



WORKSHOP ON “REGULATORS’ SUPPORT TO CONSUMER PROTECTION”

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Consumer
Working Group
(CUS WG)

*Empowering Mediterranean regulators for a common
energy future*



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Introduction

Regulators play a crucial role in protecting the interests of consumers and ensuring that they have access to reliable, affordable, and safe energy services. Here are several ways in which a regulator can support consumer protection in the energy sector:

- **Setting standards:** Regulators can set standards and requirements for the quality, reliability, and safety of energy products and services.
- **Monitoring compliance:** Regulators can monitor the activities of energy companies to ensure that they are complying with the standards and requirements set by the regulator.
- **Enforcing penalties:** When energy companies violate the standards or requirements set by the regulator, the regulator can take enforcement action to penalize the company.
- **Resolving disputes:** When there is a dispute between a consumer and an energy company, the regulator can aid the consumer in resolving the dispute.
- **Providing information:** Regulators can provide information to consumers about their rights and how to protect themselves from fraud or other deceptive practices in the energy sector.
- **Awareness:** Regulators can empower the consumer and make them an active participant in the energy market by showing them methods to reduce consumption.

Keynote Speech

Ms. Marine Cornelis – *Next Energy Consumer*



Next Energy Consumer is a policy and public affairs consultancy focused on the social aspects of energy and climate transitions. Our work bridges the needs and experience of civil society, scientific communities, business, and policymakers.

By October 2022, the Eurozone reached an all-time high inflation rate, valued at about 11,5% inflation. According to Bruegel, € 500 billion have been set aside by the European governments over the last year to protect consumers of all kinds from the price surges in the gas and electricity markets. Furthermore, it is worth mentioning that 50 million citizens in the EU are living in Energy Poverty, where they cannot meet their energy needs because of a low income versus high energy costs.

However, potential solutions are available, and they come in the form of combination of policy mechanisms, regulations and tools that can be released during an emergency scenario on the short term, while also considering the long-term impact, and the infrastructural changes, both small scale and big scale. With, it becomes obvious that the regulators have a crucial role to be played, where eventually they should ensure energy security for the final consumer at an affordable price.

Panel 1: Regional Perspectives

Moderated by: **Mr. Igor Telebak** – REGAGEN, Montenegro

Mr. Christos Toliopoulos – RAE, Greece (CEER)



RAE, the Greek energy regulator, plays an active role, not only to shelter and protect the final consumer, but also to make them an active participant in the energy market. Among the steps that have been taken by RAE include a price comparison tools which is a platform on RAE's website where every household and business consumer (up to 25 kVA) can find and compare the available energy solutions offered by the suppliers.

Furthermore, through RAE's website, all consumers can complain regarding the energy bill, where the regulator monitors carefully and intervenes efficiently when needed. Regarding the energy prices, the regulator ensures to provide a monthly update, as well as ensuring all suppliers are completely transparent about the presentation of the prices for the end consumers, discounts, and potential subsidies. In that regard, RAE developed guidelines for the template of the contracts and bills, which should be followed by all suppliers. To further boost the position of the consumer in the energy market, RAE makes frequent campaigns regarding information on energy efficiency, showing the final consumer how can they attempt to support the Greek energy market.

Mr. Igor Telebak – REGAGEN, Montenegro (ECRB).



Regarding the definition of vulnerable consumers, some energy community countries have defined vulnerable consumers in their energy laws. However, the status of vulnerable consumers per country cannot be compared. Though, overall, the common criterion is that there is a need for financial support and social care. Income level is usually the first criterion, and then critical dependence on energy due to health reasons, and finally the share of energy expenditure in disposable income.

The measures used in the energy community countries who protect vulnerable consumers is the following:

- Restriction of disconnection due to non-payment
- Allocate social benefits to cover unpaid energy bills
- The right to defer payments.

Even though the concept of vulnerable consumers is well known over the Energy Community countries, none of the countries have a legal definition for Energy Poverty. There are however measures regarding energy poverty like national measures, energy efficiency measures, and information provisions and awareness regarding energy efficiency.

To empower consumers, the energy bills must include detailed information, which include data on the actual consumption, the breakdown of the prices (energy component, network component, losses component and the taxes), consumption accounting period (usually monthly), supplier details, payment modalities, consumer rights for dispute settlement, and since the beginning of 2022, the consumption energy mix.

Panel 2: MEDREG Member Case Studies

Moderated by: **Mr. Andre Buttigieg** – REWS, Malta

Ms. Karima Sadou – CREG, Algeria



CREG, the Algerian Electricity and Gas Regulatory Commission, has been assigned three main missions, as per Law n°. 02-01 of February 5, 2002. The three missions are the realization and control of public service, secondly, advising the authorities on organization and functioning of the electricity and Algerian gas market, and finally, the supervision and control of the respect of laws and regulations related to the electricity and the national gas market.

In that regard, CREG is responsible for handling complaints from the system operators, network users and final consumers, as well as the calculation and determination of the tariffs. Furthermore, the regulator has the right to control and access the public service obligation by proposing general and specific standards concerning the quality of supply.

CREG would further like to increase their efficiency and scope of work by doing the following, with the help of MEDREG's members and experiences:

- Make the appeal process faster and more efficient.
- Set up the conciliation service.
- Implement the roadmap toward consumer association.
- Determine the compensation payable to consumers in the event of non-compliance with rules.
- Establish a system of sanctions against the non-respect of rules and standards,
- Define a specific protection measure for vulnerable consumers.

Mr. Odelin Calatrava – CNMC, Spain



In Spain, liberalized activities, such as generation, supply, and retail, are separated from activities that have a natural monopoly character, such as the transmission and the distribution activities. This is the basis onto which the free and liberalized market is built on, and hence free installations. Since it is a liberalized market, there is free competition in the wholesale and retail markets. The final consumers hence have the freedom to choose the contract type and the supplier.

Focusing on CNMC's support to consumers, measures are taken, such as social bonus in electricity, Alternative Dispute Resolutions of complaints, and others. Furthermore, to motivate the consumers integration within the market, the consumers should have access to their consumption data and associated prices and be able to receive offers from retailers based on them.

As for the steps that CNMC has laid out to ensure the protection of its consumers, CNMC provides a price comparison tool as well as qualitative surveys to assess the customer satisfaction and to portray a summary of the market through the eyes of other consumers. Furthermore, CNMC supervises the market, looking at price manipulation and ensuring the correctness of regulated costs assignment.

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As for the period that we are in, in terms of the surge in the energy prices, and given its importance, vulnerable consumers are recognized and supported by CNMC. Social bonus of the PVPC in LRS: large families (25%), depending on the income of the family a bonus of 25% (vulnerable), 40% (severe vulnerable) or 50% (risk social exclusion) (transient 60%->65%, 70%->80%). In that regard, delays are supervised when social bonus requested.

Mr. Hatem Mahmoud – *GasReg, Egypt*



Egypt has rigid rules and provides solid rights for consumers in all kinds of markets. As a brief overview of the consumer protection framework in Egypt, there are two authorities which spearhead the support to the consumers:

- The Consumer Protection Agency has been established in accordance with Egyptian law no 67 2006 and it is an affiliate to the ministry of supply and internal trade. through the Egyptian public prosecutor against violations.
- The Egyptian Competition Authority was established under law no..3/2005 for the protection of competition and prohibition of monopolistic practices and it is affiliated to the prime minister.

As for the Gas Regulatory Authority, GasReg, it has been given numerous right as per the law 196 2017, through which it is to ensure the protection of consumer rights, besides ensuring that the market is competitive and works effectively. In that regard, GasReg should provide the consumers with reports, information, and recommendation, in attempt to make the final consumer an active participant in the energy market.

GasReg has taken numerous steps to support their consumers. A periodic survey is conducted for the customers connected to the local distribution networks the aim is to assess the quality of service provided. Furthermore, GasReg has set a complete effective customer complaints and resolution process to provide a tailor-made unified standard of practice to ensure the handling. Furthermore, GasReg is reviewing the Local Distribution Company's confidentiality policies regarding customers information and the code of conduct to ensure that all the necessary values are adopted and to enhance the overall performance. In addition, the regulator support for presidential initiatives, such as "Decent Life," to connect low-income consumers with natural gas as a sustainable source of energy.

Ms. Erjola Sadushi – *ERE, Albania*



The ministry has taken measures regarding price regulation. In that regard and introduced as an emergency move due to the price surge, an energy state of emergency has been declared, effective until 30 June 2023. According to the Public Service Obligation act, all electricity produced by KESH (Albanian Power Corporation) is dedicated to the universal service supplier, where KESH is to sell at a reduced price for the consumers that are connected to 20/10/6 kV.

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As for the measures introduced by the regulator to support the consumers, besides the continuous publishing of informational brochures made available on social media and the webpage to increase the awareness, ERE has also increased network charges due to the increased costs by the network operators. Furthermore, ERE has set the threshold for the minimum protected consumption in the amount of 800 kWh, with a low and regulated price for the household consumers, setting the price according to the basic energy market costs, for monthly consumption above the threshold.

Focusing on the measures taken towards the customer, ERE has taken solid steps in clarifying the obligatory information that the consumers should receive, which include the rights and conditions with which a consumer will be supplied, the electricity supply prices for the offered period, the right to choose another supplier, the means to settle outstanding debts, the criteria of being a vulnerable consumer and others.

Conclusions

In the energy sector, regulators typically have a mandate to ensure that consumers have access to reliable, affordable energy services while also protecting the public interest. This can include setting standards for the quality and safety of energy products and services, establishing rules for the distribution and transmission of energy, and enforcing rules against deceptive or abusive practices by energy companies. Regulators may also have a role in setting the prices for energy products and services, either directly through rate setting or indirectly through oversight of competitive markets.

Regulators may also support consumer protection in the energy sector by providing resources and education to consumers. For example, regulators may offer information and awareness about energy efficiency, renewable energy options, and energy-saving tips to help consumers reduce their energy consumption and lower their energy bills. Regulators may also provide information about consumer rights and resources for resolving disputes with energy companies.

Overall, the support of regulators is important for ensuring that consumers in the energy sector have access to safe, reliable, and affordable energy products and services.



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