

Vulnerable Customers

CEER Status Review of Customer and Retail Market Provisions from the 3rd Package as of 1 January 2012

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October 2012

Outline

- **Background**
- **Methodology and Participating Countries**
- **Concept of Vulnerable Customers**
- **Protection of Vulnerable Customers**
- **Next Steps**

Background

- European Energy Regulators carried out a survey on the implementation of the customer provisions contained in the 3rd Package. Respondents were NRAs describing the situation in their country
- An entire chapter was dedicated to **vulnerable customers**
- Other aspects covered in the survey:
 - Universal Service
 - Switching Suppliers
 - Customer Information Requirements
 - Alternative Dispute Resolution Mechanism
 - Information on Regulated End-User Prices

Methodology and Participating Countries

- Information was gathered through an internal questionnaire targeted at all EU Member States plus Norway
- Answers were received from all Regulators, except for the Maltese and the Cypriot ones
- The survey is, thus, based on a comprehensive and representative set of data
- *This presentation provides preliminary findings only. The final CEER report will be published by the end of 2012.*



Respondents to CEER's Questionnaire

| | |
|------------------|-----------|
| Austria | E-Control |
| Belgium | CREG* |
| Bulgaria | SEWRC |
| Czech Republic | ERU |
| Denmark | DERA |
| Estonia | ECA |
| Finland | EMV |
| France | CRE |
| Germany | BNetzA |
| Greece | RAE |
| Hungary | HEO |
| Ireland | CER |
| Italy | AEEG |
| Latvia | PUC |
| Lithuania | NCC |
| Luxembourg | ILR |
| Norway | NVE |
| Poland | URE |
| Portugal | ERSE |
| Romania | ANRE |
| Slovak Republic | RONI |
| Slovenia | AGEN |
| Spain | CNE |
| Sweden | EI |
| The Netherlands | NMa |
| United Kingdom** | Ofgem |

* and the regional regulator VREG; **England, Scotland Wales and Northern Ireland

Vulnerable Customers

Article 3, paragraph 7 and 8 of Directive 2009/72/EC and
Article 3, paragraph 3 and 4 of Directive 2009/73/EC.

'Concept' of Vulnerable Customers (1)

According to the 3rd Package, Member States are required to develop a concept of vulnerable customers which may refer to energy poverty and, inter alia, to the prohibition of disconnection of electricity to vulnerable customers in critical times

The measures targeted at vulnerable customers fall under the responsibility of Member States. Nevertheless, CEER has collected information on the individual national situations through its member NRAs

'Concept' of Vulnerable Customers (2)

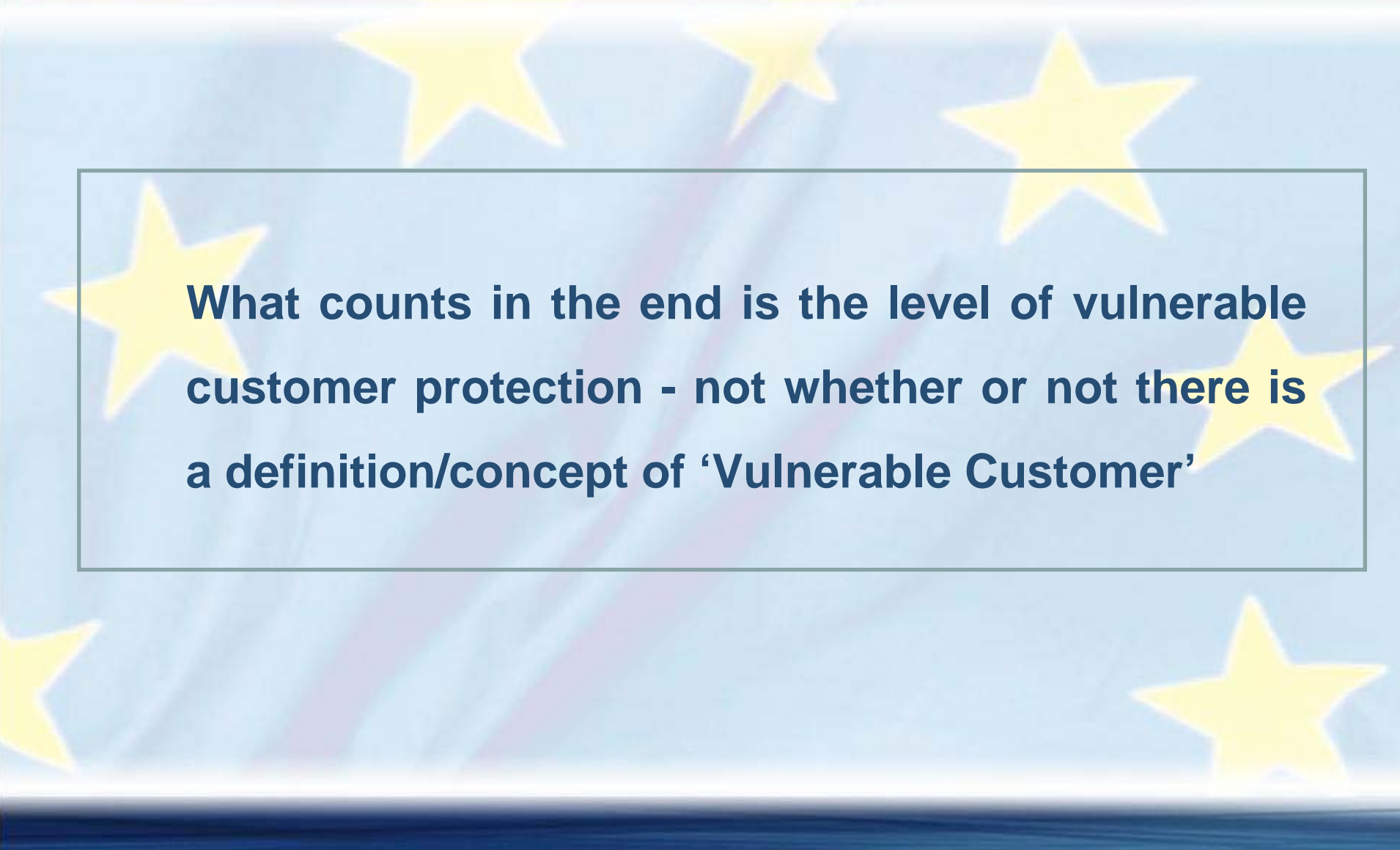
- Results:
 - It was reported that a majority of countries (17 out of 26) have a defined 'concept' of vulnerable customers in either their energy laws or in other laws or in a combination of both
 - This is true for both the electricity and the gas sector
 - In most cases, the fact that NRAs reported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

'Concept' of Vulnerable Customers (3)

The fact that a MS does not have a defined 'concept' of vulnerable customers does not necessarily mean that the vulnerable customers in such a MS are less well protected than vulnerable customers in MS with a defined 'concept'

'Concept' of Vulnerable Customers (4)

- Explanation: according to the NRAs, MS interpret the requirement to establish a ,concept' of vulnerable customers differently
 - Some countries believe they have a ,concept' in place as long as sufficient protection through various measures is ensured – a concrete definition in national energy law is not required
 - Others believe a ,concept' of vulnerable customers stands for an explicit definition of ,vulnerable customer' in national energy law

The background of the slide is a blurred image of the European Union flag, featuring a circle of twelve yellow stars on a blue field.

What counts in the end is the level of vulnerable customer protection - not whether or not there is a definition/concept of 'Vulnerable Customer'

Protection of Vulnerable Customers (1)

- According to the answers received from NRAs, protection of vulnerable customers 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

Protection of Vulnerable Customers (2)

Typical Protection Scheme for Vulnerable Customers – Holistic Approach



Vulnerable Customer

Energy Measures

Social Security Measures

Other Measures

Protection of Vulnerable Customers (3)

- The level of protection for vulnerable customers is roughly the same in the electricity and the gas sector
- For one MS (Slovakia) there are no data available

Protection of Vulnerable Customers (4)

- Range of protective measures in place in many MS (1):
 - General prohibition of disconnection;
 - Prohibition of disconnection in critical times;
 - Adequate number of warnings and notifications before disconnection;
 - Specific protection for customers in remote areas;
 - Supplier of last resort (for vulnerable customers or for customers who are unable to find a supplier);
 - Default supplier (for vulnerable customers or for customers who are unable to find a supplier);

Protection of Vulnerable Customers (5)

- Range of protective measures in place (2):
 - Support for energy efficiency improvements;
 - Social security benefits for vulnerable customers dedicated to support the payment of energy bills;
 - Other social security benefits;
 - Social tariffs;
 - Other assistance measures

Protection of Vulnerable Customers (6)

- **Who benefits from the protective measures**
 - the answers to the questionnaire do not provide an exhaustive description of the customer segments that benefit from a protective measure
 - Household customers are stated as number one target group, but detail on their status (elderly, unemployed, etc.) is scarce

Protection of Vulnerable Customers (7)

- **Share of customers benefiting from protective measures**
 - Little information on the share of customers benefiting from protective measures is available
 - Most NRAs have no data on this

Conclusion

- CEER Members have different understandings of what a concept of vulnerable customers entails

- The mere existence of a defined concept does not provide sufficient information on how well vulnerable customers are protected

- The actual level of protection of vulnerable customers can only be assessed by examining the combination of energy specific and social security measures in place

- Vulnerable Customers are widely recognised as a group that needs to be protected; but it was reported that MS ensure this protection in many different ways



Next Steps

Further Time Schedule

- **November:**
 - Publication of the SR
 - Presentation to the London Forum on 13-14 November 2012



Thank you for your attention!