

Energy consumer protection in Algeria

*From the contribution of the Algerian Member, the
Electricity and Gas Regulatory Commission "CREG"*

CREG

لجنة ضبط الكهرباء و الغاز
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Electricity and Gas Regulatory Commission



Consumers Working
Group
(CUS WG)

*Empowering Mediterranean regulators
for a common energy future*

ABSTRACT

This document provides exhaustive information on the consumer protection measures and communication channels put in place in Algeria by the Electricity and Gas Regulatory Commission "CREG".

This short report sheds light on the broad Algerian energy policy, the diversification of energy sources and the efforts deployed in the country to improve regional market integration. It also gives hints on what the regulator does to respond to the increased energy demand while keeping the prices affordable. In addition, it provides detailed information on the communication channels used, the mechanisms in place to empower consumers to make informed decisions, energy bills and complaint procedures. Finally, it exposes the main challenges encountered by CREG to effectively protect vulnerable consumers in Algeria and how MEDREG is supporting CREG to overcome them.

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DISCLAIMER

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ABOUT MEDREG

MEDREG is the Association of Mediterranean Energy Regulators, bringing together 28 regulators from 23 countries, spanning the European Union, the Balkans and the MENA region.

Mediterranean regulators work together to promote greater harmonization of the regional energy markets and legislations, seeking progressive market integration in the Euro-Mediterranean basin. Through constant cooperation and information exchange among members, MEDREG aims at fostering consumers rights, energy efficiency, infrastructure investment and development, based on secure, safe, cost-effective, and environmentally sustainable energy systems. MEDREG acts as a platform providing information exchange and assistance to its members as well as capacity development activities through webinars, training sessions and workshops. The MEDREG Secretariat is located in Milan, Italy.

For more information, visit www.medreg-regulators.org

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About CREG

CREG is the Algerian Regulatory Commission for Electricity and Gas.

CREG was created by law n° 02-01 of February 05, 2002, relating to electricity and gas distribution via pipelines, and its management committee was set up in January 2005. It is an independent body with legal personality and financial autonomy, governed by a college of four (4) members, including the Chairman. The CREG's main mission is to ensure the competitive and transparent operation of the electricity and national gas markets, in the interests of consumers and operators alike.

1. Keeping in mind that one of the regulators' duties is to ensure security of supply to consumers, what is CREG doing to facilitate the diversification of energy sources and improve regional market integration?

As part of the diversification of energy sources, CREG plays an active role in setting up regulations and procedures for the various activities related to renewable energy production.

In fact, CREG is responsible for setting the electricity generation capacity to be installed over the next decade, specifying the technologies and energy sources to be used. Within this framework, CREG conducts the call for tenders process through auctions and determining the volumes to be achieved and the price level not to be exceeded, by setting the conditions of participation, the technical requirements and performances of the installations and the criteria for acceptance and award of projects.

CREG is also responsible for issuing operating permits for electricity generation facilities and certifying the renewable origin of electricity, with ensuring their control.

With regards to the integration of regional markets, CREG is working to improve the environment for the establishment of a national electricity market, by encouraging players to simplify existing procedures, such as those concerning network access and plant operation authorizations, or through the monitoring of eligible customers.

CREG regularly communicates and disseminates its work on diversifying the energy mix, either through its participation in various events, or more individually, through the responses and clarifications provided to potential investors.

2. Knowing that there is a fast-growing energy demand in the region, how does the Algerian Regulator respond to that increase in demand while also keeping the prices affordable?

In order to meet this demand's increase, CREG develops a program every two years indicating the needs for electricity production means. This program includes electricity demand forecasts for the next ten years, as well as the necessary requirements in terms of power generation facilities, and it is on this basis that CREG grants authorizations for the construction of power plants.

CREG also approves electricity and gas transmission network development plans, drawn up by network operators, based on forecasts determined by CREG and approved by the Minister for Energy.

Also, and in order to meet this demand and the investment needs of regulated operators, CREG draws up, annually, a report on the remuneration of regulated operators and the tariffs charged to end customers. This report, which will be submitted to the public authorities, includes the forecast amounts of subsidies (annual state support), necessary for operators, if the public authorities do not respond favourably to the request for an increase in energy prices.

3. An important part of the regulator's role is to make sure that consumers are aware of their rights and obligations. Having empowered consumers that are actively participating in the energy market can have numerous advantages.

The interests of consumers are at the heart of the CREG's concerns. As part of the missions assigned to it by law n°02-01 and its various implementing texts, CREG ensures the preservation of these interests and the protection of the rights of consumers with regard to the supply of electricity and gas and the quality and continuity of the service provided, notably through the communication, information and education work, carried out towards them and with consumer protection associations, on their rights and obligations, by also involving the distributor, on the one hand, by publishing information useful for safeguarding consumer interests and, on the other hand, by requiring and monitoring the publication of all procedures that apply to consumers, at the level of its various sites open to the public, in order to enable consumers to claim their rights and respect their obligations.

Similarly, when investigating complaints and appeals from consumers (and network users), CREG explains to consumers their rights and obligations in disputes with operators.

With regard to its prerogatives in determining the tariffs to be applied to customers of the tariff-based system and transit tariffs on the networks, CREG disseminates, via various channels, information on the tariff formula and the various types of tariffs provided for by the regulations.

- How do you communicate with the final consumer to educate and engage them towards sustainable habits?

In the same way as consumers in different countries around the world, the Algerian consumer has become very demanding and asks to have all the information and advice that would help him to better consume electricity and gas energy.

CREG is constantly increasing its efforts to advise and help consumers to save energy, not only to reduce their energy bills, but also for sustainable development reasons.

That's why, since its beginnings, **CREG has worked closely with consumers and their representatives, organizing meetings** and disseminating information on regulatory provisions of direct concern to them. In fact, these **information meetings** also provide a privileged forum for exchange, enabling us to take stock of consumers' expectations and concerns, and to draw up a list of recommendations for improving service quality. In addition, **the Commission regularly communicates information and advice to consumers, particularly households**, whose electricity consumption accounts for almost 55% of total national consumption, **with the aim of influencing their behaviour and getting them to change their habits**. This advice focuses mainly on :

- **Choice of tariff**, according to need.
- **Efficient insulation.**
- Use low-energy light bulbs
- **Purchase a new energy-efficient, certified equipment's.**

To achieve this, it uses several **communication media** that it develops itself: the Equilibres **newsletter, leaflets**, as well as its **website and social networks**. It also helps finance **events** on the subjects of energy efficiency and rational, sustainable energy consumption **organized for the general public by consumer protection associations** or other institutional players in the sector, such as APRUE, the Agence Nationale pour la Promotion et la Rationalisation de l'Utilisation de l'Energie (National Agency for the Promotion and Rationalization of Energy Use), which has been in existence since 1985, under the supervision of the Ministry

of Energy, and is responsible for implementing the national policy of energy management and promoting energy efficiency, notably in the building, transport and industry sectors.

- What mechanisms are in place to empower the end consumer to make informed decisions?

It should be emphasized that, despite the absence of a market and a multiplicity of players able to supply energy to consumers, **CREG makes available on its website all the information likely to help consumers make decisions**, whether on the **type of tariffs** or the level of PMD to subscribe to, **depending on their consumption pattern** in relation to their equipment. A bill calculator, a consumer listening box and the distributor's CREG-approved procedures have been set up to give consumers access to all the information they need.

Similarly, the Commission has ensured that the distributor draws up and makes available to consumers **clear and transparent procedures for handling connection and complaint requests**. These procedures clearly outline the steps to be taken by the applicant, and explicitly define the responsibilities of both distributor and consumer.

In order to meet customer demand for electricity and gas on identical terms and conditions throughout the country, **CREG has drawn up price scales for services other than energy supply**, as well as their revisions. These have been decided by the Minister for Energy and are published on the CREG website. This information is also published in other media (brochures, leaflets, etc.).

- What kind of communication channels? And what information do you provide?

The Commission uses several communication channels to inform consumers, as follow:

- **CREG website (www.creg.dz)**: operational since 2007. An area has been dedicated exclusively to consumers, with the following sections:
 - **Consumer rights and obligations towards distributor.**
 - **Electricity and gas tariffs applicable to all types of customers** (setting by CREG Decision), as well as the State's support policy granted to consumers located in thirteen (13) wilayas of southern Algeria, by covering a portion of their electricity consumption (varies from 25% to 65%).
 - **Estimate your bill**: via the energy bill calculator for domestic and non-domestic customers.
 - **Submitting an appeal to CREG**: in this section, consumers are informed of the appeal procedure (when and how to submit an appeal to the CREG). They can also lodge an online appeal.
 - **Advice and safety**: it provides comprehensive information on the dangers and preventive measures associated with carbon monoxide poisoning, gas leaks and electrocution. Consumers can also find out about the energy production and distribution process, how to connect to the distribution network, the components of the energy bill and how to pay it, how to make a complaint, and what to do to reduce energy bills.
 - **Consumer protection associations list**: consumer has access to this list; in case he wants to be represented or ask for advice or support.
 - **Frequently Asked Questions (FAQ)**: this is a forum where consumer can obtain, without having to visit the distributor's offices, accurate, reliable information and express their concerns about the

electricity and gas utilities. Consumers can also submit a request for information via the consumer listening box at Ecoute-Conso@creg.dz, or fill in the online form on the website.

- **CREG newsletter "Equilibres"**: operational since 2008. It's one of the CREG's primary information and communication tools. Several issues have been dedicated to consumers, their rights and obligations, and their relations with the various partners.
- **Information and awareness-raising days and meetings** for consumers and their representatives. As said before, these events constitute:
 - A privileged space for exchange and consultation around themes and issues related to the public electricity and gas service.
 - An opportunity to discuss issues of common interest and to express the concerns and expectations of each other with a view to improving the public service provided.
 - An opportunity to evaluate the finalized work, in progress and any work to be included in future.

CREG also responds favourably to invitations and events dealing with issues related to the public electricity and gas service, organized by associations and the Ministry of Trade, with the aim of communicating and informing consumers.

- **Carrying out prevention and awareness-raising campaigns** in close collaboration with the Ministry of Energy and Mines, on the risks associated with the use of electricity and gas, in the form of TV and radio spots. The latest campaign dates from the first quarter of the current year and focused on prevention and awareness-raising on the dangers of carbon monoxide, with a view to reducing the number of deaths due to carbon monoxide inhalation and incidents.
- **Production of several leaflets and brochures** on consumer interests (connection, complaints, appeals, tariffs, power cuts and restoration, safety).

4. Do you collaborate with other stakeholders or institutions to protect consumers' interests?

As part of its consumer protection activities, Commission regularly collaborates with **the Ministry in charge of energy**, and occasionally with other Ministries, notably Trade and Finance Ministry.

Furthermore, since 2009, Commission has also been working closely with **consumer protection associations**. In addition to bilateral meetings, CREG has organized national and regional meetings with associations, in the presence of the **Distributor**, to inform them of the latest regulatory provisions and decisions in force, particularly regarding their rights and obligations, and at the same time to gather their expectations and recommendations for improving the service provided.

As a result, these meetings enabled CREG to draw up a roadmap, which identifying the main areas of collaboration with national consumer protection associations, with a view to strengthening and pooling efforts to better address consumer expectations and concerns and improve the public electricity and gas distribution service.

Subsequently and based on the roadmap, CREG has drawn up, in consultation with associations, a three-year action plan (2023-2025). This action plan is structured around the following main areas of collaboration:

- **Consultation** (round tables, discussion groups, etc.) on all major issues of common interest, in particular, when new regulations with a strong impact on consumers are to be considered or approved with consumer

associations, such as the invoice, supply and connection contracts, distributor's internal management procedures having a significant impact on the consumer.

- **Information and awareness:** on topics related to consumers' expectations and concerns (tariffs, connection, payment methods, complaints, compensation, safety and energy efficiency), in order to succeed in transmitting strong, clear messages that stick in consumers' minds, raising awareness and changing their behaviour.
- **Training:** Strengthen their technical and institutional capacities with knowledge relating to the public electricity and gas service and regulation by organizing, periodically, training and education sessions (rights and obligations, safety advice, energy efficiency and energy saving).

5. Energy billing stands as a crucial bridge between suppliers and consumers. How do you ensure that energy bills are understood and present clear information to consumers about how energy costs are calculated?

The energy bill is the only regular means of communication between the energy consumer and his supplier. It must be transparent, precise, legible and easy to understand for all categories of citizens.

Accordance to the current regulations, electricity and gas consumption is periodically billed. Consumers are billed at least four times a year. Algerian consumers receive a single quarterly bill for both electricity and gas. They can also consult and pay their bills online, through the distributor's website www.sonelgaz-distribution.dz/, in the "customer area" menu, as long as they register.

CREG is working with the distributor and consumer protection associations to improve and simplify the bill, ensuring that the data it contains, not only enables consumers to understand its content and check their consumption, but also to take action on their consumption in order to reduce energy wastage.

This **work is based on information gathered through information and appeal requests**, which CREG **receives from consumers**, as well as information gathered during meetings organized with consumer protection associations. In fact, the compilation of this data has shown that **almost a third of consumers dispute the problems associated with billing** (errors in reading, calculating and estimating consumption) and are waiting for the form and content to be revised in order to remove the current misunderstandings.

- If a consumer is not satisfied about the energy services received, or contests a bill, what are the means at his/her disposal to complain against a supplier?

Consumers who contest the service provided by distributor (quality and continuity of service, billing, or any other reason) must, in accordance with the complaints handling procedure approved by CREG decision, **lodge a complaint with their commercial distribution agency**. If the customer is not satisfied, he should refer the matter to the Distribution Department, and if necessary to the distribution region, or even to Sonelgaz-Distribution's General Management.

Under CREG appeals procedure, consumers can lodge an appeal if they are not satisfied with the way their complaint has been handled, or if they have not received a response from their distributor at all, within three months. In such cases, Commission undertakes the necessary investigations to elucidate and clarify the issues raised, taking care to comply with the relevant regulations in force.

For some complex disputes, CREG invites both parties to its offices to discuss the problem and reach a fair solution. This approach will soon be part of the work of the **conciliation service** to be set up shortly.

Also, and depending on the complexity of the problem to be resolved, CREG intends to rely in the future, on external experts who would help it understand the problem and find the appropriate solution.

In conclusion, CREG's handling of appeals has revealed that consumers are not always aware of their rights and obligations, and it's only after they've made a claim that they realize they're not in their right. This means that the commission will have to make additional efforts in terms of information and communication.

6. As a regulator, what mechanisms are in place to protect the non-household consumers such as industrial and large commercial consumers?

There are no specific mechanisms in place to protect this type of consumer, even though CREG has been working since its beginnings to inform industrial and large-scale consumers about the new regulatory environment characterizing the electricity sector and gas distribution, in particular on aspects concerning electricity and gas public service, eligibility and their relations with operators in the sector, specifying the role that CREG will have to play in this new context. To this end, CREG has organized several information meetings for them.

7. What are the main challenges and constraints you are confronted with in protecting vulnerable consumers? And is MEDREG helping and supporting ERE and CREG in this objective?

First of all, it should be clarified that the notion of vulnerable consumer doesn't explicitly exist in Algerian legislation. However, there is the notion of disadvantaged social categories and those living in reclusive areas, for whom the State mobilizes every year, substantial resources in the form of solidarity and social aid, including a series of allowances and benefits designed to relieve and assist disadvantaged populations.

Considering the difficult climatic conditions in southern Algeria and as part of its policy of subsidizing, the government has decided to partially subsidize electricity consumption in these regions, particularly during the summer season (some of southern and highland residents).

The challenge is to identify vulnerable consumers and put in place targeted assistance and mechanisms to ensure that they have access to the energy they need, under the best possible conditions (prepaid meters, staggered payment of bills, etc.), without increasing public expenditure. This work is currently underway within the government.

To this end, **CREG has drawn on the experience and best practices of energy regulators around the world, in defining vulnerable consumers and the specific protection measures recommended, in particular those carried out by the Regional Association of Energy Regulators (ERRA) and the Association of Mediterranean Energy Regulators (MEDREG), to draw up recommendations, adapted to the national context.**

Implementing these recommendations is a major challenge for CREG, as **the definition of the vulnerable customer is highly complex and is linked to several factors (low income, age, health problems).** As a result, **it needs to be addressed within a consensual framework, involving the support of all stakeholders, i.e. governmental administrations and institutions and local authorities, notably those in charge of social and solidarity issues, operators as well as civil society, represented mainly by consumer protection associations, which are essential in this process.**

Once we have defined this type of consumer, we need to think about the specific support measures to be recommended (financial aid or not), to ensure the protection of this category of consumers, as well as the funding resources to be made available. It is understood that the bodies in charge of granting such aid will have to regularly monitor and evaluate its impact.

Conclusion

Consumer interests are everyone's business and protecting them requires the combined efforts of all stakeholders - the public authorities, CREG and operators - as well as their involvement and that of consumer protection associations. This can only be effective if consumers are well informed of their rights and obligations, and aware of their consumption impact on the whole system, so that, they can make the right decisions to ensure access to a quality energy and at an affordable price.

This target can only be achieved through collaborative work between the various market players, where the regulator plays a key role in educating, informing and raising consumer awareness of all the issues that impact them directly or indirectly.

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www.medreg-regulators.org

Via Lazzaretto, 3. 20124 Milano - Italy

info@medreg-regulators.org

+39 340 293 80 23



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