

# Possible tools to mitigate the effects of the energy crisis, that can be done by the involvement of the consumer

Roundtable Discussion



# Possible tools to mitigate the effects of the energy crisis, that can be done by the involvement of the consumer



- What ideas could help the consumers to mitigate them from the effects of high and volatile energy price, that can be done relative quickly? Monthly reading of the meters in order to have bills reflecting the actual consumption and shield the consumer from a very high bill of a longer settlement period. Prepaid meters. Other suggestions.
- Informational campaigns regarding the possibilities of increasing the efficiency of the use of electricity, through updated information, would raise awareness for the consumers in reducing consumption of electricity and, at the same time, the costs of providing this service.
- ERE intends to put such a modern method into operation during this year by including in the monthly consumption bill a QR code that tracks the ERE website, which provides updated information according to the seasons, periods of the year, regarding a more efficient use of household appliances leading to significant energy consumption reduction.

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## Some ideas which could help the consumers :

- Advance payment meter: Helps consumer to manage his budget. It allows him to see at any time what he has spent on his energy consumption.
- Energy consumption rationalization : Advice and information on the consumption of devices used daily by the consumer, by making the right choice and optimizing their use.
- Insulation Tips: Provide practical advice to consumer, on how to properly insulate his home by making a good diagnosis of the existing situation, choosing the effective insulation, in terms of price and quality in order to improve insulation and reduce heating costs.
- Invoice payment: Extend the deadlines for payment of invoices or grant installment payments (by instalment).
- Power cut for non-payment of bills: Avoid cutting vulnerable consumers (especially those with financial difficulties).

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- There are no tools in Federation of Bosnia and Herzegovina to mitigate the effects of the energy crisis that consumers can influence on with their engagement.
- The consumers can reduce electricity power consumption in case they decide to use some other ways and resources such as solar panels instalation for electricity consuption in general or wood and wooden products for heating.

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- Billing system
  - Based on deposits (not obligation, but historically used due to „non-smart“ meters without distant reading) – deposits determined on the basis of reasonably foreseeable consumption
  - Annual billing (most common) based on meter reading (done once a year by distributor/self-reading/estimation)
  - Deposits can be lowered upon consumer’s request → risk of high final bill
- Smart technologies
  - Smart meters – not feasible in CR
  - Consumption self-monitoring (smart appliances, smart outlets)
- Self-meter-reading
  - Decree on billing (NRA’s secondary legislation) and Decree on electricity metering (ministerial secondary legislation)

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## **New consumer right in the Energy Act:**

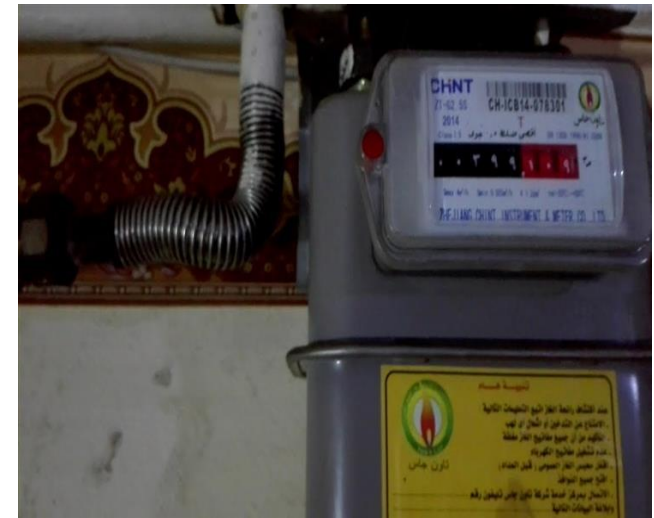
- The consumer shall have the right to be provided with
  - information on measures that can be taken to prevent the interruption or termination of the supply of electricity, gas or heat energy in the event of unauthorised („black”) consumption due to non-payment
  - information on the conditions how to get state social assistance benefits intended to cover housing and living costs.
- The information on available measures shall include at least
  - information on whether the electricity, gas or heat supplier will agree to modify consumer’s payment obligations (e.g. repayment schedule) and how will the modification look like
- This information shall be provided by the supplier to the consumer together with a warning about consequences of non-payment at least 30 days before the date of interruption of supply due to the unauthorised consumption.

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- For households, natural gas does not impose a financial burden because people use natural gas only for cooking, people mainly depend, in all their energy-related activities on electricity, noting that the Natural gas selling price for power generation did not change lately, so prices of electricity had not been affected by the rise of international prices , also part of the Hydro power in Egypt is provided through Aswan High Dam.
- Increasing oil prices, caused increase in the prices of car fuel driven by the average prices of Brent crude in the global energy market and the value of the Egyptian pound against the US dollar, this pushes people to convert cars to run on natural gas, or they might use public transportation or carpooling as a way to save fuel.
- The most affected industry was the cement industry the selling price of natural gas for cement factories increased to \$12 per million British thermal units, compared to \$5.75 before the increase, cement factories in Egypt depends on coal rather than natural gas , recently some producers started shifting to natural gas to decrease costs ,the rising gas prices will affect the willingness of these producers to replace coal with gas .

# Possible tools to mitigate the effects of the energy crisis, that can be done by the involvement of the consumer – cont.

- As mentioned before, the gas prices in Egypt did not increase that much as the prices are set by a prime ministerial decree, the government and the suppliers initiated consumer awareness campaigns to help consumers know how to use less gas to save them money, help reduce pollution and improve energy security, some tips were explained to rationalize domestic gas consumption such as :
  - Using pressure cookers to save gas consumption:  
This simple action can reduce your fuel cost by up to 25% compared to cooking on high heat throughout.
  - Faulty or broken gas meters :  
High gas bills may be due to a gas meter that is incorrectly recording the amount of gas you are using, if you think there could be a problem with your meter, tell your supplier straight away. They must send someone out to repair or replace the meter.
  - Submit your gas meter reading on-time:  
Giving meter readings to your supplier monthly. If you don't give your supplier meter readings on time they will have to guess your usage. You usually end up paying too much or too little when this happens. In case they guessed a less reading than that you actually consumed , the next month meter readings would probably be higher than what you actually consumed during the month and you would be hit with a steep payment increase because you will be classified as a high energy class user with more expensive tariff rates.







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- Smart metering and access to consumption data.
- From 01.10.2022 in electricity – universal service by approved price.
- A seller of electricity may provide the universal service. The service is provided with the consent of the service consumer and under an agreement concluded with the consumer concerning provision of the service.
- The seller disseminates information concerning provision of the service through its website.



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- The consumer has a right to refuse to conclude the contract for provision of the universal service, notifying this to the seller of electricity at least two days before the contract's entry into effect.
- A seller of electricity that belongs to the same group with a producer and whose generating installation has a capacity that equals or exceeds 150 MW or holds a market share of at least 50% in the sale of electricity within the territory of Estonia, is obligated to provide the universal service.

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## Possible measures connected to metering

- Installing meters capable for remote reading
- Consumers reading their meters monthly and send their metering data
- Creating more accurate consumption profiles

## Possible measures connected to contracts

- Promoting supplierswitch, in order to help the consumers to get themselves more suitable contracts
- Modifying fix price contracts into variable price contracts, while educating the consumers on the risks and the advantages
- Taking the actual consumption more into consideration at flat rate contracts

# Possible tools to mitigate the effects of the energy crisis, that can be done by the involvement of the consumer

## Reducing energy consumption

- Behavioural changes
- Energy efficiency investments (insulation, modern household appliances, heating and cooling investments)

## Decarbonisation efforts

- Becoming prosumers of those consumers that are able (e.g. installing PV panels)
- Promoting energy sharing and energy communities, where more affluent consumers (prosumers) can help other consumers

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- In the Republic of Moldova, there was instituted the emergency situation in the energy sectors. The decision was taken after beginning the war in Ukraine, that started to affect directly the energy security of our country. Because of this unusual situation, the Republic of Moldova faced with the problem of supply of natural gas and electricity, the reason why it was necessary to avoid the general rules that were inapplicable in such situation.
- There were moments in our country when the issues were the source of supply, no matter of the costs. Now, the situation is relatively stable, but the prices for natural gas and electricity are higher than usual. To face this problem, the government is helping the consumers in the cold period by granting compensations.
- In such unusual situation, the classic tools to mitigate the effects of the energy crisis are inapplicable, that's why the only possibility to face this period is the rational consumption of energy resources.

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1. One of the main tool to mitigate the effects of an energy crisis is Energy Education regarding:
  - Rational and sustainable energy consumption;
  - Use of less consuming appliances;
  - Active use of all claim channels.
2. Incentives to consumers that use sustainable energy;
3. Introduce energy education in primary schools

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- Roundtable Discussion: **Each participating CP WG Member is requested to submit 1-2 slides on the above.**
- *(Based on the number of meeting participants this topic could be moved to our next meeting.)*
  
- Proactive consumers – smart meters, demand response
- Incentives for investments in electricity generation for self-consumption (small PV and Wind plants) - Prosumers
- Incentives for establishing Citizen Energy Communities

# Possible tools to mitigate the effects of the energy crisis, that can be done by the involvement of the consumer

Poland has decided to freeze electricity and gas prices until the end of 2023 (with compensation to energy suppliers and DSOs), but:

- the limits of consumption are set for frozen price application,
- a higher price applies for energy consumed above the limit (price cap).

## Other experiences/ideas:

- smart energy system should be developed, to enable the consumer to know the value of energy consumption in a time close to the moment of consumption;
- education and information campaigns;
- very good experience in Poland in the work of social/energy efficiency consultants (employed by public entity - local communities or NGOs and therefore free of charge for individuals).



- In the electricity market, gradual electricity tariff is applied for all household (residential) consumers.
- Electricity is billed at the low-level tariff unit price up to the limit determined (8 kWh per day).
- After this limit consumptions are billed at the high-level tariff unit price.
- This prevents consumers from encountering high prices and encourages efficient use.

- For natural gas market, price for household consumers is subsidized by government.
- This leads to subsidization of high consumption of high socioeconomic level consumers.
- Expected benefit cannot be achieved.
- **Recommendation:** Instead of cross subsidization; by providing direct support to demanding households, it would be possible for consumers to use energy more efficiently.

- As an alternative method, a fixed monthly payment system can be used. In this system, the amount determined annually according to the consumption profiles of the consumers or the amount of consumption in the past years is paid in 12 installments (including the summer months when the consumption is low).
- This 12-month period can begin in any month. Monthly readings continue so that there are not too many deviations in the estimates and large invoices at the end of the period. Consumption amounts are deducted at the end of the period.

- The use of prepaid meters is not recommended for natural gas consumption.
- The amount of energy per cubic meter of natural gas is not always the same due to variations in calorific value, atmospheric pressure and temperature. This will cause consumers to consume more or less than they paid for upfront. This can lead to discrimination among consumers.
- The common problem for electricity and natural gas is that DSO's make payments to suppliers after consumption occurs. It is not possible to pay suppliers in advance.