulletin that describes the current situation and comforting the public that the current situation will not affect energy supply. Moreover, the bulletin instructs consumers how to charge their prepaid meters and discusses different related issues.

In **Egypt**, consumers can send their complaints by email to EgyptEra to reduce physical contact and rely more on electronic interaction.



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2. Measures and decisions taken by countries

This section summarizes the most relevant measures taken by the regulators/governments in the Mediterranean region to support the energy market and to protect end-consumers during the COVID-19 outbreak.

- **Albania – ERE**

Albania -ERE-			
- For the next energy bills, the average consumption will be used (of the same months of the previous year).	- Legal deadlines extended/suspended such as licences. - ERE has addressed the main operators in the power sector to take necessary measures and action plans in order to guarantee supply of electricity as well as quality of service.	- All consumers claims should be resolved in a short period with verifications on site. - ERE suspended the procedure for the adaptation of the new tariffs for the DSO and the Universal Supplier for year 2020.	- For the business that result closed by Govt. Decision by mid of March, the reference price of the relevant March 2019 month will be made only for a period of 15 days and no charge will be made for the time the business result closed.

- **Bosnia and Herzegovina – SERC**

Bosnia and Herzegovina - SERC-		
- Home based work as much as possible for SERC staff with minimum presence at SERC official premises. All business trips are postponed except the trips directly related to the implementation of measures under the extraordinary circumstances.	-The exchange of information has been intensified among all competent entities in the energy sector to monitor the stability of the energy system	- Disconnections of households due to unpaid bills are suspended while default interest for delayed payments is not charged.

- **Cyprus – CERA**

Cyprus - CERA-			
- Suspension and postpone of all the business trips and meeting for CERA staff.	-Applications for licenses and exemptions from a licence,as well as any request concerning any type of licence should be made electronically or by mail.	- Electricity price reduced by excluding the VAT and RES fee contribution.	- The Electricity Authority of Cyprus will not disconnect the electricity supply for non-payment.

- **Egypt – GASREG and EgyptEra**

Egypt - GASREG and EgyptEra-			
- Any documents submission will be exclusively provided electronically. - Consumers complains are receveied by email.	- Applications for licenses, as well as any request concerning any type of licence should be made electronically or by mail.	- Flexibility in working hours are applied to ensure the safety and health of the regulators staff.	- All the business trip and meetings are either postponed or attended online. - Gas and electricity prices are reduced for the industrial sector.



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- **France – CRE**

France - CRE -			
<ul style="list-style-type: none"> - Creation of a fund to support the energy market. - Possibility to differ transmission access bills for energy suppliers. - Deadline to adopt legal procedures extended. 	<ul style="list-style-type: none"> - Postpone payment of rent and utility bills for consumers. - Postpone the end of the winter truce. - Vulnerable consumers benefit from solidarity fund. 	<ul style="list-style-type: none"> - Suspension of smart meter deployment and minimizing the mobility of the staff. - Priorities consumers connections and commissioning. - Adoption of Business continuity planning. 	<ul style="list-style-type: none"> - CRE recommended to EDF, to suspend the flagship variable electricity tariff. - CRE may consider to review the operation cost and quality of service incentive for the energy market operators.

- **Greece – RAE**

Greece - RAE -			
<ul style="list-style-type: none"> - Postponement of several deadlines concerning RES and the obligation imposed on suppliers to offer everything online 	<ul style="list-style-type: none"> - TSOs/DSOs: business continuity plans are in place 	<ul style="list-style-type: none"> - General teleworking, except for critical staff and where physical presence is absolutely needed (shiftwork). 	<ul style="list-style-type: none"> - Suppliers: some of them have announced special discounts for vulnerable and big customers, telephone line for support etc.



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- **Italy – ARERA**

Italy - ARERA -			
<p>- Creation of an emergency fund to ensure the financing (up to € 1 billion) of initiatives to support end customers in the electricity, gas and end-users sectors of the water sector.</p>	<p>-ARERA has approved the postponement for regulated companies to communicate service quality data beyond the settled deadlines.</p>	<p>-Suspension of any restrictions to services applied to domestic customers in case of default payments</p> <p>- End customers whose “bonus” (special discount on bills for families in economic hardship) for electricity, gas and water services is expired during containment period will be able to renew their application</p>	<p>- Failure to comply with service quality performance targets is exceptionally tolerated;</p> <p>- Payment of invoices for the supply of electricity, gas, and water to domestic customers is suspended and it will be recovered by installment payments.</p>

- **Jordan – EMRC**

Jordan - EMRC			
<p>- EMRC decreased fuel clause tariff from 10 fils/kwh to 0 fils/kwh.</p>	<p>- Government decrease oil derivatives all kinds (gasoline, diesel kerosene....etc)</p>	<p>- EMRC issued decisions to DISCOs to postpone monthly meter reading and postpone disconnection due to non payment.</p>	<p>- EMRC monitor continuity of electricity and household supply on 24 hours basis through monitoring and emergency center in EMRC headquarters.</p>



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- **Montenegro – REGAGEN**

Montenegro - REGAGEN -		
- Home based work as much as possible, ensuring the best quality of service at the same time.	- The Energy Power Holding Company of Montenegro (EPCG) will double the sum of the electric bill subsidy to socially jeopardized households in the duration of the measures.	- All energy companies will free companies whose work is prohibited by the order of the Ministry of health from paying the fixed part of the electric energy bill for the months of April, May and June.

- **Morocco – ANRE**

Morocco - ANRE -		
- Creation of an economic watch committee, to follow the development of the current situation and take the necessary actions and measures to ensure the best quality of service and the economic viability of the operators.	- Creation of a fund to support the population and small business during this outbreak.	- Several measures in the bank sector to ensure the continuity of service and avoiding the bankruptcy of companies.

- **Palestine – PERC**

Palestine			
<ul style="list-style-type: none"> - PERC developed an emergency plan, Identifying the important risks and prepare a risk mitigation to keep service running and protect the employees. 	<ul style="list-style-type: none"> - DSO are not allowed to suspend the energy of supply due to non payment. - Giving power to consumers based on credit bases, especially for consumers with prepaid meters. Vulnerable and no vulnerable consumers can get benefit of that. 	<ul style="list-style-type: none"> - Based on the easing of measures as announced by the government, the distribution companies in coordination with the regulator will resume connection new consumers to the grid. 	<ul style="list-style-type: none"> - PERC issued a bulletin that describes the current situation and comforting the public that the current situation will not affect energy supply. Moreover, the bulletin instructs the consumers how to charge their prepaid meters and discuss different related issues.

- **Portugal – ERSE**

Portugal			
<ul style="list-style-type: none"> - Procedural deadlines for electricity sector suspended until end of crisis situation. - Consumers are encouraged to send in their own meter readings, to avoid consumption estimates - Temporary fixing of a maximum price for LPG bottles 	<ul style="list-style-type: none"> - New licencing requests suspended, e.g. registration of small production or self-consumption production units, new lines, etc... - DSOs have to guarantee essential services 	<ul style="list-style-type: none"> - Payment plans for consumers (max. 12 monthly instalments, no interest) for debt accumulated during exceptional period. - Consumers cannot be disconnected during the state of emergency (deadline for prior notice of disconnections is extended) 	<ul style="list-style-type: none"> - Regulatory deadlines for network operators, suppliers of last resort & suppliers extended. - Payment plans for suppliers for network charges (9 monthly instalments, no interest). - Moratorium on network access payments by suppliers with fall in invoices \geq 40%

- **Slovenia – AGEN-RS**

Slovenia - AGEN-RS -		
<ul style="list-style-type: none"> - Suspension of contribution to support higher efficiency cogeneration and RES (reducing the cost of electricity by 27%). - High degree of self-isolation of employees. 	<ul style="list-style-type: none"> -Legal deadlines extended. - No disconnection of consumers due to non-payment of the last utility bills. 	<ul style="list-style-type: none"> - Consumers report the meter status during the outbreak. - For vulnerable consumers, the tariff for the capacity is not charged.

- **Spain – CNMC**

Spain - CNMC -			
<ul style="list-style-type: none"> - The gas tariff will be frozen for the next 6 months. - DSO adopted contingency plans and minimize outside visits to households. - Suppliers can defer the payment of the access to network tariff. 	<ul style="list-style-type: none"> - The cutting off the basics services is prohibited due to non-payment. - Professional and small business can temporary cease their supply contract at no cost. - Postpone the payment of energy bills. 	<ul style="list-style-type: none"> - Supplies and DSO can access to financial credits under some requirements. - Legal deadlines extended/suspended. - General teleworking, except for critical staff and where physical presence is absolutely needed (shiftwork). 	<ul style="list-style-type: none"> - Social electricity tariff is extended to professional that have their incomes reduced by 75% due to the outbreak.



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- **Turkey – EMRA**

Turkey			
<p>- For the next energy bills, the average consumption will be used (of the same months of the previous 2 years), for the zones subject to administrative measures or the areas where meter reading would impair social distance.</p>	<p>- The expiring licences are extended until the end of the outbreak. - EMRA provided some exemptions regarding certification requirements of consumers who are included in the industry tariff.</p>	<p>- For the energy sector, smart working is used as much as possible. - Some legal deadlines extended for 3 months.</p>	<p>- EMRA extended the time for some reporting obligations of market players. - The EMRA audit on the investments are suspended.</p>

3. Conclusion

In this report, we outline the regulatory measures taken by the regulators and governments in the MEDREG region as of 10 April 2020. Their actions were designed to support the energy markets and protect the end-consumers at the same time. Given the rapidly evolving situation in each country, other measures may have been taken in the meantime and are not included in this report.

Despite the differences in the specific regulatory measures taken to support the energy sector during the COVID-19 outbreak in each country, the regulators and the governments in the Mediterranean region took action to support the energy actors and to protect the end-consumers.

This report also shows that the role of the regulator is crucial during emergency periods, in order to maintain the continuity of energy supply while preserving the rights of end-consumers. Therefore, it is important to always monitor the market operators and the energy markets to react quickly when needed.

As can be seen from the detailed tables of the actions taken by each regulator, providing an overview on the emergency measures in MEDREG member countries, both the regulators and governments adopted necessary measures to support the energy market and protect the consumers.

Further studies may be elaborated to assess the impact of the COVID-19 outbreak on the energy market once we emerge from the crisis, review the measures taken and develop a guideline to mitigate the impact of other emergency cases for the future.

Regulatory measures summary

Country	Availability of regulatory measures to the energy market? ²	Availability of regulatory measures to protect the consumers?
ALBANIA	Yes, in both economic and administrative aspects	Yes
ALGERIA (CREG)	-	-
BOSNIA AND HERZEGOVINA	Yes, in administrative aspects	Yes
CROATIA	-	-
CYPRUS	Yes, in administrative aspects	Yes
EGYPT (GASREG)	Yes, in administrative aspects	No
FRANCE	Yes, in both economic and administrative aspects	Yes
GREECE	Yes, in administrative aspects	Yes
ISRAEL	-	-
ITALY	Yes, in both economic and administrative aspects	Yes
JORDAN (EMRC)	Yes, in administrative aspects	Yes
LEBANON	-	-
LIBYA	-	-
MALTA	-	-
MONTENEGRO	Yes, in economic aspects	Yes
MOROCCO	Yes, in economic aspects	Yes
PALESTINE	-	-
PORTUGAL	Yes, in administrative aspects	Yes
SLOVENIA	Yes, in administrative aspects	Yes
SPAIN	Yes, in both economic and administrative aspects	Yes
TUNISIA	-	-
TURKEY	Yes, in administrative aspects	Yes

² Economic aspect: any measures related to the support the energy actors by funds and subsidies.

Administrative aspect: are related to all the administrative obligations of the operators such as licenses, comply with the quality of service objectives etc...



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