Vulnerable Consumers Report

Working Group on Consumers Issues

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1. Introduction

In 2008 the MEDREG General Assembly (GA) decided to launch its first activities on electricity and gas consumers issues, with the aim of promoting a common approach of consumer protection principles in the Mediterranean region. At the 2014 CUS Work Group (WG), the issue of 'Vulnerable Consumers' within the energy sector was addressed. Led by the Israeli representative it was suggested to unify the different MEDREG participating countries as to a homogeneous definition of a vulnerable consumer and the different support schemes in favor of those consumers. The main goal of this report is to summarize and consolidate the term 'Vulnerable Consumer' and all aspects relevant.

In this term, the main missions of the Consumer Issues Work Group (CUS WG) are the following:

- Define a "vulnerable consumer" as unanimously as possible based on collected information.
- Differentiate between countries with reference to vulnerable consumers as statutory rule, and countries who do not have statutory reference's regarding this matter.
- Map out the various support schemes offered in different MEDREG countries and compare them to each other.
- Differentiate between various presented financial coverage options.
- Attempt to unify all MEDREG countries around a common definition and plan of action as a direct result of the unity.

Our first action (Nov 2014) was to send out questionnaires on the subject prior to the CUS WG meeting in Lisbon 2015, the intermediate results were presented in Lisbon. Thereafter we sent out follow up questions to all participating countries in order to allow all answers to fall into line and generate a coherent database to work with. The information collected consisted of various parameters and aspects revolving around the issue of vulnerable consumers. This information was processed and is presented in the following report.

This report was written with the assistance of our colleagues from Albania (ERE), The Palestinian Authority (PERC) and Portugal (ERSE), and we thank them for their generous assistance. Special thanks to Co-Chair Nicolò Di Gaetano, my assistant Mr. Asher Stoch and the much appreciated help of MEDREG Secretariat.

We would also like to thank our colleagues of the CUS WG who dedicated time and effort to improve this report with their helpful comments and suggestions.

Yours,
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2. Subject Matter & Scope

Defining the concept of vulnerable consumer is not an easy task as a wide range of factors can increase vulnerability in energy markets, such as consumer's individual situations, provider's practices or the functioning of the energy market. Even in the European Union, where the so-called "3rd Energy Package" requires each Member State to define this concept. Some of them have not adopted such a definition as they believe that such a definition implicitly exists when a protection is ensured.

MEDREG's main initiative concerning vulnerable consumers focuses on those whose ability to look out for their interests and rights in the electricity market is significantly lower than the average consumer. Specifically consumers who are more likely to be taken advantage of. Our strategy defines the plan of action necessary to identify both potential vulnerable consumers, as well as, how to support them and empower them. This initiative is developed in collaboration with most of MEDREG's countries and aims at giving a clear picture of how the concept of vulnerable consumer is understood in these countries, assembled around a common purpose of promoting innovations within the vulnerable consumers topic.

Electricity is an essential part of our daily life. In order to ensure and maintain a decent quality of living, light, electricity and heating are crucial necessities. Upon the different market players within the electricity sector lies a heavy responsibility, considering the impact they have, both suppliers, distributers, as well as regulators, on the financial and environmental costs of providing the electricity to meet consumer's needs.

Decisions made by regulators as well as policy makers influence the electricity sector and more generally each national economy and impact directly to consumers. Due to a capital intensive industries, this influence can last for generations. Therefore, this emphasizes the essential role of regulators, collaborating and implementing to provide the highest level of consumer protection to be matched with economic sustainability and security of energy supply.

MEDREG works to achieve positive influence on consumers, with awareness to the various needs of the different consumers. The wide array of consumers and different country cultures presents challenges for regulators. Whether it applies to small businesses (SMB) or household consumers, with emphasis on vulnerable consumers. It is necessary to provide equal concern and proper regulations.

Our mission is to predict and prepare proper regulations and instructions in order to protect consumers and their rights. It is essential to direct resources in an efficient way to guarantee fair and reasonable tariffs and to prevent cross subsidization between the different consumers.
This mission's significance is greater in regard to vulnerable consumers. These consumers, on whole, find difficulty in various aspects revolving around the issue of electricity needs and tariffs. Incline in the price of energy, together with the constant increase in cost-of-living, provides a challenge for the above mentioned consumers. Exchanging best practices, finding common ground and harmonized regulations between all MEDREG countries can enhance the ability and effectiveness of protecting vulnerable consumers.

We aim to focus our attention on those consumers, who are significantly less able than the average consumer, to protect or represent their interests in the energy market; These consumers are significantly more likely than the average consumer to suffer detriment, or for whom detriment is likely to be more substantial.

One definition of vulnerability is when personal circumstances and characteristics combine with aspects of the market to create situations where a consumer is (OFGEM):

1. Significantly less able than the average consumer to protect or represent his or her interests in the energy market; and/or
2. Significantly more likely than the average consumer to suffer detriment, or that detriment is likely to be more substantial.

The mere existence of a defined concept does not guarantee sufficient information on how well vulnerable consumers are protected in practice. The actual level of protection of vulnerable consumers can only be

assessed by examining the combination of energy specific and social security measures in place. Vulnerable Consumers are widely recognized as a group that needs to be protected in several different aspects:

1. Household Energy Efficiency: The type of heating system used, the quality of the household, and the (in)efficiency of household appliances can all impact household energy use. Enforcement of housing standards and building regulations are key to improving the quality of housing stock, especially in the private rental sector. Instruments to encourage investment in energy efficiency include subsidies for energy efficiency improvements and energy-efficient equipment.
2. Financial Support: Addressed through social policy, this may be necessary where a high percentage of disposable income is needed to cover energy costs, where household incomes are low, or the household consists of a single parent, many children etc. Those who are retired or unemployed may also require financial support. Some countries offer social tariffs to vulnerable consumers, and some offer lower tariffs for consumers who have high energy requirement, for example, 24/7 electrical equipment functioning. Financial support to vulnerable consumers should take into account all heating methods, not just electricity and gas. Practices and instruments in place include winter and cold weather payments for various consumer groups such as the elderly and disabled.
3. Protection: Consumers in vulnerable situations may need protection where there are, for example, low levels of competition or poorly functioning markets, poor debt policies and selling practices and/or pre-contractual practices, and insufficient choice in payment method.

Consumers with health issues, a disability, the elderly or the very young may require additional support. Governance plays a large part in ensuring that the appropriate policy is in place to protect such consumers. We believe that NRA's and consumer associations can provide advice and means to tackle the problem in order to cope with poor knowledge and awareness. However, lack of access to appropriate media such as the internet may still mean that vulnerable consumers lose out. In addition, lack of education may impact an individual's ability to follow developments and/or make appropriate choices in the energy sector, requiring additional support. Immigrants and ethnic minority citizens may face language barriers, necessitating translation of information into the relevant languages. For instance, price comparison tools*[1] are increasing in popularity as a means for all consumers to overcome the lack of information and to find and switch to the best, most appropriate offer.

Consumers should have a central role in energy retail markets, and the 'vulnerable customer concept' should be urgently defined by Member States. It is therefore vital that consumer associations, local authorities, regulators, ombudsmen, industry and other key stakeholders work with us hand-in-hand to achieve this goal. MEDREG Consumers WG has launched a questionnaire on this important issue to all 15 participating NRA's.

The purpose of our work is to define the common criterion and establish for the first time a full data among all MEDREG countries, to improve our work and help protect our consumers. The questionnaire helped us compare measures taken by each country in order to define "vulnerable consumers", means of action to protect them. The questionnaire also tried to find best practice to deal with this issue among MEDREG members that could be implemented within other MEDREG countries.

We would like to thank our colleagues from The Palestinian Authority, Albania and Portugal for their assistance in writing this document and personally thank the NRA's of Albania, Algeria, Egypt, France, Israel, Italy, Jordan, Malta, Montenegro, Portugal, The Palestinian Authority, Spain, Greece and Turkey who dedicated their time to answer the questionnaire and follow up questions, in order to allow us to finalize this report

3. Important Findings from the Questionnaire

CUS WG received responses to the questionnaire from the NRAs of 14 countries: Albania, Algeria, Egypt, France, Israel, Italy, Jordan, Malta, Montenegro, Palestine, Portugal, Spain, Greece and Turkey.

[1] http://www.MEDREGregulators.org/PublicationsNews/ConsumerTaskForce/OnlineinformationtoCUS.aspx

Below is provided a summary of the important findings from the questionnaire, especially on the definition of "vulnerable customer" and the ranking of support rate provided to eligible consumers.

3.1 Definition of "Vulnerable Customer"

As shown in Table 1, 10 of the 14 countries have an explicit definition for "vulnerable customer", i.e. established in legislation[2]. From a geographic perspective, Northern and Eastern countries in general have explicitly defined the term as opposed to Southern ones.

Table 1. Definition of a "vulnerable customer" in legislation

Yes	No
Albania	*Algeria*
France	*Egypt*
Greece	*Jordan*
Israel	*Turkey*
Italy	
Malta	
Montenegro	
Portugal	
Spain	
Palestine	

Nonetheless, while the remaining four countries do not have a legal definition, the concept of "vulnerable customer" is somehow implicit in legislation. In Algeria, public service obligations for electricity and gas distributed by pipeline establish that an identified category of citizens and the disadvantaged areas must be supplied with energy in order to ensure social cohesion and to contribute to greater solidarity. In Egypt and Jordan, certain customer groups benefit from specific tariffs. In Turkey, the law establishes that subsidies can be provided for electricity consumers in certain regions and/or in line with certain objectives.

In the majority of countries where an explicit definition of "vulnerable customer" exists, it is specific to the energy sector and is, in most countries, separately specified, especially in what regards electricity usage (see Table 2). France is the only country where the definition of "vulnerable consumer" is not specific for the energy sector.

Table 2. General/energy sector-specific definition of a "Vulnerable Consumer"

Country	Specific for the energy sector			Not specific for the energy sector
	General	Separately specified for electricity usage	Separately specified for gas usage	
Albania		**X**		
France				**X**
Israel		**X**		
Italy	**X**		**X**	
Malta		**X**		
Montenegro	**X**			
Portugal		**X**	**X**	

[2]In Albania, the legal basis will soon be approved with a new Law on Energy.

Spain		**X**		
Greece	**X**			
Palestine				**X**

The criteria for consumers to obtain a "Vulnerable Consumer" status are very diverse (see Table 3).

Table 3. Criteria for obtaining the status of "Vulnerable Consumer"

Country	Criteria
Albania	Electricity: • Family's where the head of the family is a pensioner • Paraplegic and tetraplegia invalids , people with limited abilities (blind people) • Low income citizens with income budget lower than 35.000 leke per month
France	General: • A person in a situation of fuel poverty (energy insecurity) is a person who encounters a particular difficulty to purchase the necessary energy for its basic needs because of financial reasons or of its housing conditions. • The national observatory for fuel poverty (ONPE), established in 2010, is working on indicators and published its first report on October 2014. However, there is no unanimity regarding ONPE's method.
Israel	Electricity: No specific definition of "vulnerable consumer" although the law defines that consumers who meet these criteria's will receive discount on electricity usage: Individuals under social security programs: solidarity supplement for the elderly; social inclusion income; lone parents who have more than 3 children and receive social inclusion income, child benefit; social pension due to disabilities; beneficiaries of social pension for elderly, lone soldiers, poor holocaust survivors etc.
Italy	Electricity: No specific definition of "vulnerable customer" although the law, concerning public service obligations and consumer protection, stipulates that all domestic consumers and small businesses (with fewer than 50 employees and a turnover of less than 10 million Euros) who do not choose their supplier on the free market are served under the protected-tariff regime.
	Natural gas: • Domestic consumers and non-domestic consumers with consumption of less than 50,000 S(m3) per year and uses for public service activities or by public or private entities that provide a recognized activity of assistance, including hospitals, nursing and rest homes, prisons and schools. Presently, the following are still entitled to the protected-tariff service: • Consumption points owned by a domestic customer; • Consumption points for apartment blocks for domestic use, with consumption of not more than 200,000 S(m3) per year. Families with low income or disabilities who need high energy consumption are supported with economic discounts on their energy bill.
Malta	Electricity: • Persons in receipt of any Social Assistance (including Social Assistance (Caregivers), Single Unmarried Persons, or Unemployment Assistance); • Persons in receipt of any Special Unemployment Benefit; • Persons in receipt of an Age Pension; • Persons in receipt of a Caregivers Pension;

	• Persons in receipt of the either Children's Allowance, Supplementary Allowance or a Pension in respect of Disability, if the total family income is below €8,795. • "Humanitarian grounds" if: the head of the household proves that a member of the family suffers from a medical condition that requires an excessive use of water and electricity, and such member is permanently residing in Malta, and the household income (calculated in accordance with the provisions for a Disabled Child Allowance) is less than €30,911.00 per annum.
Montenegro	Electricity: Consumers in social need determined by a responsible authority, and who are disabled or have special needs and with poor health conditions whose life or health can be exposed to a threat by limitation or termination of supply.
Portugal	Electricity: • Individuals under social security programs: solidarity supplement for the elderly; social inclusion income; social unemployment subsidy; child benefit; social pension due to disabilities; beneficiaries of social pension for elderly. • Families with low income (minimum set every year by the Government). • The contract holder must comply with one of the above criteria, and the supply must be for a household and in low voltage (up to 6,9 kVA).
	Natural gas: • Individuals under social security programs: solidarity supplement for the elderly; social inclusion income; social unemployment subsidy; child benefit; social pension due to disabilities. • The contract holder must comply with one of the above criteria, and the supply must be for a household and in low pressure (up to 500 m3 of consumption per year).
Spain	Electricity: Electricity consumers who meet social, consumption and purchasing power criteria. These are transitorily: • Consumers with contracted power in his first home minor to 3 kW. • Pensioner who receive the minimum retirement amount. • Families with 3 or more children. • Part of a family unit that has all members of working age unemployed.
Greece	• Low Income households suffering from energy poverty. • Consumers who themselves or their spouses or persons who live together, rely heavily on continuous and uninterrupted power supply, due to mechanical life support • Elderly who are over 70 years old, provided they do not live together with another person who is younger than the above mentioned age limit. • Consumers with serious health problems, especially those with severe physical or mental disability with intellectual disabilities, severe audiovisual or locomotors problems, or with multiple disabilities or chronic illness who can't manage their contractual relationship with their Supplier. • Consumers in remote areas, especially those living at the Non Interconnected Islands.
Palestine	Citizens registered at the Ministry of Social Affairs are considered as vulnerable consumers.

In most countries there are several social economic conditions to be met, for example such related with disabilities or low household income (summary in Table 4). It should be noted that, while the "vulnerable consumer" definition in France and in Italy do not mention "operational" criteria for obtaining this status, these countries have specific support schemes were such criteria appear.

Table 4. Summary of criteria for qualifying for the "vulnerable consumer" status

Country	Socio-economic conditions	Low income per household	Disabilities
Albania	X	X	X
France[3]	na (not available)		
Israel	X	X	X
Italy[4]	X	X	X
Malta	X	X	X
Montenegro	X		X
Portugal	X	X	X
Spain	X		
Greece	X	X	X
Palestine	X	X	

3.2 Support provided to eligible consumers

The different approaches among the participating countries to the concept of "vulnerable consumer" gives rise to diverse coverage rates for household consumers (see Table 5) ranging from 0,8% (in Portugal) to 100% (in Algeria) households receiving economic support for their electricity bills.

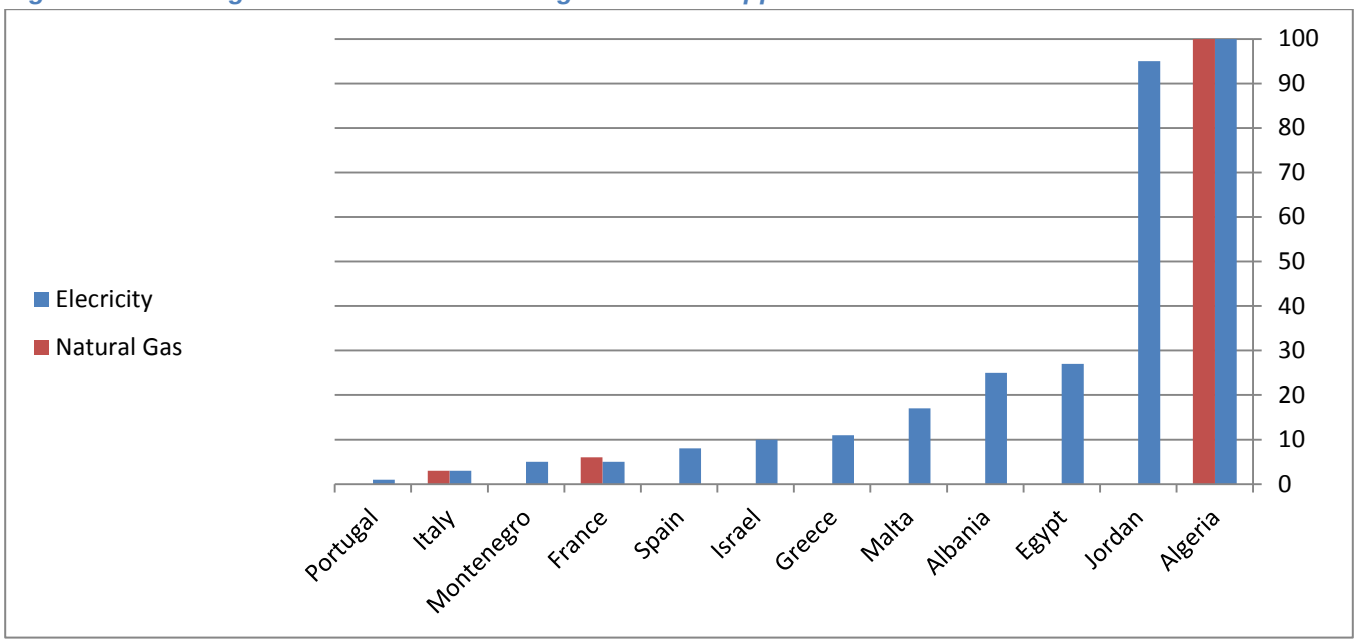
Table 5. Percentage of households qualifying for receiving economic support

Country	Electricity		Natural gas	
	Percentage of households qualifying for economic support	Percentage of households receiving economic support	Percentage of households qualifying for economic support	Percentage of households receiving economic support
Albania	na	23,9%	na	na
Algeria	100%	100%	100%	100%
Egypt	na	27%	-	-
France	na	5,3%	na	6,4%
Israel	na	10%	-	-
Italy	na	3,4%	na	3,6%
Jordan	na	96%	-	-
Malta	18%	18%	-	-
Montenegro	na	5%	-	-
Portugal	8,3%	0,8%	na	0,4%
Spain	na	9%	-	-
Greece	na	11%	-	-
Palestine	na	na	na	na

[3] The definition stipulates that "a person in a situation of fuel poverty (energy insecurity) is a person who encounters a particular difficulty to purchase the necessary energy for its basic needs because of financial reasons or of its housing conditions. "The main social criteria are based on the revenues of the household and being eligible for financial support regarding health care insurance (depending on number of persons living in the same household and the annual revenues)

[4] Although not defined, a support scheme is in place for low income households and families with disabilities.

Figure 1.Percentage of households receiving economic support



Also, the type of economic support scheme is very diverse (see Table 6 and Table 7).

Table 6. Economic support scheme for electricity (it could be fine to express in a single currency)

Country	**Electricity**		
	Lump sum	Social tariff, price	Social tariff, discount
Albania	648 leke/month	-	-
Algeria	-	With a consumption cap: up to 500 kWh/year	For wilaya's (administrative departments) in the Southern region: discount (10% or 50%),with consumption caps, dependent on economic activity/voltage level
Egypt	-	With consumption caps: up to 50 kWh; and from 51 to 100 kWh	-
France	Deduction of 71 €/year to 140 €/year. Dependent on: no. of persons in household and type of contract[5]	-	-
Israel			50% discount for initial 400 kWh monthly for households who meet the criteria.

[5] There is also a support provided in the specific case of social housing (i.e. 47€/year/apartment)

Italy	Deduction of 72 €/year to 155 €/year. Dependent on: no. of persons in household and use. For consumers with serious health conditions: Deduction of 177 €/year to 639 €/year; dependent on consumption of equipment.	-	-
Jordan	-	-	From 17% to 82% for households. Other consumers from 8% to 67%
Malta	-	-	na
Montenegro	Deduction of 24 €, if bill is over 60 €	-	40%, if bill is up to 60 €
Portugal	-	Lower access tariff, dependent on contracted power	13,8% discount applied to consumption
Spain	-	-	25% discount applied to the bill
Palestine			Citizens registered at Ministry of Social Affairs have their 160wh consumption free

Table 7. Economic support scheme for natural gas

Country	**Natural gas**		
	Lump sum	Social tariff, price	Social tariff, discount
Albania	-	-	-
Algeria	-	With consumption caps: up to 4500 Th/year	-
France	Deduction of 23 €/year to 185 €/year. Dependent on: no. of persons in household; and type of contract[6]	-	-
Israel	-	-	-
Italy	Deduction of 35 €/year to 350 €/year. Dependent on: no. of persons in household and climate zone.	-	-
Portugal	-	Lower access tariff, dependent on consumption level	-
Palestine	-	-	-

4. Summary of Economic & Non Economic Support Schemes For Vulnerable Consumers in the Mediterranean

The different economic & non-economic support schemes concerning vulnerable consumers in the Mediterranean Region have been studied through a questionnaire filled by NRA's of the following countries : Jordan, Egypt, Algeria, France, Portugal, Spain, Italy, Montenegro, Malta, Israel, Albania, Palestine, Greece and Turkey.

[6] There is also a support provided in the specific case of social housing (i.e. 100€/year/apartment)

A. The results of the questionnaire indicate that the economic support schemes consists of :

a) Specific regulated prices for certain consumer groups in countries like Turkey (Veterans and families of matrys have a 50% reduced price), Algeria (All residential consumers pay a social tariff for a maximum of 500 kWh/ year), Palestine and Spain (Currently a 25% discount on regular price, (Voluntary Price for the Small Consumer[7] I).

b) Specific tariff for certain consumer groups in countries like Egypt (the economic support for vulnerable consumers is based on the quantity each household consumes), France (The specific social tariffs for electricity (TPN – tarif de première nécessité) were set up in 2004 for household consumers) and in 2008 for gas (TSS - tariff specidal de solidarte). Portugal (For both electricity and gas the social tariff is discounted in the access tariff, which includes the use of network tariffs). Italy (for electricity, prices are based on the costs of Single Buyer - or "Acquirente Unico" - when it purchases on the wholesale markets; for gas, prices are based on average prices in main gas exchanges). In France, the automatic attribution of the social tariffs simplified the procedures for the vulnerable consumers. This means that the administrative bodies (for social security, housing and taxes) are working closely together to identify the eligible consumers. Even though CRE estimates that administrative burden and costs could still be reduced, the automatic attribution is an important step to improve access to energy for vulnerable costumers. The French energy transition law passed in August 2015 created the energy chequefor low income households which will be introduced progessively as of 2016. This cheque will help them pay their energy bill and finance the replacement of energy inefficient electronic equipment. The measure is to be generalised at the latest in January 2018. Conditions for its implementation are to be defined in a decree.

c) Other

i) Subsidy on electricity bill in Montenegro,
ii) Discount in electricity bill in Malta,
iii) For low-income households or families with disabilities. Discount of ~15% of average yearly expenditure, net of taxes, for the electricity supply and a discount of ~ 20% of average yearly expenditure, net of taxes, for the gas supply in Italy.
iv) Compensation of about 650 leke/month directly to the vulnerable consumers in Albania

Table 8. Economic support schemes type

ECONOMIC SUPPORT SCHEMES TYPE	
Type	**Country**
1.Specific regulated prices for certain customer groups	Turkey, Algeria, Spain, Palestine
2.Specific tariff for certain customer groups	Egypt, France, Portugal, Jordan, Greece and Italy
3.Other	
3.1 Subsidy on electricity bill	Montenegro
3.2 Discount in electricity bill	Malta, Israel
3.3 Discount in % of yearly expenditures	Italy
3.4 Compensation in amount of money	Albania

B. Regarding the non economic support schemes within the energy sector, the results of the questionnaire indicate that the various support schemes consist of:

a) Warning prior to disconnection for all consumers in Turkey, Egypt, Montenegro, Spain, Italy, France, Malta, Portugal, Israel, Palestine, Greece & Albania

[7] Small Consumer - Domestic consumer or Consumer with low consumption rate.

b) Prohibition of disconnection for activities relating Public Service like hospitals, nursing homes, household consumers that require electricity powered life support equipment with severe health problems, prisons, schools. (Italy, France)

c) Prohibition of disconnection in critical times (1st November - 31st March) for consumers benefiting from housing solidarity fund. (Social Benefiters) (France) This measure came into force 01.11.2013.

d) Government investment in Infrastructure (Algeria)

e) Individually Customized Services for Physically Disabled (Portugal)

Table 9. Non-Economic support schemes type

NON ECONOMIC SUPPORT SCHEMES TYPE	
Type	**Country**
1.Warning prior to disconnection	Turkey, Egypt, Montenegro, Spain, Italy, France, Malta, Portugal, Israel, Albania, Greece, Palestine
2.Prohibition of disconnection for Public Service	Italy, France
3.Prohibition of disconnection in critical times	France
4.Goverment Investment in Infrastructure	Algeria
5.Individually Customized Services for Physically Disabled	Portugal

As shown above, support schemes for vulnerable consumers are designated for electricity and gas consumption and consist of economic support schemes and non-economic support schemes. The economic support schemes are widely applied by most of the Mediterranean countries for the purpose of the protection of vulnerable consumers and consist of specific regulated prices and specific tariffs for certain consumers groups. or based on the quantity threshold (economic measures).

In the majority of cases the non economic support schemes refers to protection against disconnection which refers to warning prior to disconnection for all consumers and prohibition of disconnection for consumers with poor health status or certain customer groups in specific times. The non economic support schemes for protection of vulnerable consumers are only in few cases seasonally based (France) or deal with the infrastucture investments to convey energy to consumers in scattered areas by paying a substantial portion of the costs for rural electrification (Algeria). A combination of both schemes is applied in some of Mediterranean Countries.

5. Summary of Cost Cover & Suggested Coverage

The questionnaires showed that there are three main methods for covering the costs of social benefiting schemes as shown in the following table 10:

Table 10. Three main methods for covering the costs of social benefiting schemes

Government Funding	Social Subsidies	Tariff - Consumers
Algeria	Albania	Italy[8]
Egypt	Spain (By main electricity companies active in generation, distribution and retail. The percentage of the cost is assigned by CNMC taking into account the mean size of the company distribution network, and the mean of the number of consumers supplied in the retail market.	France
Montenegro	Portugal (Paid by electricity producers)	Jordan
France		Portugal (for natural gas)
Malta		Israel

[8] For low income and disabilities

Jordan		Turkey
Palestine		Greece

Government Funding indicates there is an allocated section in the budget for funding social schemes specifically in the energy sector. This amount of money goes towards covering the costs of the various schemes mentioned above, benefiting the vulnerable consumers who meet criteria.

Social Subsidies are funding channeled to cover the costs of social benefit schemes by third parties, as opposed to coming from consumers or the government. For example we see that in Spain the money is divided among the major electricity companies and in Portugal among electricity producers.
Tariff - Consumers refers to countries were in the electricity bill received by the average consumers there is an added amount to the tariff. This additional amount if used to cover the benefits granted to eligible vulnerable consumers.

As portrayed above, several countries combine more than one method. The balance between the percentage of aid derived from the state budget and the percentage collected from third parties, or the consumers themselves, varies from country to country.

6. Harmonized Definition of 'Vulnerable Consumer' for MEDREG

6.1. Introduction

The purpose of this document is to come up with a harmonized definition for “Vulnerable Consumer” as well as to compare policies and protection concepts among MEDREG countries and how each different country handles mechanisms and how are the costs of providing support to vulnerable consumers covered.
The focus of this assessment is on vulnerable household consumers.

6.2 Questionnaire Analysis

6.2.1 Existence of Vulnerable Consumer in the Legislation

The following table 11 summarize the existence of legislation in 12 MEDREG countries:

Table 11. Countries with or without a specific legislation on Vulnerable Consumers

Countries with Legislation	Countries without Legislation
Montenegro	Turkey
Spain	Algeria
France	Egypt
Italy	Palestine
Malta	Jordan
Portugal	
Albania	
Israel	
Greece	

It was noticed that even in countries without direct definition of vulnerable consumers there are some indirect existence in legislation which is worth mentioning.

1. *Turkey*

The Electricity Market Law states that “In cases where consumers in certain regions and/or in line with certain objectives need to be subsidized, such a subsidy is provided in the form direct cash refunds to consumers without affecting the prices, where the amount, procedure and principles of these refunds are determined by the Council of Minister upon the Ministry‘s proposal”).

2. *Algeria*

In the law n°02-01 of February 5(article 3), 2002 on electricity and gas distribution by pipeline, the public service obligations provide that an identified category of citizens and the disadvantaged areas must be supplied with energy in order to ensure social cohesion and to contribute to greater solidarity.

3. *Palestine*

All citizens who benefit from Ministry of Social Affairs have free their first 150 KWh consumption.

For countries that do have a definition for vulnerable consumers at legislation it was as following:

1. *Montenegro*

Household consumers connected to electricity or gas distribution system (legal basis: Art 156 of Law on energy, Gazette no. 28/2010 and 6/2013, Decision on vulnerable consumers supply tariffs from July, 25th - adopted by The Agency) .

2. *Spain*

Specifically defined for the electricity sector (legal basis :Art 45 of Law 24/2013, de 26 of December, Electricity Sector and Resolution of 26 June 2009, the Ministry of Energy).

3. *Italy*

Specifically defined for energy sector (please provide the legal basis):

- With reference to the electricity sector, Legislative Decree no. 93/11 does not provide a specific definition of “vulnerable customer” (as in the gas sector: see below). Nevertheless, article 35 concerning public service obligations and consumer protection stipulates that all domestic consumers and small businesses (with fewer than 50 employees and a turnover of less than 10 million Euros) who do not choose their supplier on the free market are served under the protected-tariff regime (article 1, paragraph 2 of Decree Law no. 73 of 18 June 2007 converted into law by Law no. 125 of 3 August 2007).
- Legislative Decree no. 93/11 defined as “vulnerable” domestic consumers non-domestic consumers with consumption of less than 50,000 S(m3) per year and uses for public service activities or by public or private entities that provide a recognized activity of assistance, including hospitals, nursing and rest homes, prisons and schools. The same Legislative Decree also provided for the Authority to continue temporarily to establish reference prices which gas sales companies must, under public service obligations, include among their commercial offers.
- This provision was subsequently modified by Decree Law no. 69 of 21 June 2013; article 4, paragraph 1, stipulates that “exclusively for domestic consumers”, under public service obligations, the Authority temporarily continues to establish reference prices which gas sales companies must include among their commercial offers.

Specifically, the following are still entitled to the protected-tariff service:

- Consumption points owned by a domestic customer;
- Consumption points for apartment blocks for domestic use, with consumption of not more than 200,000 S(m3) per year.

4. *France*

General definition (not specifically defined for energy sector): Legal reference law n°2010-788 of 12th of July 2010 (Grenelle 2).

5. *Malta*

Specifically defined for energy sector - Groups of persons identified as vulnerable consumers are listed in an administrative measure on the Energy Benefits Scheme published by Government Gazette No.18, 367 on 20 January 2009 (Government Notice No 52).

6. *Portugal*

Specifically defined for energy sector (Decree-Law no 138-A/2010 of 28 December, revised by Decree-Law no 172/2014, for electricity; Decree-Law no 101/2011 of 30 September, for natural gas)

7. *Albania*

Specifically defined for the electricity sector (legal basis: new Law on Energy that will be approved soon article 3 point 3).

8. *Greece*

Definition of vulnerable consumers groups, under L.4001/2011, for electricity and/or gas supply:

9. *Israel*

The Law of the Electricity Industry from the year 1996, section 31a, states that the electricity rates are to be determined by the Public Utility Authority - Electricity. In 2007 an amendment to the law was introduced that instated a reduced electricity rate for eligible consumers.

6.2.2 Definition or Criteria for obtaining the status of Vulnerable Consumer

Below summarizes all different aspects and criteria's provided from the given countries:

1. *Montenegro*

Art 156of Law, from 2010, Energy Sector: The electricity consumers in social need determined by a responsible authority, and who are disabled or have special needs and with poor health conditions whose life or health can be exposed to a threat by limitation or termination of supply.

2. *Spain*

Art 45 of Law 24/2013, de 26 of December, Electricity Sector: The electricity consumers who meet the social, consumption and purchasing power to be determined
Resolution of 26 June 2009, the Ministry of Energy, the commissioning procedure is determined up of the social bon.

3. *France*

The definition stipulates that "a person in a situation of fuel poverty (energy insecurity) is a person who encounters a particular difficulty to purchase the necessary energy for its basic needs because of financial reasons or of its housing conditions." The national observatory for fuel poverty (ONPE), established in 2010, is working on indicators and published its first report on October 2014. However, there is no unanimity regarding ONPE's method.

4. *Malta*

The following qualify for the energy benefit:

a) persons in receipt of any Social Assistance (including Social Assistance (Care giver), Single Unmarried Persons, or Unemployment Assistance);
b) persons in receipt of any Special Unemployment Benefit;
c) persons in receipt of an Age Pension;
d) persons in receipt of a Care giver's Pension.

In addition, persons in receipt of the either Children's Allowance, Supplementary Allowance or a Pension in respect of Disability, could also qualify under the scheme if the total family income is below €8,795.

Lastly, consumers may also qualify for the energy benefit on "humanitarian grounds" if they satisfy the following:

a) the head of the household proves that a member of the family suffers from a medical condition that requires an excessive use of water and electricity, and
b) such member is permanently residing in Malta, and

c) the household income (calculated in accordance with the provisions for a Disabled Child Allowance) is less than €30,911.00 per annum.

5. *Portugal*

The economically vulnerable consumers are the individuals under social security programs: solidarity supplement for the elderly; social inclusion income; social unemployment subsidy; child benefit; social pension due to disabilities: In electricity sector it could also include the beneficiaries of social pension for elderly the persons with a low income which minimum is set every year by the Government. Those consumers must be household, the supply contract holder and with low voltage (up to 6,9 kVA) in electricity and low pressure in natural gas (up to 500 m3 of consumption per year).

6. *Albania*

Vulnerable consumers are households that because of their social conditions have some exclusive rights regarding energy supply. The criteria for obtaining the status of a "vulnerable consumer" are defined as mentioned below:

a) Family's where the head of the family is a pensioner;
b) Paraplegic and tetraplegic invalids, people with limited abilities (blind people);
c) Low income citizens with income budget lower than 35.000 leke per month

7. *Israel*

Eligibility was decided by the minister of infrastructure and offered reduced rates to the following individuals:

a) Consumers that receive senior citizens pension as presented in section 2a of the Guaranteed Minimal Income law (1980), as well as a guaranteed benefit from The National Insurance Institute.
b) Handicapped senior citizens - according to amendment (10) to the law of the electricity industry from 2012.
c) Holocaust survivors that are listed on the Finance Ministry as eligible of holocaust survivors rights.
d) Handicapped individuals who answer the criteria as stated in the amendment (10) to the law of the electricity industry from 2012.
e) Single parents and families with 3+ children in accordance to amendment (10) to the law of the electricity industry from 2012.
f) Lone soldiers.

8. *Egypt*

There was no specific definition for the vulnerable customers in the energy sector in Egypt until the Electricity Tariff Reform plan came to light and approved in July 2014. The Electricity Tariff Reform Plan try to indicate the vulnerable customers using the most available data cause there is no database for those customers, but the CAPMAS (Central Agency for Public Mobilization and Statistics) report indicate in its last version that electricity consumption indicate that 100 k.W.h /month represent the basic needs for a family from the electricity and this represent about 25% of the all electricity customers in Egypt.
Depending on that the Electricity Tariff Reform Plan issued a special and continues subsidized tariff for customers whom consume 100 k.W.h /month and keep that during the 5 year plan.
Also there is now a working between many of Egyptian ministries to build a unify database to get all the needed information about Egyptian people to target the really vulnerable customers depending on many factors not only their consumption from electricity.

6.3. Harmonized Definition for Vulnerable Consumers

A common definition or at least some basic common characteristics for vulnerable consumer should be agreed on between MEDREG countries.

6.4. Common Definitions among MEDREG Countries

Table 12. Countries with legislation and criteria for obtaining status of vulnerable consumer and without legislation but have social subsidy

Countries with legislation and criteria for obtaining status of vulnerable consumer	Countries without legislation but have social subsidy
Montenegro	*Turkey*
Spain	*Algeria*
France	*Palestine*
Italy	
Malta	
Portugal	
Albania	
Greece	
Israel	

Table 13. Countries with or without legislation on specific definition

Countries with Legislation	Countries without Legislation
Montenegro	*Turkey*
Spain	*Algeria*
France	*Egypt*
Italy	*Palestine*
Malta	*Jordan*
Portugal	
Albania	
Greece	
Israel	

Table 14. Countries with Existence of legislation for Vulnerable consumer, Predefined criteria for Vulnerable consumer status and with Social subsidy

Countries	Existence of legislation for Vulnerable consumer	Predefined criteria for Vulnerable consumer status	Social subsidy
Montenegro	Yes	Yes	
Israel	Yes	Yes	
Spain	Yes	Yes	
France	Yes	Yes	
Italy	Yes	Yes	Yes
Malta	Yes	Yes	
Portugal	Yes	Yes	
Albania	Yes	Yes	
Greece	Yes	Yes	
Turkey	No	No	Yes
Algeria	No	No	Yes
Egypt	No	No	
Palestine	No	No	Yes
Jordan	No	No	

7. Conclusions & Suggestions for Follow Up Work

MEDREG's main initiative concerning vulnerable consumers focuses on those whose ability to look out for their interests and rights in the electricity market is significantly lower than the average consumer. Specifically consumers who are more likely to be taken advantage of. Our strategy defines the plan of action necessary to identify both potential vulnerable consumers, as well as, plausible damages to those consumers.

This strategy is developed in collaboration with most of MEDREG's countries, assembled around a common purpose of promoting innovations within the vulnerable consumers topic.

Our report indicates these essential findings:

- **Explicit definition:** As shown in the report, 10 of the 14 countries have an explicit definition for "vulnerable consumer", i.e. established in legislation[9]. From a geographic perspective, Northern countries in general have explicitly defined the term as opposed to Southern ones.

Nonetheless, while the remaining four countries do not have a legal definition, the concept of "vulnerable consumer" is somehow implicit in legislation. In Algeria, public service obligations for electricity and gas distributed by pipeline establish that an identified category of citizens and the disadvantaged areas must be supplied with energy in order to ensure social cohesion and to contribute to greater solidarity. In Egypt, certain consumer groups benefit from specific tariffs. The same occurs in Jordan. In Turkey, the law establishes that subsidies can be provided for electricity consumers in certain regions and/or in line with certain objectives.

- **Common criteria:**

  a) Low Income per household (France, Italy, Spain, Albania, Israel, Malta, Portugal, Greece)
  b) Low Socio – Economic level:
     a. Seniors citizens (Portugal, Albania, Israel)
     b. Social benefit recipients – Pension, Child
     c. welfare, Unemployment welfare (Malta, Portugal, Israel)
  c) Physically disabled citizens (Montenegro, Malta, Albania, Israel, Greece)

- **Unique criteria:**

  a) Israel – Lone soldiers.
  b) Turkey - Army Veterans, Released Soldiers, Martyr Families

- **Consumer categories which receive the economic support within energy sector:**

  a) Disabled & Health Equipment Dependant Citizens (Montenegro, Italy, France, Malta, Albania, Israel, Greece)
  b) Low Income Households (Italy, France, Malta, Portugal, Albania, Israel, Greece)
  c) Social Benefit Recipients (Montenegro, Spain, Malta, Portugal, Israel)
  d) Senior Citizens & Pension Recipients (Spain, Malta, Portugal, Albania, Israel, Greece)
  e) All Household Consumers [up to certain usage] (Algeria, Egypt, Spain)
  f) Army Veterans, Released Soldiers, Martyr Families (Turkey)
  g) Holocaust Survivors (Israel)

- **Definition specific for energy sector**: In the majority of countries where an explicit definition of "vulnerable consumer" exists, it is specific to the energy sector and is, in most countries, separately specified, especially in what regards electricity usage. France is the only country where the definition of "vulnerable

[9] In Albania, the legal basis will soon be approved with a new Law on Energy.

consumer" is not specific for the energy sector. In most countries there are several criteria to be met, namely related with social economic conditions, disabilities or low household income.

- **Support provided to eligible consumers:** The different approaches among the participating countries to the concept of "vulnerable consumer" gives rise to diverse coverage rates for household consumers (see Table 5) ranging from 0,8% (in Portugal) to 100% (in Algeria) households receiving economic support for their electricity bills.

- **Different economic & non-economic support schemes:** The different economic & non-economic support schemes regarding vulnerable consumers in the Mediterranean Region have been studied through a questionnaire filled by NRA's of the following countries : Jordan, Egypt, Algeria, France, Portugal, Spain, Italy, Montenegro, Malta, Israel, Albania, Palestine, Greece and Turkey.

C. *The results of the questionnaire indicate that the economic support schemes consists of :*

1. Specific regulated prices for certain consumer groups in countries like Turkey (Veterans and families of matrys have a 50% reduced price), Algeria (All residential consumers pay a social tariff for a maximum of 500 kWh/ year) and Spain (Currently a 25% discount on regular price, (Voluntary Price for the Small Consumer l).
2. Specific tariff for certain consumer groups in countries like Egypt(the economic support for vulnerable consumers is based on the quantity each household consumes), France(The specific social tariffs for electricity (TPN – tarif de première nécessité) were set up in 2004 for household consumers) and in 2008 for gas (TSS - tariff specidal de solidarte), Portugal (For both electricity and gas the social tariff is discounted in the access tariff, which includes the use of network tariffs)
3. Other:
    a. Subsidy on electricity bill in Montenegro,
    b. Discount in electricity bill in Malta,
    c. Discount of ~15% of average yearly expenditure, net of taxes, for the electricity supply and a discount of ~ 20% of average yearly expenditure, net of taxes, for the gas supply in Italy.
    d. Compensation of about 650 leke/month directly to the vulnerable consumers in Albania
4. Regarding the non economic support schemes within the energy sector, the results of the questionnaire indicate that the various support schemes consist of:
    a. Warning prior to disconnection for all consumers in Turkey, Egypt, Montenegro, Spain, Italy, France, Malta, Portugal, Greece, Israel & Albania
    b. Prohibition of disconnection for activities relating Public Service like hospitals, nursing homes, household consumers that require electricity powered life support equipment with severe health problems, prisons, schools. (Italy)
    c. Prohibition of disconnection in critical times (1st November - 31st March) for consumers benefiting from housing solidarity fund. (Social Benefiters) (France)
    d. Government investment in Infrastructure (Algeria)
    e. Individually Customized Services for Phisically Disabled (Portugal)

As shown above, support schemes for vulnerable consumers are designated for electricity and gas consumption and consist of economic support schemes and non-economic support schemes. The economic support schemes are widely applied by most of the Mediterranean Countries for the purpose of the protection of vulnerable consumers and consist of specific regulated prices and specificied tariffs for certain consumers groups. or based on the quantity threshold (economic measures).

- **Non-economic support schemes:** In the majority of cases the non-economic support schemes refers to protection against disconnection which refers to warning prior to disconnection for all consumers and prohibition of disconnection for consumers with poor health status or certain consumer groups in specific times. The non-economic support schemes for protection of vulnerable consumers are only in few cases

seasonally based (France) or deal with the infrastructure investments to convey energy to consumers in scattered areas by paying a substantial portion of the costs for rural electrification (Algeria).

- **Support Sources:** Government Funding indicates there is an allocated section in the budget for funding social schemes specifically in the energy sector. This amount of money goes towards covering the costs of the various schemes mentioned above, benefiting the vulnerable consumers who meet criteria.

Social Subsidies are finances channelled to cover the costs of social benefit schemes by third parties, as opposed to coming from consumers or the government. For example we see that in Spain the money is divided among the major electricity companies.

Tariff - Consumers, refers to countries were in the electricity bill received by the average consumers there is an added amount to the tariff. This additional amount if used to cover the benefits granted to eligible vulnerable consumers.

As portrayed above, several countries combine between more than one method. The balance between the percentage of aid derived from the state budget and the percentage collected from third parties, or the consumers themselves, varies from country to country.

8. Suggestions and Follow Up Work

We believe that the issue of Vulnerable Consumers is progressing and is of increasing importance for MEDREG's NRA since many of MEDREG Member States are in progress of a new, more complex and competitive Market System, which acquires more protection of consumers rights. In view of these changes, CEER's approach and definition can be embraced by MEDREG States:

"The approach taken by the CEER is based on addressing the multi-dimensional nature of consumer vulnerability. ***It recognizes that there is a wide range of factors which can increase the risk of consumers being vulnerable in energy markets. These factors include people's individual circumstances and needs, which can be short- or long-term, and may fluctuate over time. The approach also seeks to avoid assumptions that particular 'groups' of consumers are by definition vulnerable, such as older people.*** Much depends on people's individual circumstances and needs and also on other factors, such as providers' practices and behavior. It also depends on the way that the energy market operates, for example, if there are barriers to accessing affordable energy or to obtaining information and advice."

CUS WG will continue implementing the definition in its Member States and this is to be followed up next year.
We also believe that it is time to conduct a survey about Energy Poverty in MEDREG's states and how to tackle it.[10]
Therefore, on the CUS 8th meeting, held in Milan on April 19th, it has been decided to enhance our joint work on this important issue and hold a survey on "Procedure for Disconnections", in order to promote transparent and clear rules and terms to protect consumers. ***The survey will be held by Mrs. Felter-Eitan (Israel), kindly assisted by members from Malta, Spain and Jordan.***

[10] Similar to research presented in Appendix C

Appendix A : Comparison to CEERs[11] approach towards - Vulnerable Consumers:

According to the 3rd Package, Member States are required to develop a concept of vulnerable consumers which may refer to energy poverty and, inter alia, to the prohibition of disconnection of electricity to vulnerable consumers in critical times. The measures targeted at vulnerable consumers fall under the responsibility of Member States. CEER has collected information on the individual national situations through its member NRAs.

Results:

It was reported that a majority of countries (17 out of 26) have a defined 'concept' of vulnerable consumers in either their energy laws or in other laws or in a combination of both. This is true for both the electricity and the gas sector. In most cases, the fact that NRAs reported that the MS do not have a defined 'concept' of vulnerable consumers, does not mean that the level of protection is less than in countries with defined 'concepts'.

What counts in the end is the level of vulnerable consumer protection - not whether or not there is a definition/concept of 'Vulnerable Consumer'- And this may be addressed as the follow up work. According to the answers received from CEER, protection of vulnerable consumers is ensured in very different ways in the MS In the vast majority of countries a combination of both energy specific measures and overall social security benefits is in place.

CEER Members have different understandings of what a concept of vulnerable consumers entails. The mere existence of a defined concept does not provide sufficient information on how well vulnerable consumers are protected.

The actual level of protection of vulnerable consumers can only be assessed by examining the combination of energy specific and social security measures in countries where 'Vulnerable Consumers' are widely recognized as a group that needs to be protected; but it was reported that MS, both in CEER and in MED-REG ensure this protection in many different ways.

The approach taken by the CEER is based on addressing the multi-dimensional nature of consumer vulnerability. It recognizes that there is a wide range of factors which can increase the risk of consumers being vulnerable in energy markets. These factors include people's individual circumstances and needs, which can be short- or long-term, and may fluctuate over time. The approach also seeks to avoid assumptions that particular 'groups' of consumers are by definition vulnerable, such as older people. Much depends on people's individual circumstances and needs and also on other factors, such as providers' practices and behavior.

It also depends on the way that the energy market operates, for example, if there are barriers to accessing affordable energy or to obtaining information and advice. Member States should thus identify and address the factors that contribute to consumer vulnerability in their respective energy markets.

Developments in the energy retail markets, in particular the increasing competition amongst suppliers, and product and service innovation, should lead to benefits for all consumers in terms of more choice and empowerment. Moreover, the availability of new demand response and management solutions that involve "smart grids" have the potential, in the future, to allow consumers to be better informed about their consumption patterns and to take advantage of lower prices at off-peak times.

Effective competition should also help to keep prices of the commodity component of energy bills in check while strong and independent national regulators should keep the evolution of network-related price components under control. Yet the impact of increased competition may be uneven, with some consumers benefitting more than others. Previous development of energy infrastructures and energy policy priorities by Member States may also have resulted in an uneven distribution of benefits between different consumers.

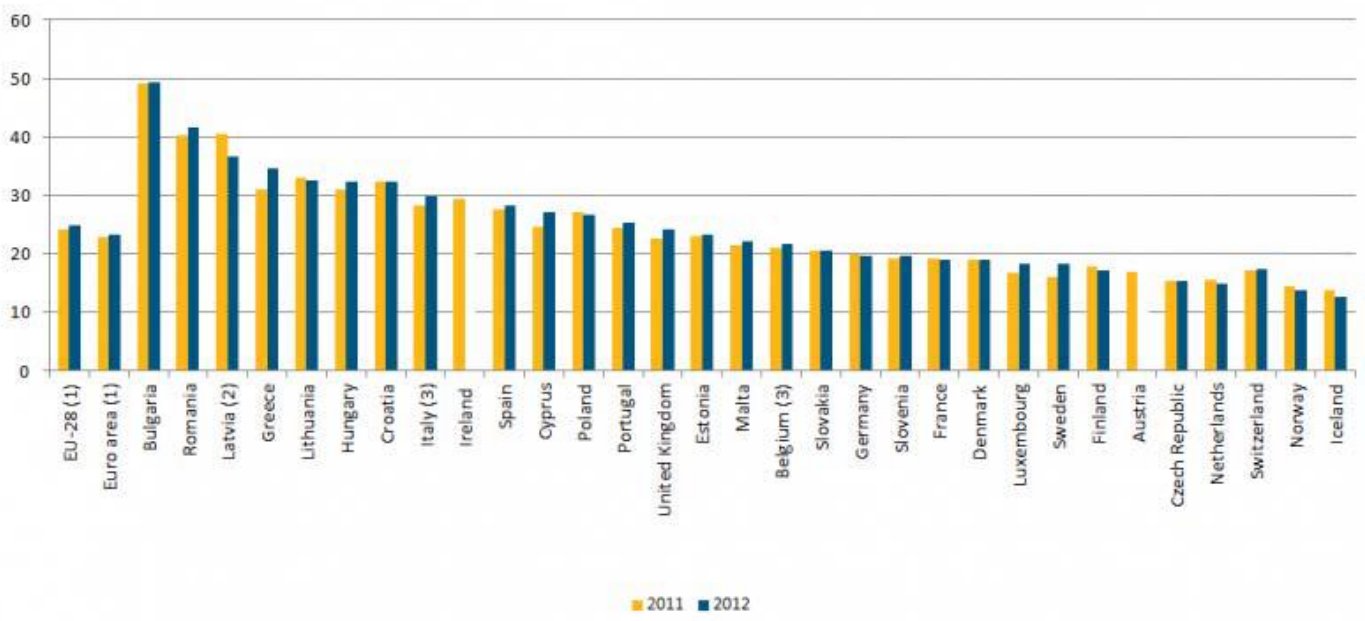
[11]• CEER Status Review of Customer and Retail Market Provisions from the 3rd Package

Moreover, in some Member States, the energy market may not yet be sufficiently developed for competition to keep prices affordable for all consumers, to promote better service levels and innovative products, or to adequately address the consumers' need for more efficient energy use. This is especially applicable in those NRAs that have only recently liberalized their markets or those that have not yet done so, especially if lack of interconnectors between NRAs impedes diversity of supply. [12]

Some authorities stated that vulnerable consumers are adequately covered by their existing social policies. It is recognized that social policy can provide comprehensive financial support to individuals, and it may offer economies of scale in implementation as consumers are easily identified. In addition, it may be preferable to distortive intervention in market prices.

However, it is not certain that support through such policy represents the best and most economically efficient choice for all Member States as it depends on how national social welfare systems have been designed. Indeed such support may represent a short-term solution, which does not necessarily address the root causes of some aspects of the vulnerability issue. It should nevertheless be possible to address all forms of vulnerability of energy consumers using a range of policy measures. Finding the right combination of cross-cutting social policy measures and sector-specific measures linked to the 3rd Energy Package represents a challenge to be addressed. It is also necessary to ensure that only those consumers who truly need support are receiving it, rather than offering blanket support. It is possible to significantly reduce energy poverty through energy-related policy measures - and in particular energy efficiency ones - but these also entail capital expenditure.

People at risk of poverty or social exclusion in European Countries:



Guidance Document on Vulnerable Consumers:

1. Avoid (winter/summer) disconnections
2. Invest in energy efficiency measures
3. Social tariffs and direct energy payments
4. Fuel Poverty Observatory
5. NRA reviews to monitor number of disconnections etc.

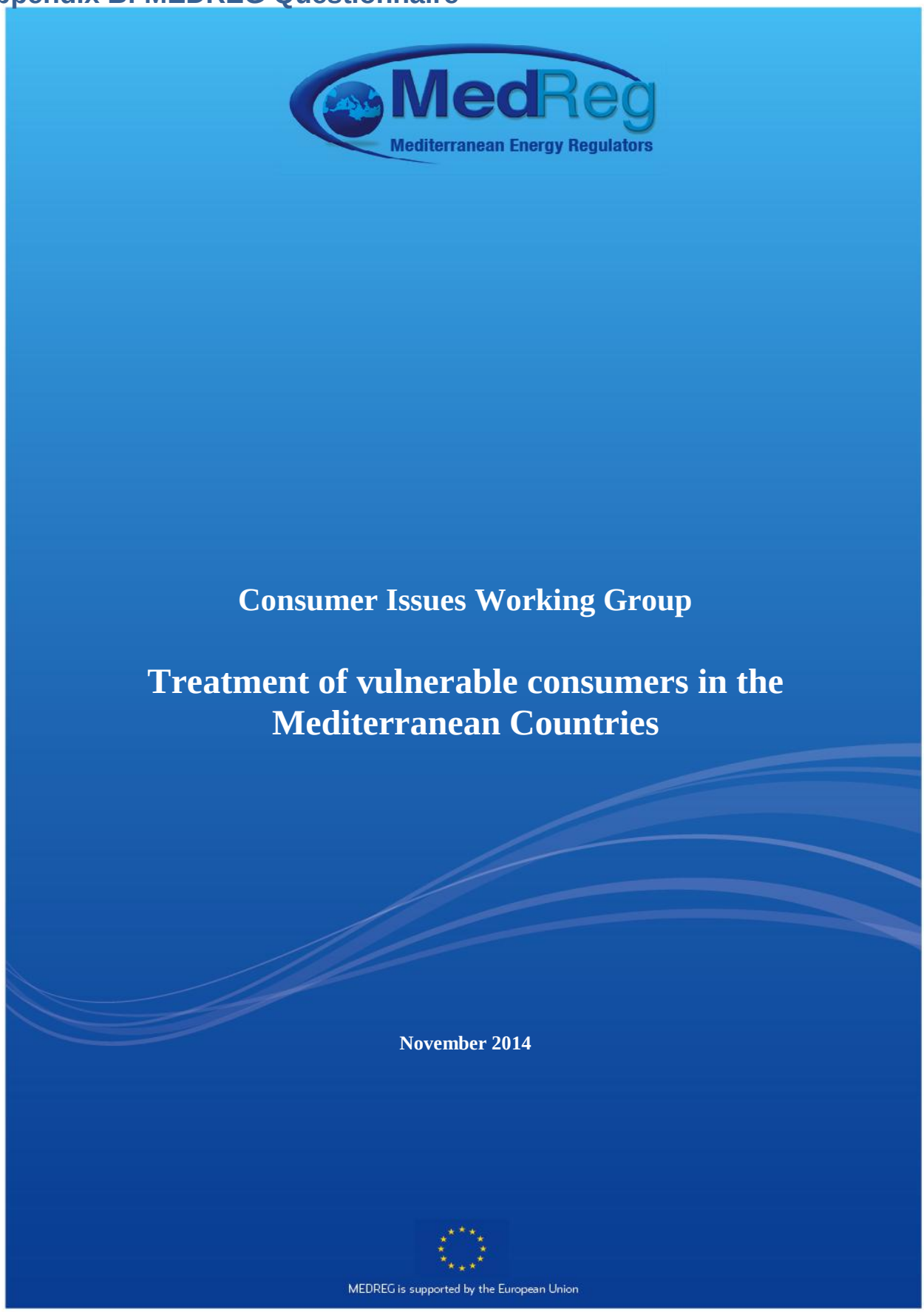
[12] For more details on support schemes and best practice indications, see the European Commission guidance for the design of renewable support schemes:(http://ec.europa.eu/energy/gas_electricity/doc/com_2013_public_intervention_swd04_en.pdf) - national policy

In conclusion we see that the vast majority of participating MEDREG countries are heading in the right direction when it comes to caring for 'vulnerable consumers'. Our recommendation to participating countries who have yet to legislate a 'vulnerable consumers' clause is to do so considering the importance of the matter.

Furthermore, regarding a unified approach to the definition of the various groups of consumers, we suggest the demographic criteria that apply to all countries (Old Age, Low Income, Physically Disabled etc.) be adopted and implemented by all countries, while leaving additional room for unique consumers that don't necessarily match all countries (Holocaust survivors in Israel, Rural populations in Algeria etc.)

We have presented you with the foundations of the existing reality today in the various MEDREG countries and strongly encourage you to respond and question our findings in order to allow this report to exceed its theoretical boundaries and have a practical impact in order to benefit those who are less fortunate.

Appendix B: MEDREG Questionnaire



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Introduction

Background

The MEDREG Consumers Issues Working Group (CUS WG) in its 2014/2015 Work Program planned to prepare a Vulnerable consumers assessment paper – survey on national definitions and concepts for protection of vulnerable household consumers.

Methodology

The MEDREG CUS Working Group will:

1. Perform survey of models for protection of vulnerable consumers in the Mediterranean Countries via this questionnaire;
2. Evaluate the results of the survey and prepare an assessment paper comprising national definitions and concepts for protection of vulnerable consumers in the Mediterranean Countries (MEDREG).

The focus of the survey is on vulnerable **household** consumers.

Where not explicitly asked, please provide separate answers for electricity and gas, if needed.

This questionnaire benefits from previous CEER and ECRB surveys on vulnerable consumers.

QUESTIONNAIRE

The following questionnaire has been prepared for completion by the regulatory authorities of the Mediterranean Energy Regulators.

Regulatory authorities are requested to provide electronic answers by **28 February 2015** the latest to the Chair Mr. Nicolò Di Gaetano (NDIGAETANO@autorita.energia.it) and co-Chair Mrs. Nurit Felter-Eitan (nuritf@pua.gov.il) of the CUS WG,), copied to MEDREG Secretariat, Bardhi Hoxha (bhoxha@MEDREG-regulators.org) and Veronica Lenzi (vlenzi@MEDREG-regulators.org).

For any related questions please contact the CUS WG co-Chair, Mrs. Nurit Felter-Eitan (nuritf@pua.gov.il)

Details of the responding person:

Name .....

Surname .....

Institution .....

E-mail .....

Phone .....

Country .....

1. **Does a definition of a "vulnerable customer" exist in the legislation?**

☐ Yes, specifically defined for energy sector (please provide the legal basis)

☐ Yes, general definition (not specifically defined for energy sector) (please provide the legal basis)

☐ No

(Comment, if needed)

2. **If there is a definition of a "vulnerable customer" for energy sector, is it:**

☐ Separately specified for electricity usage

☐ Separately specified for gas usage

☐ Separately specified for other energy usage (please specify)

☐ General definition

3. **Please provide the definition of i.e. the criteria for obtaining the status of a "vulnerable customer" (if applicable)**

4. **Does a specific support scheme for vulnerable consumers exist within the energy sector?**

Electricity

☐ Yes, economic support

☐ Yes, non- economic support

☐ Yes, economic and non- economic support

☐ No

Gas

☐ Yes, economic support

☐ Yes, non- economic support

☐ Yes, economic and non- economic support

☐ No

5. **If specific support scheme for vulnerable consumers does not exist within the energy sector, does the general social welfare system protect them?**

With respect to energy:

☐ Yes

☐ No

In general:

☐ Yes

☐ No

6. **Which customer categories receive the economic support within energy sector?**

For electricity:

For gas:

7. What does economic support system within the energy sector consist of?
Electricity

☐ Specific regulated prices for certain customer groups (please explain)

☐ Specific non- regulated prices for certain customer groups (please explain)

☐ Specific tariff for certain customer groups (please explain)

☐ Other (please specify)

Gas

☐ Specific regulated prices for certain customer groups (please explain)

☐ Specific non- regulated prices for certain customer groups (please explain)

☐ Specific tariff for certain customer groups (please explain)

☐ Other (please specify)

8. How are the costs of providing economic support to vulnerable consumers covered?
Electricity:

☐ Special Governmental fond (state budget)

☐ Other consumers

☐ Other (please specify)

Gas:

☐ Special Governmental fond (state budget)

☐ Other consumers

☐ Other (please specify)

9. Percentage of households qualifying for/receiving economic support (please specify both qualifying and receiving, if possible):
For electricity qualifying/receiving:

For gas qualifying/receiving:

10. Which customer categories receive non- economic support within energy sector?
Electricity:

Gas:

11. What does non- economic support system within the energy sector consist of?

☐ Protection against disconnection

☐ Other (please specify)

12. Is the support scheme for vulnerable consumers based on a season (e.g. support during winter for heating purposes)?

☐ Yes (please explain)

☐ No

13. Is the economic support scheme for vulnerable consumers based on a quantity threshold (amount of energy)?

☐ Yes (please explain)

☐ No

14. describe a national best practice in regard to Vulnerable Consumers protection that you think all WG members can learn from and use in their countries:

Appendix C: The Reality of Energy Poverty in the European Context

Based on a report by the INSIGHT_E Consortium, by Steve Pye UCL Energy Institute, University College London

Member States think differently about what is a 'vulnerable consumer'

- Large variation in definitions used, reflecting that 'vulnerability' means different things. Reflects strong subsidiarity, recognising national circumstances.
- Does this variability matter? Yes, as these definitions should address vulnerability associated with **socio-economic** (income, age, health) and **energy use** (heating system, fuel, building fabric, payment methods) characteristics.
- Critical as targets and actions will be orientated based on the definition.

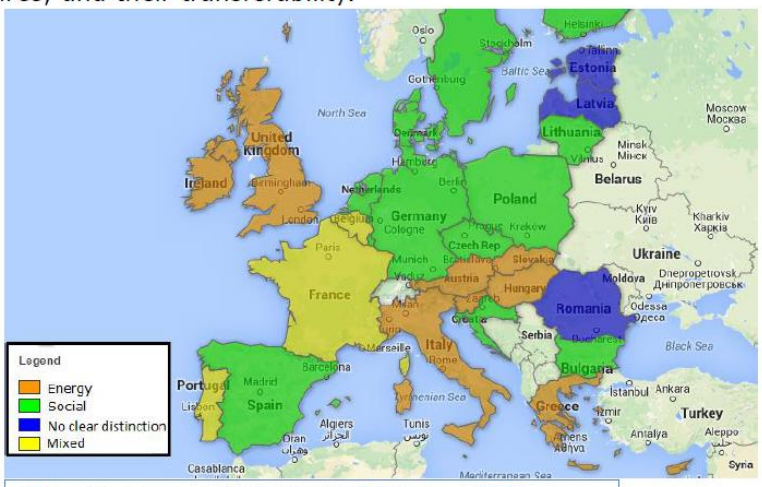
Definition type	Member State (MS)	No. of MS in category
Energy affordability (low income / high expenditure)	FR[2], GR, IE[2], IT, SE	5
Receipt of social welfare	BG, CY, DE, DK, FI[1], PT, HU, LT, LU, MT[4], PL, HR, SL[3]	13
Disability / health	CZ, NL, SK	3
Range of socio-economic groups	AT, BE, ES, RO, SL[6], UK[5]	6
Not available / Under discussion	EE, LV	2

Categorisation of Member States' definitions of vulnerable consumers

INSIGHT_E 18

Broad approaches to issues of energy vulnerability

- Two broad approaches to issues at Governmental level – social versus energy policy focus.
- Subjective distinction based on who drives policy, how the problem has been defined, and typically the type of measures undertaken.
- Useful for understanding approaches taken, including for assessing different types of measures, and their transferability.



'Policy focus' on energy vulnerability across EU28

INSIGHT_E 23

Categorising measures

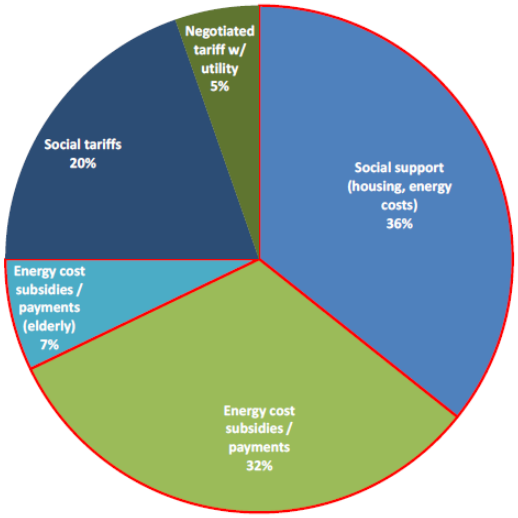
Category of action	Primary measures
Financial interventions	For **40%** of Member States, social support is both a primary means of identifying vulnerable consumers and providing additional support.
Consumer protection	While a diversity of action is observed, 40% of measures relate to disconnection measures. Disconnection is primary measure for **20%** of Member States.
Energy efficiency	65% relate to building retrofit measures of different types – 30% of which are specifically targeted. Primary measure for **30%** of Member States.
Info. provision & awareness raising	Stronger use of measures in Member States with strongly liberalised markets and where civic society movements evident.

*** Primary measure - stated or implied means (via definition used or measures proposed) of tackling the issue.**

INSIGHT_E 24

Financial intervention

- For many Member States, social support is both a primary means of identifying vulnerable consumers and providing additional support.
- Reflects 'social-policy' led approach.
- The combination of ST relief while addressing structural issues is critical. Strong demonstration of programmes to improve efficiency of social housing stock e.g. North West Europe.
- Additional targeting of energy-poor for such measures needs to be balanced against administrative complexity.
- Social tariffs also play an important role in Southern European MS, & BE/FR.

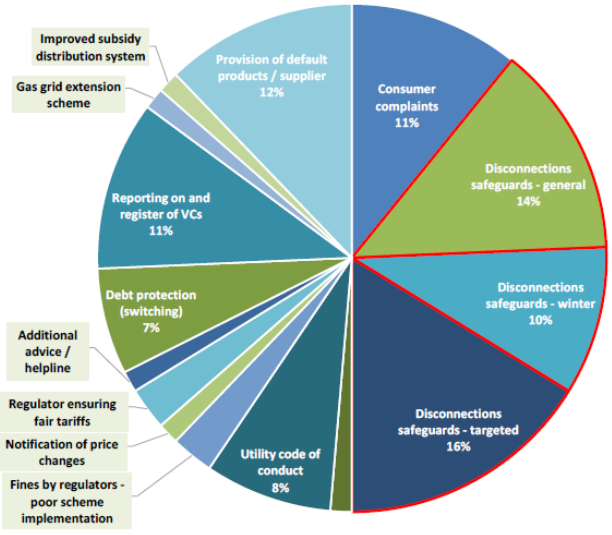


20% of all measures reviewed

INSIGHT_E 25

Consumer protection

- While a diversity of action is observed, 40% of measures relate to disconnection measures.
- Particularly strong role for regulators and utilities – although action also a function of market status.
- Also includes debt protection, helplines and targeted registration of vulnerable consumers.



27% of all measures reviewed