

# Vulnerable Customers

Introductory presentation  
by Lamia Laouari, CREG, Algeria



➤ **Does the topic of vulnerable consumer exist in Algeria?**

The concept of vulnerable consumers doesn't explicitly exist in Algerian legislation, however, there is the concept of unfavorable social categories, for which the State allocates, annually, significant resources for solidarity actions and social aid, in their favor.

➤ **What measures were introduced to protect consumers by ministries/governments ?**

These social aids consist of a series of allowances and benefits intended to relieve and assist disadvantaged populations. They are awarded in cash or in kind for the benefit of individuals and households without resources. The latter are generally determined at the level of each municipality, considering as this entity is best placed to know the local realities, identify the needs of its population and set up a map of deprived social categories and ensure its ongoing update.

## What measures were introduced to protect consumers of energy in Algeria?

- The price of electricity and gas, intended for the final consumer, in low voltage and low pressure, is subsidized by the State and is defined by the Electricity and Gas Regulatory Commission (CREG), taking into account the preservation of the purchasing power of low-income households. This price is granted to the entire population, without distinction between social categories.
- In the progressive tariff, for households, there are two bands of tariff : < 125 kWh and from 125 to 250 kWh for electricity and <1125Th for gas, called “social segments” for all residential consumers.

# Measures taken by the government

- Government has opted for its policy of subsidizing the inhabitants of the southern region and the highlands, by granting a partial subsidy of the prices of electricity consumption in these regions which are characterized by difficult climatic conditions, especially during the summer season. This type of subsidy, is structured as follows:
  - **Southern Region:**
    - Low voltage household customers and farmers benefit from a 65% reduction on electricity bills within the limits of a consumption that does not exceed 12,000 kW/year;
    - Customers carrying out economic activities in low and medium voltage, in these regions benefit from a 25% reduction on the bill within the limits of a consumption that does not exceed 200,000 kW/year.

# Measures taken by the government

## ▪ highlands Region:

- Low voltage household customers benefit from an application of the tariff of the 1st band to consumption up to 375 kWh/quarter;
  - Low voltage non-household and medium voltage customers benefit from a 10% reduction on the amount of consumption per quarter or month.
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- Government participates in financial investment, in transmission and distribution of electricity and gas, rural electrification and public distribution of gas.
  - The low voltage/pressure consumer participates in 65% of the connection costs, while the high voltage/pressure consumer participates in 90% of connection costs. The remaining 35% and 10% are supported by the distributor (legal provision);

# Measures taken by the NRAs

- **What measures were introduced by the NRAs to protect consumers supposed it has jurisdiction for that (e. g. reducing the network charges)?**
- The price lists for connections, technical and commercial services are set by Minister's decision in order to ensure equity of treatment on the national territory (submitted by the distributor and approved by the CREG). These scales are subject to audit by the CREG, to verify their application by the distributor.
- Drafting and publishing standard contract templates for the connection and supply of electricity and gas (for all types of customers), to ensure the balance between the consumers and the operators and avoid any takeover from the operator.
- Acting on the regulation as an advisor to the public authorities, making sure that the provisions are taking into account consumers rights.
- Publication of useful information for the defense of consumer interests using all possible communication channels (website, brochure, its magazine "Equilibre", meetings, leaflet, ...).
- Organising meeting on regular basis (CREG, consumer, distributors).

# Measures taken by the NRA

- **What measures were introduced by the NRAs to protect consumers supposed it has jurisdiction for that (e. g. reducing the network charges)?**
  - However, there is no provision in Algeria prohibiting the cutting off of energy for non-payment, however the distributor can grant a payment schedule for customers who have difficulty paying their energy bills.
  - Government is currently considering how to define the notion of vulnerable customer in general, and specifically for the energy sector, in terms of in terms of definition, measures and mechanisms of aid and support granted to consumers, the entity is in charge of the definition and protection of vulnerable consumers.

This work will serve to put in place targeted policies to protect consumers and in particular, the most vulnerable ones and those in precarious situations, who are really in need of State aid and subsidies and should benefit from them.

# The need to define vulnerable customers ?

- As part of its missions conferred on it by law 02-01 relating to electricity and the distribution of gas by pipelines, in terms of consumer protection and advice to the authorities, CREG has decided to conduct a study on vulnerable consumers in the energy sector. It is a matter of the utmost importance because of its impact on people's lives and the economy of countries.
- Given the complexity of the definition of a vulnerable customer, linked to a number of factors, we are aware that it is important and obvious that this issue be tackled within a consensual framework, involving the support of all stakeholders, namely government administrations and institutions and local authorities, in particular 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.



- The current system of subsidizing energy tariffs, which does not reflect the real costs of energy production and represents a significant part of the state budget, leads on the one hand to a rapid increase in domestic consumption (energy waste), and on the other hand, prevents any energy saving policy, and consequently exhausts the financial resources of the state.
- The subsidies that Algeria grants to all its citizens without distinction, cost the public treasury significant sums. Faced with this situation and following the financial and economic crisis that our country has been facing in recent years, a new reflection has been initiated by the public authorities, aimed at implementing targeted policies to protect consumers and, in particular, the most vulnerable and in precarious situations, who will have to benefit from this aid and subsidies.
- The urgently needed reforms must take into account the socio-economic and political context of the country and should not focus on tariffs alone, in order to obtain the support of the population and thus avoid protest movements,

**Thank you for your attention!**

# Vulnerable Customers

## Roundtable Discussion



# How vulnerable customers detected



- Primary legislation defines the basic elements for protecting vulnerable consumers, including
  - the concept,
  - criteria for identifying vulnerable consumers,
  - and requirements for licensed operators.
- Under the provisions of the law, The Albanian government determines criteria and procedures for obtaining consumer in need status.
- Criteria have been drawn up by the Ministry of Social Affairs, the Ministry of Energy, and the Ministry of Finance. Consultations with interested parties will follow.

# Assistance for vulnerable consumers



In Albania, vulnerable consumers are protected based on three types of energy compensation:

1. Compensation covering the effects of the removal of the threshold for electricity consumption up to 300 kWh.
2. Compensation for the increase in the price of electricity, for the consumption level of 200 kWh. Households can apply for both measures.
3. Compensation for persons with special disability status.

# Role of national regulatory authorities in supporting vulnerable consumers



ERE has approved an important document related to the specific protection on the circumstances for the interruption of electricity for consumers in need. It states that The Universal Service Supplier is obliged to:

1. Ensure uninterrupted service for vulnerable customers, when the customer or any member of his family uses devices for life support that operate with electricity.
2. The electricity supplier should not interrupt the supply for failure to pay when the customer benefits from the “vulnerable customer” status, except when in the previous 12 months, the (supplier), provided twice a suitable payment plan and the consumer has refused.
3. The Electricity supply should not be interrupted on the days when the Supplier does not provide the service for the customers at Customer Care Centers, etc as defined in the regulation.

We believe it is an important document in the view of consumer protection defining clear rules for the criteria and procedures to be followed by the Universal Electricity Supplier in case of electricity supply for Vulnerable Consumers.

# How vulnerable customers detected



- According to the Law on Energy, a vulnerable consumer is a resident-subscriber who received the status of a vulnerable consumer in accordance with the procedure established by the Government of the RA, taking into account the fact of being socially insecure or having a special status.
- As per Government Decision No. 1122, dated November 3, 2016, families with an insecurity score exceeding "20.00" in the family insecurity assessment system are classified as socially disadvantaged.
- The Government of the RA recommends that the Public Services Regulatory Commission recognize socially disadvantaged families as a distinct consumer group. It proposes establishing lower tariffs for the provision of natural gas, electricity, and drinking water, as well as sewage treatment services for these families.
- The Ministry of Labor and Social Affairs of the RA is responsible for providing an electronic list of socially disadvantaged families to the supply companies by the 25th of each month.

# Role of national regulatory authorities in supporting vulnerable consumers



- According to the Law on Energy:
  - ✓ Vulnerable consumers have the right to use supplied electricity and natural gas exclusively for domestic needs.
  - ✓ Vulnerable consumers can only receive electricity from a guaranteed supplier at regulated tariffs.
  - ✓ The authorized government body responsible for social assistance provides the Public Services Regulatory Commission (PSRC) with information necessary to establish special tariffs and conditions for the supply of electricity and natural gas to vulnerable consumers. This body also supplies information to licensed energy and natural gas suppliers for accurate accounting of these consumers.
- From September 25, 2023, at the initiative of the PSRC, the process of revising the tariffs of the large generating stations, service providers and the tariff margin of the electric power system has started. As a result, electricity tariffs for consumers have remained unchanged, including for vulnerable consumers.

- The electricity tariffs set for vulnerable consumers are:

*daytime tariff*- 1kWh = 29.9 AMD ( $\approx 0.1$  \$)

*night tariff* 1 kWh = 19.9 AMD ( $\approx 0.05$  \$)

- The natural gas tariffs set for vulnerable consumers are:

*for natural gas up to 600 cubic meters per year* - 1 cubic meter = 100 AMD ( $\approx 0.25$  \$)

*for natural gas exceeding 600 cubic meters per year*- 1 cubic meter = 143.7 AMD ( $\approx 0.36$  \$)



# Role of national regulatory authorities in supporting vulnerable consumers

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- According to the Electricity Market Distribution Network Rules:
  - ✓ Applicants for connection services are required to pay a connection fee to the distributor, as specified by the regulations. However, this requirement is waived for socially disadvantaged residents defined by the Government of the Republic of Armenia Resolution No. 1122 of November 3, 2016. This exemption applies to applicants whose consumption systems are located within the boundaries of the administrative areas of the communities and who are seeking a single-phase connection.
  - ✓ To finalize the contract, the applicant must provide the distributor with documentation verifying their status as a member of a socially disadvantaged family, enabling the connection to be implemented without incurring a connection fee.

# How vulnerable customers detected

- There are no legal definition for vulnerable consumers, but there are some measures in Azerbaijan.
- Currently, targeted payments are made to the population group determined by the Ministry of Labour and Social Protection of Population of the Republic of Azerbaijan in the country.
- Tariff regulation in the energy sector is consumer-oriented and tiered pricing system offers lower rates to those who use less energy.



# Assistance for vulnerable consumers

- The Tariff (price) Council determines a 3-tier tariffs system for the consumer group of the population.

## Electricity

## Natural Gas

Services	Tariffs
Population	
<ul style="list-style-type: none"> <li>for the part of the monthly consumption volume up to 200 kVts (including 200 kVts)</li> </ul>	<b>0.043 euro cent/kVts</b>
<ul style="list-style-type: none"> <li>for the part of the monthly consumption volume from 200 kVts to 300 kVts (including 300 kVts)</li> </ul>	<b>0.049 euro cent/kVts</b>
<ul style="list-style-type: none"> <li>for the part of the monthly consumption volume of more than 300 kVts</li> </ul>	<b>0.070 euro cent/kVts</b>

Services	Tariffs
Population	
<ul style="list-style-type: none"> <li>for the part of the retail tariff of natural gas up to 1200 m<sup>3</sup> of annual consumption (including 1200 m<sup>3</sup>)</li> </ul>	<b>0.065 euro cent /m<sup>3</sup></b>
<ul style="list-style-type: none"> <li>for the part of the retail tariff of natural gas up to 1200-2500 m<sup>3</sup> of annual consumption</li> </ul>	<b>0.11 euro cent/m<sup>3</sup></b>
<ul style="list-style-type: none"> <li>for the part of the retail tariff of natural gas up to more than 2500 m<sup>3</sup> of annual consumption</li> </ul>	<b>0.13 euro cent/m<sup>3</sup></b>

# Updates related to customer issues

- According to the Law “On Electricity” № 858-VIQ, dtd. 11.04.2023 a gradual transition to competitive electricity market is planned to be implemented in three stage.
- The third stage starts from the second half of 2028, and regulated tariffs from that period will be determined by the Regulator.
- The sale of electricity to non-eligible consumers will be carried out by an authorized supplier, and its tariff will also be regulated by the Regulator.
- And by implementing support measures the needs of vulnerable consumers will continue to be a priority.



# How vulnerable customers detected

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- Law on Electricity („Official Gazzete of the Brčko District of Bosnia and Herzegovina“, No 27/21), adopted in 2021
- Energy protected customer (Article 88) – two categories
  1. socially vulnerable household consumer who is granted this status based on the need for social welfare assistance
  2. household with a household member whose life or health may be put in danger in case of electricity disconnection

# How vulnerable customers detected

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- Socially vulnerable – low income customers (pensioners with low pensions, war and civil invalids with low disability allowance, social welfare beneficiaries, families and children with special needs, foster families and unemployed persons (unemployed women over 55 and unemployed men over 60) registered with the Employment Office of the Brčko District of Bosnia and Herzegovina)
- Medical documentation is needed for the household whose member has health difficulties

# Assistance for vulnerable consumers

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- Non-Financial support for the second category, lifeline service - prohibition of electricity disconnection
- No special tariffs for vulnerable categories
- Financial support – The Government of the Brčko District of Bosnia and Herzegovina every year provides funds for subsidizing electricity costs to the vulnerable categories. The level of subsidies depends on available funds in the budget of the Brčko District (In 2022, 425 000 euros for 12 173 consumers, approximately 35 euros per year)

# Assistance for vulnerable consumers

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## EU ASSISTANCE

- In 2023, there was also a programme for subsidizing energy poor consumers due to the distribution of the European Union funds under Energy Support Package
- Vulnerable categories were entitled to receive subsidies for utility bills, while all households could apply for subsidies for taking energy efficiency measures (up to 2500 euros per household). Around 28 000 (85%) households (out of 32 733 in total in the Brčko District) received subsidies under this programme. This measure was introduced due to a 33,6% electricity price increase from 1 March 2023



# Role of national regulatory authorities in supporting vulnerable consumers

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No direct jurisdiction of SERC in the field of social protection mechanism.

SERC is informed of financial support for the tariff proceeding purpose.

# How vulnerable customers detected

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- In Federation of Bosnia and Herzegovina until 17.8.2023. there was no legal definition of vulnerable customers.
- FBiH criteria for obtaining the status was:
  - pensioner with the lowest pensions
  - beneficiaries of permanent social financial support
- The Law of Energy and Regulation of Energy Activities in the Federation of Bosnia and Herzegovina (Official Gazette FBiH, No. 60/23), which was adopted on 17.8.2023., defined vulnerable customers as customers from the household category, who are recognized with this status based on their social status.

# Assistance for vulnerable consumers

- According to the Article 17. of the Law of Energy and Regulation of Energy Activities in the Federation of Bosnia and Herzegovina, a vulnerable customer is entitled to a subsidy for a part of the costs for consumed electricity in the amount prescribed by the the decree of the FBiH Government.
- **This decree includes:**
  - measures to protect vulnerable customers,
  - conditions for obtaining the status of a vulnerable customers,
  - proof that should be submitted to obtain the status of a vulnerable customer and the content of the application,
  - finding a way to protect a vulnerable customer and the amount of the subsidy

# Assistance for vulnerable consumers

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- deadline and procedure for deciding on the obtaining of the status of a vulnerable customer,
  - records of vulnerable customers.
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- Funds for the protection of vulnerable customers are provided from the budgets of the Federation, county and municipality

# Role of national regulatory authorities in supporting vulnerable consumers

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- Vulnerable customers are not under the jurisdiction of FERK, and the Government of the FBiH has not yet passed a regulation related to them.



# How vulnerable customers detected

- There is no definition of a 'vulnerable customer' in the Electricity Market Act and in the Natural Gas Act.
- No specific tariffs for 'vulnerable customers'.
- There is a definition of 'unprotected consumer' only in the Natural Gas Act, but it does not relate to the meaning of 'vulnerable customer'.
- Unprotected consumer means a household consumer who has been granted a subsistence benefit in accordance with the Social Welfare Act.



# Assistance for vulnerable consumers

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- Vulnerable customer issues are dealt by the Estonian social system.
- Income support is financial aid from the state to people in need, paid by the local government (municipalities).
- Local authorities use both, social services and other social assistance, depending on the situation.
- Income support is calculated on the basis of the net income of all the members of the family or person living alone in the previous month, the housing costs due for the current month and the subsistence threshold.



# Assistance for vulnerable consumers

- When calculating the subsistence allowance, the following housing costs for the current month are taken into account by municipalities (up to the socially justified standard for housing and the established limits):
  - rent;
  - housing maintenance costs, including repairs;
  - the repayment of the loan taken out for the renovation/repair;
  - the cost of water supply and sewerage services;
  - the cost of heating energy or fuel consumed for the supply of hot water;
  - the cost of heating energy or fuel consumed for heating purposes;
  - the cost of electricity consumption;
  - the cost of household gas;
  - the cost of land tax, calculated on the basis of three times the floor area of the dwelling;
  - the cost of building insurance;
  - a charge for the transport of household waste.



# Role of national regulatory authorities in supporting vulnerable consumers



- The energy regulator does not deal with subsidies/supports etc. for vulnerable consumers.
- We can only provide information or recommendations on who to contact (to the municipalities etc.)

# The definition of Vulnerable consumer

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"Vulnerable consumer is a household consumer who, due to his status or condition, on the basis of the relevant legislation of Georgia, has been granted the right to use the system and/or to receive electricity and/or natural gas and/or water supply on preferential terms."

According to Georgian law of "Energy and Water Supply"  
Article 2, Chapter 2:

# Vulnerable Consumers protection system

## Purpose

- develop special programs / measures / benefits to help meet the demand and / or increase access to electricity and natural gas;

## Mechanism

- special programs / measures / benefits

## Responsible body

- state and local governments

## Advisory body/person

- the Commission and other stakeholders

## Target group

- eligible beneficiaries of these programs / events / benefits

# Protective measures for vulnerable consumers in Georgia

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**Tariff subsidy**

**High mountainous  
areas**

**The families with four  
or more children**

**The families living in  
the conflict zone**

# Great Britain

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The Financial Conduct Authority (FCA) has categorised the severity into:

“potentially vulnerable” customers who do not require any additional assistance at a given moment

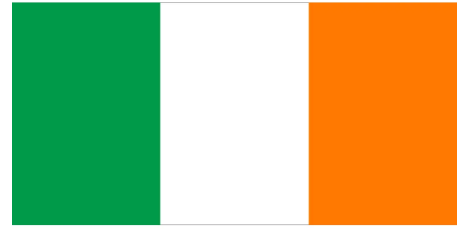
“vulnerable” customers who require support in certain situations or with certain tasks

“particularly vulnerable” customers who are at the highest risk of experiencing detriment.

✓ Source of funding – The government, the social security system, electricity and natural gas taxpayers.

# Ireland

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A vulnerable consumer is a household consumer, who is:

Critically dependent on electrically powered equipment, which shall include but is not limited to life protecting devices, assistive technologies to support independent living and medical equipment; or

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Particularly vulnerable to disconnection during winter months for reasons of advanced age or physical, sensory, intellectual or mental health

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Source of funding – the taxpayers.

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# Measures implemented by the NRAs

Socially vulnerable persons

The pensioners

The persons with disability

It is not allowed to charge a deposit if:

- a) the customer doesn't pay the service fee three times or more during last 12-month period;
- b) Electricity was not supplied to the customer for a continuous period of 5 months or more due to non-payment of the service fee.

- adaptation of service centers;
- Adapted receipt and other information materials (audio material, Braille information, Surd translation, subtitle).

# Measures implemented by the NRAs

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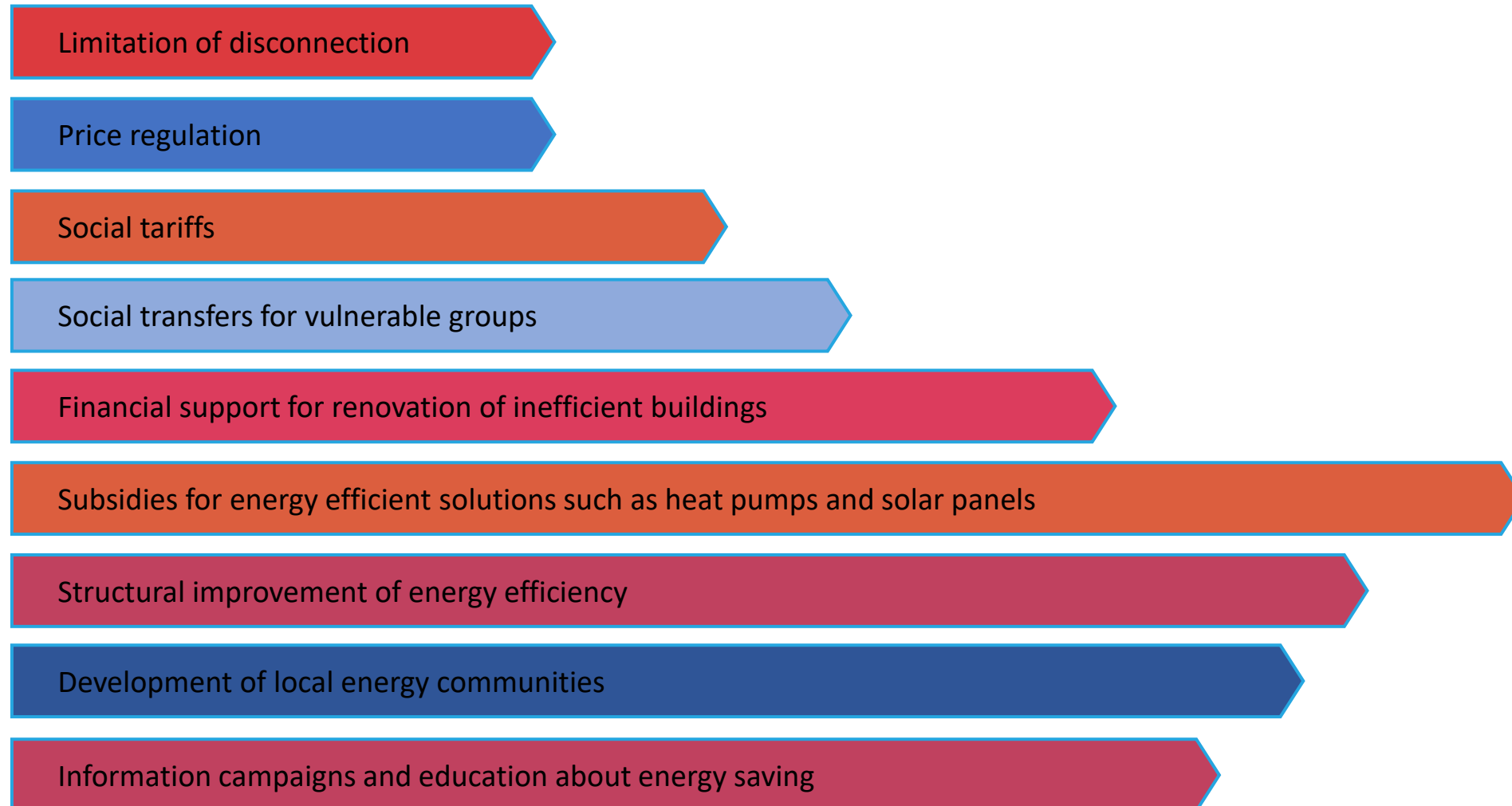
## For All consumers

If the supplier is aware that disconnecting the service could harm human health and/or pose a danger to life, the supplier is obliged not to disconnect the consumer.

The supply disconnection is not allowed if the amount of the service fee is less than or equal to 2 lari.



# 4<sup>th</sup> energy package and Energy poverty



# Consumer Protection and Crisis Management

**L. 4001/2011  
(Article 52)**



Financially weak households, suffering from energy poverty



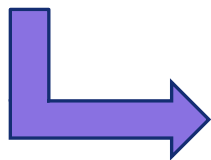
Customer, their spouses, or dependents under their care who live with them and rely on a continuous energy supply (e.g. mechanical medical aid)



Elderly consumers at least (70) years old, provided they are not living with another person who is under that age,



Consumers with severe health issues, including significant physical or mental disabilities, chronic illnesses, or multiple impairments, who cannot manage or negotiate with contracts with the supplier.



Consumers in remote or non-interconnected islands are entitled to special services, including better pricing, quality, supply security and transparent contractual terms compared to other consumers.

# Defining Energy Poverty

According to Law 4001/2011 Article 2 (1) (i), energy poverty is defined as *"the situation of consumers who find it difficult, due to their low income, as declared on their tax returns, in conjunction with their job status, family status and state of health, to meet the cost of reasonable electricity or natural gas requirements, as the cost accounts for a considerable proportion of their disposable income."*

# Defining Supporting Vulnerable Households

*Low Voltage Household Consumers receive economic support in the electricity sector. The beneficiaries are determined based on their family income, household composition and potential disabilities.*

*The consumers supplied under social residential tariffs receive a discount (either 0.075 €/kWh or 0.045 €/kWh) on the supply charge that they have contracted with their supplier. The cost of this action is covered by all electricity consumers as a public service obligation.*

# Energy Vulnerability Criteria

*The criteria, requirements and procedure for classifying customers in a class of **vulnerable customers are stipulated by decision of the Minister for Energy**. Including the measures relating to supply tariffs and discounts, measures to protect individual classes of vulnerable consumers, both before the supply contract is signed and during the contractual period and when the contract with the supplier is terminated.*

*RAAEY monitors the compliance with obligations towards vulnerable customers and may impose the penalties in the event of failure to discharge them.*

# Supported Consumption Thresholds

*Consumers with social tariffs have quarterly consumption limits:*

- 1,400 kWh for single-member households.*
- 2,000 kWh for households with four adults, two adults and four children, or a single-parents family with five children.*
- > 2,000 tailored for households with members with disabilities, life-support medical devices, or additional children/adults.*

# Non-Economic Support Schemes Protection and Crisis Management

## ***Extended Payment Period:***

*Vulnerable consumers have at least 40 days to settle payments (vs. 20)*

## ***Dept Settlement:***

*Favourable conditions for depts repayment for vulnerable consumers*

## ***Protection Against Disconnections:***

- November to March (Electricity & Natural Gas)*
- July to August (Electricity)*

*No disconnections allowed for those needing constant mechanical support unless they fail to pay for 6 consecutive bills and have been notified of dept settlement options.*

*Compliance with Accessibility Guidelines*

# Crisis Management & Emergency Support

## **Recent Measures:**

*The state ensures the economic relief of household consumers during periods of crisis or extreme price volatility. In August 2024, witnessing the approximate 40% increase of wholesale prices in July, the Ministry of Environment and Energy announced:*

- Subsidising prices by 16 €/MWh for all household consumers, for consumption up to 500 kWh. (Applicable for special and variable tariff products)*
- Households enrolled in the Social Household Tariff (KOT) programme, shall receive a higher subsidy of 50 €/MWh.*



# Crisis Management & Emergency Support

## *Subsidy schemes in light of Covid-19 and the energy Crisis (2021-2022):*

*As a means of supporting households after the economic recession caused by the pandemic and later the rapid increase of energy prices due to the global energy crisis, the Ministry of Finance and Ministry of Environment and Energy, designed a subsidy scheme of € 60,000,000.00*

# Definition of vulnerable customers



## In electricity (set in the act on electricity and its implemental decree):

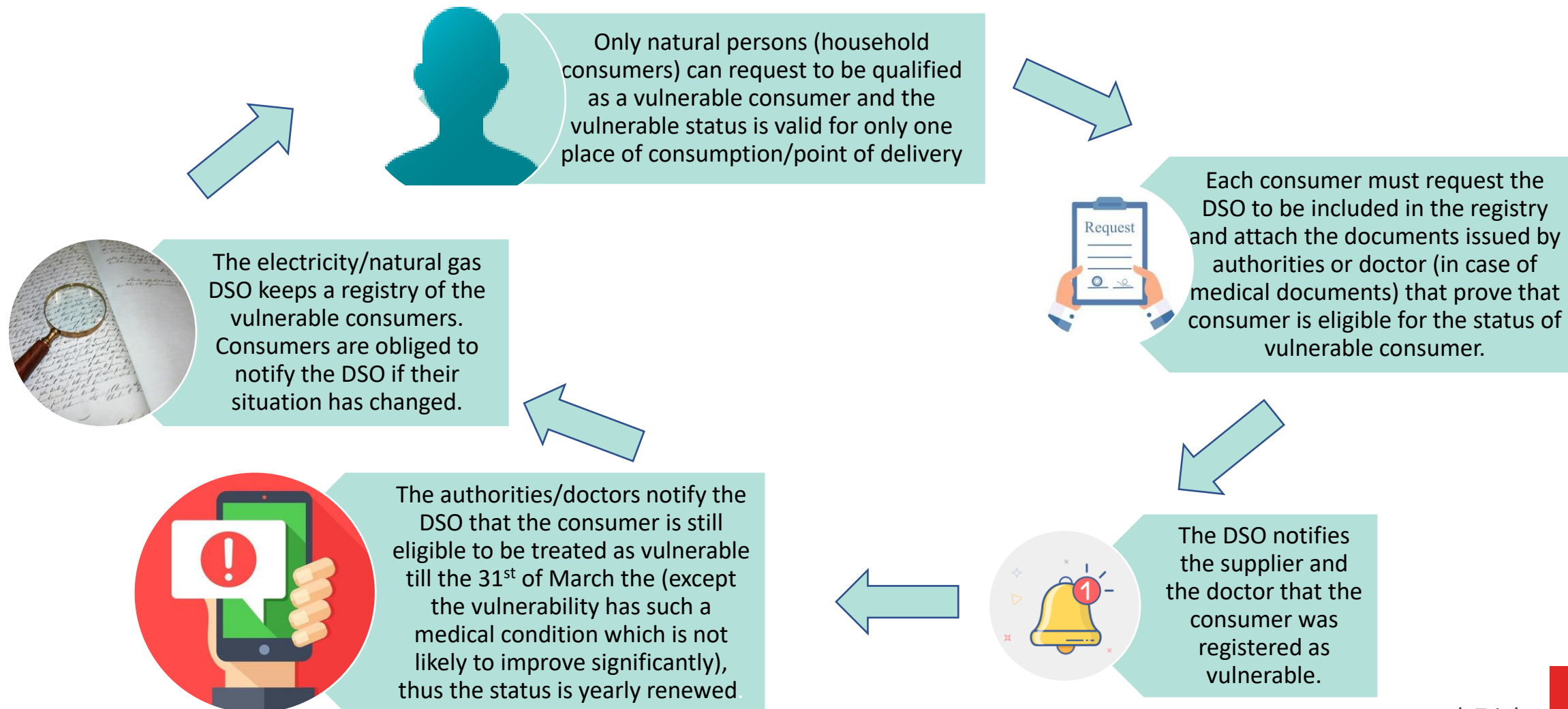
- basically people in financial difficulties (indigent persons),
- people living with disabilities,
- **people having critical dependency on electricity powered equipment for health reasons (lifeline service, disconnection is not allowed at all, only in electricity!)**
- but there are determining factors (like income level, age, other).



## In natural gas (set in the act on natural gas and its implemental decree):

- basically people in financial difficulties (indigent persons),
- people living with disabilities,
- but there are determining factors (like income level, age, other).

# How are vulnerable customers detected



# Assistance for vulnerable consumers



## Non-financial support:

- right to prepayment meter (the cost is borne by the DSO);
- lifeline service in electricity (customers with disabilities whose life or health is directly jeopardized if disconnected from the electricity supply system, including any disruption in service, may not be disconnected in the case of late payment or non-payment of charges.);
- customers with disabilities shall be offered certain privileges in connection with metering, reading and billing procedures, and payment terms, as consistent with their respective needs. (e.g. meter installed onto more accessible place, bill settled at home of the consumers, etc.);
- harder to terminate the contract.



## Financial support:

- general price regulation;
- right to deferred payment (applicable once within a 12-month period);
- right to instalment (applicable once within a 12-month period).

# Role of national regulatory authorities in supporting vulnerable consumers

The role of MEKH is mainly informative, the regulator gives information on:

- who is eligible for the vulnerable status;
- what are the extra rights and protection for vulnerable consumers.

MEKH does this in multiple ways:



In person / via  
phone at  
MEKH



On the website of MEKH  
(<https://www.mekh.hu/kulonleges-banasmodban-reszesulo-fogyasztok>)



On leaflets and  
at information  
campaigns



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## Vulnerable Customers - Latvian framework (1)

- ❑ According to the Electricity Market Law vulnerable (protected) customer is a poor or low-income family (person), a large family (with at least three children), or a family (person) which takes care for a child with disability, or a person with the group I disability who uses electricity in his or her household for his or her own needs (for final consumption).
- ❑ An electricity trader providing electricity trading services to more than 10 000 household customers is obliged to provide a trading service to the vulnerable customer.
- ❑ The PUC does not have specific competence for vulnerable customers. The PUC protects the interests of all customers by, inter alia, engaging in the development of legislation, reviewing draft tariffs, informing customers of important developments in the energy sector, responding to customers complaints, etc.



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## Vulnerable Customers - Latvian framework (2)

- ❑ For the purpose of providing the trading service to the vulnerable customer, the calculations are carried out by the national Information System (IS) managed by the State Construction Control Bureau.
- ❑ The IS shall check the eligibility of a person for the status of vulnerable customer in accordance with the up-to-date data available in the various national registers and in the information systems of the municipalities.
- ❑ The IS shall carry out automated data transmission and exchange with:
  - Office for Citizenship and Migration Affairs,
  - local government,
  - State Medical Commission for the Assessment of Health Condition and Working Ability,
  - service provider,
  - Administration of the Maintenance Guarantee Fund.



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## Vulnerable Customers - Latvian framework (3)

- ❑ The trading service to the vulnerable customers is provided by applying a reduction to the invoice for the supplied electricity and system services in the amount determined by the Cabinet of Ministers.
- ❑ The service provider receives compensation from the State Construction Control Bureau each month for the reduction in fees applied to the vulnerable customers. The service is financed from the state budget.



# How vulnerable customers detected



- **Electricity sector:**

- ✓ **Vulnerable electricity consumer** - a household consumer who himself and/or persons living with him receive and/or have the right to receive cash social support according to the Law on Cash Social Support for Indigent Residents and who, in accordance with the procedure established by Law on Electricity and its implementing legislation, has the right to use additional guarantees, established for vulnerable consumers.

- **Gas sector:**

- ✓ Suppliers must take measures to ensure the supply of natural gas to vulnerable consumers in every case specified in Article 6, Paragraph 1 of Regulation (EU) 2017/1938 (concerning measures to safeguard the security of gas supply).

*Anticipated amendments to the Law on Energy: It is planned to establish the definitions of energy poverty and a person experiencing energy poverty and change the definition of a vulnerable consumer accordingly.*

**A vulnerable consumer** is a household consumer who is:

- 1) a resident with needs, as defined in the Law of the Republic of Lithuania on Monetary Social Support for Needy Residents, and/or;
- 2) a person experiencing energy poverty, and/or;
- 3) a person with a disability, as defined in the Law on the Fundamentals of the Protection of the Rights of a Person with a Disability of the Republic of Lithuania, and/or;
- 4) a person who has reached the old-age pension age set by the Law on Social Insurance Pensions of the Republic of Lithuania.

# How vulnerable customers detected: (dis)advantages

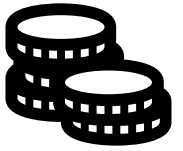


- The distribution system operator, the guaranteed electricity supplier and/or the electricity supplier apply the established additional guarantees to the vulnerable consumer based on the data of the Social Support for the Family Information System (SPIS).
- **Advantage:** Information about all vulnerable consumers is available in one SPIS system.
- **Disadvantage:** A vulnerable user may be: 1. Object owner 2. Any person living with the Object owner.

Contracts for the purchase and sale of electricity and distribution services are concluded with the Object owner.

If a contract has been concluded with the owner of the object, the energy company, via SPIS or otherwise, has no way to determine which persons live together with the owner of the object and to check whether those persons are vulnerable consumers. The owner of the object or the mentioned persons must provide the company with such information (e. g. certificate of the persons' declared place of residence).

# Assistance for vulnerable consumers



- ***Non-Financial support options:***

Vulnerable consumers may not be restricted and/or interrupted from the supply if debt to the distribution network operator or public supplier is or was not more than 3 basic social benefits.

Supply and/or distribution of electricity may not be interrupted on Fridays, Saturdays, Sundays, public holidays, or in emergencies where the maximum daily air temperature is below minus 15 ° C or higher than plus 30 ° C.

- ***Options, related with financial support:***

A person meeting the definition of a vulnerable consumer pays either only 20 percent of the costs for connecting their electrical devices to the distribution system or the rate approved by the Council based on this amount.

If the connection fee exceeds 600 euros, 60 percent of the fee is paid within 10 calendar days of signing the connection service contract, and the remaining part of the fee is paid within 10 calendar days of the completion of the connection works.

A vulnerable consumer has the right to request the installation of a smart meter in their facility free of charge, based on a priority order.

If vulnerable consumers do not pay for the supplied electricity, electricity distribution service or other related services within the set deadline, late interest is not calculated for 3 months from the day of the deadline.

# Role of national regulatory authorities in supporting vulnerable consumers



- Alternative Dispute Resolution procedure.

All consumers, as well as vulnerable consumers, has the right to ask NERC solve the dispute with energy entity in case of possible violation of consumer's rights and legitimate interests.



# How vulnerable customers detected

- In Republic of Moldova, vulnerable customers are identified through a platform managed by the Ministry of Labor and Social Protection.
- Every customer who wish to be eligible for compensations, must fill out a form on the platform.
- The platform is integrated with all the national databases and import data for the identification of the vulnerability categories.
- After procesing the data, the platform generates the results and comunicates the vulnerability category to consumer and their suppliers.
- There are 7 categories of vulnerable consumers.



# Assistance for vulnerable consumers

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- The Ministry of Labour and Social Protection is responsible for allocating funds to suppliers, which will reduce the costs of bills, based on the vulnerability category.
- The suppliers issue compensated bills monthly to customers, and report the information to the Ministry.

Additionally, vulnerable consumers can obtain vouchers for replacing old electric devices with new and energy-efficient equipment.

# Role of national regulatory authorities in supporting vulnerable consumers



- Taking into account that supporting vulnerable consumers is a social protection mechanism, the main role in this process lies with the Government.
- The NRA role is resumed on monitoring the activities of system operators and supplier regarding respecting of consumers rights, as well as intervention through the instruments imposed by law, in case these rights are violated.



# How vulnerable customers detected

- Energy Law
- Programme for Support of Vulnerable Customers for 2024, adopted by the Government on yearly basis, that sets:
  - Criteria for categorizing a vulnerable customer
  - Support measures
  - Procedure for granting support
  - Financial sources
- Rules on Supply with Electricity adopted by ERC
  - Chapter VIII
- Law on Social Protection
- Law on Social Security of Elderly

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# Assistance for vulnerable consumers

- Non-Financial support options (US and SoLR) include:
  - Prohibition for disconnection in the period December – February due to non-payment of electricity bills
  - Prohibition for disconnection before 60 days from the due date of the electricity bill (invoice)
  - Prior written notification for disconnection at least 40 days from the due date of electricity bill (invoice)
  - Possibility for debt payment in installments or postponed payment
  - Informing vulnerable consumers of their rights



# Assistance for vulnerable consumers

- Non-Financial support options (DSO) include:
  - No charge for reconnection
  - Free non-regular verification of measuring equipment
  - Free standard connection (no charge for connection)
  - Priority in removal of defects of vulnerable consumers that gained this status due to social risk and those in remote areas
  - priority in deciding upon submitted application for compensation for damages
  - Informing vulnerable consumers of their rights



# Assistance for vulnerable consumers

- Delve into financial assistance mechanism (on energy bills) and how the distributor will be compensated in such cases
  - Vouchers for installation of highly efficient inverters set in the Programme for Support of Vulnerable Customers for 2024
  - Public call was published on Ministry of Economy website
  - Applications gathered
  - Commission for processing the application
  - Vouchers issued to the applicants
  - List of vulnerable consumers and list of legal entities for trade in highly efficient inverters eligible for effecting the vouchers shall be published on the website of the Ministry of Economy



# Assistance for vulnerable consumers

Delve into financial assistance mechanism (on energy bills) and how the distributor will be compensated in such cases

- Law on Social Protection (Art.42) - 1000 denars/month (around 15EUR) for October – March (given to the customer)
- Law on Social Security of Elderly (Art.7) - 1000 denars/month (around 15EUR) for October – March (given to the customer)

Finances are provided from the State Budget for 2024 in amount of 45 million MKD (around 728.155,00 EUR)



## Role of ERC in supporting vulnerable consumers

- Monitoring the activity of DSO and the Universal Supplier if acting according to the rules on vulnerable consumers
- Informing vulnerable consumers where to address
- New Energy Law to be adopted in 2024 provides for a more comprehensive framework for protection of vulnerable consumers

# How vulnerable customers detected

The Polish legal framework allocate the problem of vulnerability to the area of social policy:

- low income and dependance depending on energy-intensive medical devices are the main factors of definitione,
- most of the protection measures are found in the social security system.

The vulnerable consumers are known/identified by local social workers or medical assistants.

A customer who is already identified as vulnerable should inform the energy service provider, to obtain special treatment in the event of arrears.

# Assistance for vulnerable consumers

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Apart of financial support by social protection means, special treatment is granted proceeding the disconnection:

- use of alternative solutions, proposed by energy provider, like:
  - alternative payment plans,
  - debt management advice,
  - prepayments,
  - energy audits,
  - energy efficiency advisory services,
- prohibition on disconnection in the winter period (1 of Nov. – 31 of March),
- prohibition on disconnection on days recognized by law as non-working days and days proceeding those days.

No additional costs may be imposed on the consumer.

# Role of national regulatory authorities in supporting vulnerable consumers

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URE just inform vulnerable consumers on their rights and on the protection scheme, referring them to the relevant institutions.



# How are detected the vulnerable customers (I)



- In addition to the definition of the vulnerable energy consumer and the provisions associated with this category, provided in the Electricity and Natural Gas Law no. 123/2012, with subsequent amendments and additions, in 2021 has been adopted the Law no. 226/2021 on the establishment of social protection measures for vulnerable energy consumers (Law no. 226/2021), which establishes the framework (including definition and criteria) for identifying those energy consumers who can be classified as vulnerable consumers.
- Therefore, the Government of Romania through the **Ministry of Labor and Social Solidarity** is the responsible entity of the development of social policies, including of the establishment of the definition and criteria dedicated to vulnerable consumers.
- We specify the fact that, following the centralization and processing of some data requested by ANRE experts from electricity and natural gas suppliers, the following situation emerged regarding **the dimension of the phenomenon of the energy vulnerable consumers**, at the level of Romania:
  - **Vulnerable consumers of electricity: aprox. 90.000**
  - **Vulnerable consumers of natural gas: aprox. 90.000**

# How are detected the vulnerable customers (II)



- The **Law no. 226/2021** stipulates the fact that vulnerable consumers represents the following categories:
  - a. vulnerable consumers for income reasons;*
  - b. vulnerable consumers for age reasons;*
  - c. vulnerable consumers for health reasons;*
  - d. isolated vulnerable consumers.*
- More precisely, the classification of a final energy consumer in one of the four above mentioned categories of vulnerable consumers is done according to the Law, for the following reasons:
  - a. Income reasons:** the family/single person whose average monthly income falls within the limits of the law: 1386 lei/person (aprox. 280 euro/person) in the family and 2053 lei – single person (aprox. 415 euro)
  - b. Age reasons:** single people who have reached standard retirement age
  - c. Health reasons:** people who depend on electrical appliances to stay alive/restricted mobility/travel; persons with specific communication and information needs under the conditions of Law no. 448/2006 republished
  - d. Isolation reasons:** families/single persons whose houses are in isolated areas/informal settlements according to Law no. 350/2001.

# The main social protection measures for vulnerable consumers



## **1. Heating aid for the cold period**

Heating aid can be granted, for the period 1 November 2023 - 31 March 2024, for both electricity and natural gas, depending on the heating system used.

## **2. The energy supplement**

The energy supplement is a fixed amount, granted throughout the year, depending on the energy supply sources used.

## **3. The energy card**

The payment of energy bills comes as a measure of support granted to certain categories of vulnerable people and families provided for by GEO no. 166/2022 regarding measures to provide support to categories of vulnerable people for the compensation of the energy price, partially supported by non-reimbursable external funds. With the help of the energy card, vulnerable people can pay the bills for electricity, gas, thermal energy in central heating system, firewood, fuel oil, pellets and other heating materials.

# Assistance for vulnerable consumers

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- **Article 2 of Law no. 226/2021** stipulates the types of measures, respectively "*According to their nature, social protection measures for vulnerable energy consumers can be financial and non-financial.*"
- Also, **Article 35 of Law no. 226/2021** specifies that the social protection measures provided for in article 2 letter d) by Order of the National Energy Regulatory Authority, for non-financial support measures aimed at facilities granted **through suppliers.**
- Thus, ANRE instituted through the issued regulations (namely through the *Regulation on the supply of electricity to final consumers*, respectively through the *Regulation on the supply of natural gas to final consumers*) **non-financial measures intended for this category of consumers, the vulnerable ones.**
- The **National Regulatory Authority in Energy (ANRE)** is not issuing the social policies at national level, the Authority having just a **consultative role** in this process.

# Role of national regulatory authorities in supporting vulnerable consumers

- Through the secondary legislation issued by ANRE, namely the *Regulation of the supply of electricity to final consumers* and the *Regulation of the supply of natural gas to final consumers*, **non-financial measures** were established in order to support the vulnerable consumers, as follows:
  - ✓ the supplier ensures the access at the consumer relations center, through specific methods adapted to the needs of vulnerable consumers due to health/age reasons;
  - ✓ installment payment of the invoice, upon request, over a period of at least 3 months or agreed upon by the parties.
  - ✓ the contractual relation with the supplier can be carried out through a third person, designated in writing by vulnerable consumer to receive invoices/notices/notices, submit notices/claims in the name and on account of the owner of the place of consumption, at the request of the vulnerable consumer who is the owner of the contract supply of electricity/natural gas;
  - ✓ the vulnerable consumer has the right to receive, upon request, invoices, notifications, complaints or any informational materials, in a format which is compatible with the document reading programs.

# How vulnerable customers detected



- In Türkiye, there is no legal definition for vulnerable customers but there are some measures.
- Firstly, there is a financial support for electricity bills.
- It is funded by Ministry of Family and Social Affairs.
- The criteria is receiving social aids from the state and income should be below 1/3 of minimum wage per person.
- Some of these social aids are;
  - Elderly Person,
  - Disability Pension,
  - Conditional Education and Health Assistance,
  - Spouse Death Pension,
  - Needy Soldier Family Assistance,
  - Assistance for Patients on life Support Devices.

Minimum Wage (17.000 TL ≈ 450 €)



# How vulnerable customers detected



- Financial support is related to number of people living in the house.

Number of Household Members	Maks. kWh
1-2 persons	75 kWh
3 persons	100 kWh
4 persons	125 kWh
5 persons	150 kWh



**2023** | Number of Households Who Receiving Support  
**4.378.839**

Allocated Resource  
**8.67 Billion TL ≈ 230 Million €**

# Assistance for vulnerable consumers



- Secondly, there is a protection to disconnection in electricity for elderly people, disabled people and families of martyrs and army veterans. Normally, one unpaid bill is enough to disconnection in electricity in Turkey but it is three unpaid bills for this group.

## • Financial support

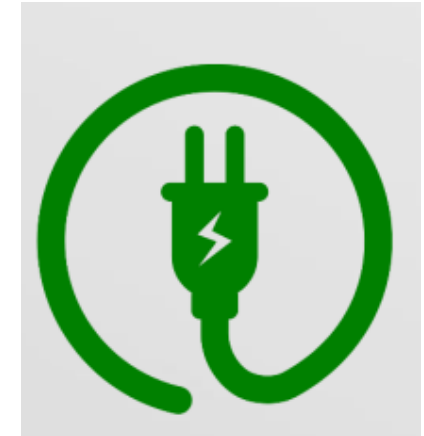
- ❖ Welfare support, **direct energy payments**, social tariffs.
- ❖ Financial supports are short term solutions.



# Expected Regulation for Vulnerable Customers in Türkiye



- There is an ongoing project which allows his financial support amount to be deducted automatically from the bills.
- The project is currently in testing phase and it will enter into force on **January 1, 2025**.
- The project is carried out between the assigned supply companies and Ministry of Family and Social Affairs.
- EMRA does not is not directly involved in the project, but only in an advisory role.



# Role of national regulatory authorities in supporting vulnerable consumers

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- NRA's should be in leading position because of their coordination roles between other official institutions and supply companies.
- Vulnerable consumers should be protected by tariff systems not direct payments, so NRA's should define different prices for vulnerable consumers who are defined by coordination with other legal institutions.