



Energy Community Regulatory Board

# **Treatment of the vulnerable customers in the Energy Community**

June 2013

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## 1 INTRODUCTION

### 1.1 The Energy Community

On 25 October 2005 the Treaty Establishing the Energy Community (hereinafter: “the Treaty”) has been signed by the European Community and the authorities of Albania, Bulgaria, Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia, Romania, Serbia, Montenegro and the United Nations Interim Mission in Kosovo (UNMIK<sup>1</sup>)<sup>2</sup>. Following signature and ratification of the Treaty Moldova and Ukraine joined the Energy Community as of 1 May 2010 and 1 February 2011, respectively.

By signing the Treaty the signatory parties agreed to implement the *acquis communautaire* on electricity, gas, environment, competition and renewables<sup>3</sup> with a view to realizing the objectives of the Treaty and to create a regional gas and electricity market within South East Europe (SEE).

The Energy Community Regulatory Board (ECRB)<sup>4</sup> operates based on Article 58 of the Energy Community Treaty. As an institution of the Energy Community the ECRB advises the Energy Community Ministerial Council and Permanent High Level Group on details of statutory, technical and regulatory rules and should make recommendations in the case of cross-border disputes between regulators.

### 1.2 Scope

The Energy Community *acquis communautaire* i.e. Electricity and Gas Directives<sup>5</sup> define consumer protection as part of their legislative requirements<sup>6</sup> and identify a need for the regulatory system to adequately reflect these obligations<sup>7</sup>. Special protection need is thereby declared for so-called “vulnerable customers”<sup>8</sup>. A definition of this term is, however, not provided and is not binding for Contracting Parties. The third legislative package for the internal gas and electricity market (“third package”)<sup>9</sup> additionally strengthens the rights of the customers. The new Electricity and Gas Directives require that Member States define a concept of vulnerable customers and take appropriate measures providing social security benefits to ensure the

<sup>1</sup> Pursuant to United Nations Security Council Resolution 1244.

<sup>2</sup> Following ratification, the Treaty entered into force on 1 July 2006. For details on the Treaty and the Energy Community see [www.energy-community.org](http://www.energy-community.org).

<sup>3</sup> For details of the relevant *acquis* see: [http://www.energy-community.org/portal/page/portal/ENC\\_HOME/ENERGY\\_COMMUNITY/Legal/Treaty](http://www.energy-community.org/portal/page/portal/ENC_HOME/ENERGY_COMMUNITY/Legal/Treaty)

<sup>4</sup> For details see [http://www.energy-community.org/portal/page/portal/ENC\\_HOME/ENERGY\\_COMMUNITY/Institutions/ECRB](http://www.energy-community.org/portal/page/portal/ENC_HOME/ENERGY_COMMUNITY/Institutions/ECRB)

<sup>5</sup> OJ L 176 of 15.7.2003, p. 37 et seqq (“Electricity Directive”); OJ L 176 of 15.7.2003, p. 57 et seqq (“Gas Directive”).

<sup>6</sup> Art 3 (5, 9) Electricity Directive and Art 3 (3) Gas Directive.

<sup>7</sup> Art 23 (8) Electricity Directive and Art 25 (8) Gas Directive.

<sup>8</sup> Recital 2 and 24 and Art 3 (5,) Electricity Directive; Recital 2 and Art 3 (3) Gas Directive.

<sup>9</sup> OJ L 211, 14 August 2009.

necessary energy supply to them<sup>10</sup>. Furthermore, contributing to the protection of vulnerable customers is one of the general objectives of the regulatory authorities<sup>11</sup>. The term “vulnerable customer” itself, however, remains undefined also in the third package as it was deemed appropriate that definition needs to reflect national characteristics. It has to be noted that the implementation of the third package is expected in the Energy Community Contracting Parties as of 1<sup>st</sup> January 2015 and its provisions consequently require consideration in the framework of the present survey.

Protection of customers is in the focus of the ECRB Customer Working Group (CWG) activities – already in previous years special attention has been drawn to concepts for protection of vulnerable household customers. In line with the European approach<sup>12</sup>, the ECRB in 2009 concluded that vulnerable customers need to be defined on national, not regional level and their protection needs to be made part of a broader social system. At the time of finalizing the 2009 assessment report relevant concepts were to a large extent not implemented in the Energy Community. The analysis “Treatment of vulnerable customers in the Energy Community”, illustrating developments made in defining the concept of vulnerable customers as well as specific tools for their protection, has been prepared by the ECRB CWG in 2011<sup>13</sup> and updated in 2012<sup>14</sup>.

Taking into consideration substantial improvements in the area of vulnerable customers protection in the Energy Community Contracting Parties in the second half of 2012 and first quarter of 2013, but also in order to provide the best possible input to Energy Community Social Strategy development, the ECRB CWG decided in its 24<sup>th</sup> meeting (22-23<sup>rd</sup> April 2013) to update once again its report on treatment of vulnerable customers.

### 1.3 Methodology

The present paper is based on data collected via a questionnaire completed by the regulatory authorities of Energy Community Contracting Parties (Albania, Bosnia and Herzegovina, Croatia, former Yugoslav Republic of Macedonia, Moldova, Montenegro, Serbia, Ukraine and UNMIK) and two neighboring EU Member States (Greece and Slovenia). 2013 updated information has been

<sup>10</sup> Directive 2009/72/EC of the European Parliament and Council of 13 July 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC (“new Electricity Directive”), recital 45. Similar ibid, recital 53, Art 3 (7, 8). For the gas market Directive 2009/73/EC of the European Parliament and Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC (“new Gas Directive”) defines in parallel in recitals 33, 44, 50, Articles 3 (3, 4).

<sup>11</sup> Article 36 (h) of Directive 2009/72/EC and Article 40(h) of Directive 2009/73/EC

<sup>12</sup> ERGEG Status Review of the Definitions of Vulnerable Customer, Default Supplier and Supplier of Last Resort, July 2009, ([http://www.energy-regulators.eu/portal/page/portal/EER\\_HOME/EER\\_PUBLICATIONS/CEER\\_ERGEG\\_PAPERS/Customers/Tab/E09-CEM-26-04\\_StatusReview\\_16-Jul-09.pdf](http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_ERGEG_PAPERS/Customers/Tab/E09-CEM-26-04_StatusReview_16-Jul-09.pdf))

<sup>13</sup> “Vulnerable Household Customers”- An ECRB Contribution to a Common Understanding, November 2009  
<http://www.energy-community.org/pls/portal/docs/1970183.PDF>

<sup>14</sup> However 2012 update was done only CWG internally, the document was not envisaged for the ECRB approval

provided by introducing changes directly into the text by the relevant Energy Community regulatory authorities.

Where results for Bosnia and Herzegovina differ for its entities (the Federation of Bosnia and Herzegovina and the Republika Srpska) and Brčko District of Bosnia and Herzegovina, they are displayed separately in this survey.

The focus of the survey is on vulnerable **household** customers.

## 2 FINDINGS

The analysis follows the structure of the questionnaire and summarizes the answers received for each question.

### 2.1 Definition of a “vulnerable customer”

The **explicit definition of a “vulnerable customer” exists in 7 out of 11 analyzed legislations**; however,

- In 6 cases the definition is **related to the energy sector** as such (Bosnia and Herzegovina, Croatia, Slovenia, Montenegro, Serbia and Kosovo\*<sup>15</sup>).
- In Greece there is a background for defining vulnerable customers in energy sector provided by the law, but the relevant secondary legislation defining detailed definition and protection measures is still in the process of preparation.
- In the other cases there is either a definition of a vulnerable customer in some other, **non-energy related**, legislative act (e.g. Government decision in Moldova) or there is no explicit definition of vulnerable customers.

The latter, however, does not mean that specific customer categories are not protected with respect to energy, but that this protection is not based on the explicit definition of a vulnerable customer:

- In former Yugoslav Republic of Macedonia, for example, there is no definition of a vulnerable customer, but the Government every year adopts specific program for subsidizing energy consumption defining the beneficiaries eligible for subsidies - such as households having the right to use social monetary care and families receiving permanent social care. The support subsidizes part of the energy consumption (electricity, wood for heating, coal, extra light oil for households/oil for households and district heating). The amount of monthly subsidy for the years 2011 and 2012 was 600 denars (≈ 10 €) and for the year 2013 is 700 denars (≈ 11.4 €). The subsidization fund is covered by the state budget.

<sup>15</sup> Asterix hereinafter referring to “This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence”. The Contracting Party to the Energy Community is the United Nations Interim Mission in Kosovo (UNMIK; pursuant to United Nations Security Council Resolution 1244).

- In Ukraine, the Constitution defines the right of every citizen to social protection. Special laws of Ukraine defined category of individuals who receive state support, particularly in the energy sector by providing benefits. In addition, social protection in terms of lower prices and tariffs, particularly for energy, is provided by decision of the Government to the low-income families in the form of monthly non-cash subsidies to address compensation costs for energy use. Ukrainian legislation also defines the list of category of citizens requiring support, benefits and, depending on the level of income, energy related subsidies to citizens.
- In Bosnia and Herzegovina there is no definition of vulnerable customers on national level, but the legislations of its entities (the Federation of BiH and the Republika Srpska) and the Brcko District of Bosnia and Herzegovina recognize a category of customers that have to be protected with respect to electrical energy consumption. The additional programme for protection of vulnerable customers with respect to energy consumption exists in Sarajevo Canton (one of 10 cantons in the Federation of Bosnia and Herzegovina).

Table 1 provides detailed information on existence of a definition of a vulnerable customer in the analyzed legislations.

Table 1 Does a definition of a “vulnerable customer” exist in the legislation?

	Yes		no
	for energy sector	general definition	
<b>Albania</b>			X
<b>Bosnia and Herzegovina</b>	X <sup>16</sup>		
<b>Croatia</b>	X		
<b>FYR of Macedonia</b>			X
<b>Greece</b>	X <sup>17</sup>		
<b>Kosovo*</b>	X		
<b>Moldova</b>		X	
<b>Montenegro</b>	X		
<b>Slovenia</b>	X		

<sup>16</sup> There is no single definition of vulnerable customers at the national level. However, there are customer categories protected with respect to energy usage in Sarajevo Canton (one of ten cantons in Federation BiH), and for electricity usage in whole BiH (three separate programmes for (i) the Federation of BiH, (ii) the Republika Srpska and (iii) Brcko District of Bosnia and Herzegovina).

<sup>17</sup> Article 52 paragraph 1 (a-d) Law 4001/2011 specifies four customer categories classified as vulnerable customers for both electricity and gas. Paragraph 3 leg. cit. specifies that secondary legislation shall specify the criteria and procedure for an individual customer to be accorded the status of a vulnerable customer under one of the above categories. In anticipation though of secondary legislation as a transitional measure relevant secondary legislation issued under previous laws remains still valid.

<b>Serbia</b>	X		
<b>Ukraine</b>			X

In cases where the definition of a vulnerable customer exists within the energy sector, it usually refers to all forms of energy use (electricity, gas, heating). Kosovo\* has separately specified definition for electricity usage as there is no gas sector at all. Table 2 provides more detailed information.

Table 2 Specification of definition of a "vulnerable customer" for energy sector

	n.a. (no definition for energy sector)	Electricity	Gas	Other forms of energy use	General definition for energy sector
<b>Albania</b>	X				
<b>Bosnia and Herzegovina</b>		X <sup>18</sup>			X <sup>19</sup>
<b>Croatia</b>					X
<b>FYR of Macedonia</b>	X				
<b>Greece</b>		X <sup>20</sup>	X <sup>21</sup>		
<b>Kosovo*</b>		X			
<b>Moldova</b>	X				
<b>Montenegro</b>					X
<b>Slovenia</b>					X
<b>Serbia</b>					X
<b>Ukraine</b>	X				

The **criteria for achieving the status of a vulnerable customer** differ among the investigated markets, but typically relate to

- the level of income or
- health problems or disability of a person or its family member.

<sup>18</sup> Electricity in whole BIH (=the Federation of BIH+the Republika Srpska+the Brcko District of BIH)

<sup>19</sup> Energy (heating) in Sarajevo Canton only

<sup>20</sup> See fn 18.

<sup>21</sup> See fn 18.

Table 3 shows a detailed lists of criteria for achieving the status of a vulnerable customer, but also the criteria for qualifying for energy-related benefits and subsidies where the explicit definition of a vulnerable customer does not exist (please see the mark ° in the table).

Table 3 Definition or criteria for obtaining the status of a "vulnerable customer"<sup>22</sup>

	Definition or criteria for obtaining the status of a "vulnerable customer"
<b>Albania°</b>	Physical and psychological disability and low level of income
<b>Bosnia and Herzegovina</b>	<ul style="list-style-type: none"> <li>▪ The Federation of Bosnia and Herzegovina: pensioner with the lowest pensions (160€) and beneficiaries of permanent social financial support; for both categories - monthly consumption below 268 kWh if supplied by JP Elektroprivreda BiH d.d. Sarajevo, and below 348 kWh if supplied by JP Elektroprivreda HZHB d . d. Mostar. In addition, <i>Sarajevo Canton</i>: households whose total monthly income per member of the household does not exceed 36 €, single pensioner with a total monthly revenue less than 85€, two member pensioner household with a monthly revenue below 113€, households in which one or more persons benefits from assistance and care of other people who are deaf and whose monthly income is less than 62€, households where one of members are 100% disabled regardless of the income per family member.</li> <li>▪ <i>The Republika Srpska</i>: pensioners with lowest pensions, beneficiaries of permanent social financial support, maternity allowance, child support and beneficiaries of allowance for support and care of another person</li> <li>▪ <i>The Brčko District of Bosnia and Herzegovina</i>: pensioners with monthly pensions not exceeding 158.9€, war invalids, parents of children with special needs, social assistance beneficiaries, registered unemployed persons - women older than 55, and men older than 60.</li> </ul>
<b>Croatia</b>	<p>Based on the Act on Energy, a vulnerable customer is a household in which members:</p> <ul style="list-style-type: none"> <li>- have been declared by social welfare authorities as vulnerable and have the need to reduce energy poverty OR</li> <li>- have a certain degree of disability or have special needs or have degraded health, where curtailment or disconnection may lead to endangerment of life or health.</li> </ul> <p>The Act on Energy has defined a Decree on criteria for attaining the status of a vulnerable customer. The Decree is currently under development.</p> <p>In addition, the Social Welfare Act provides a right for certain social welfare users for support regarding accommodation/housing expenses (which include electricity, gas, wood and other energy sources). Social welfare users that can receive support are those that have income (as defined by the Social Welfare Act) below a specific threshold and do not have adequate living space.</p>
<b>FYR of Macedonia°</b>	There is no definition of a vulnerable customer. However the Government adopts Program for subsidizing energy consumption, defining the beneficiaries that are eligible to subsidies - such as households having the right to use social monetary care and families receiving permanent social care. The support subsidizes part of the energy consumption (electricity, wood for heating, coal, extra light oil for households/oil for households and district heating). The amount of monthly subsidy is 700 denars (11.4 €) for 2013.
<b>Greece°</b>	According to a new law (primary legislation), the categories of vulnerable customers in the energy sector are defined <i>grasso modo</i> , but details are not finalized and will be applied in the future after the issue of secondary legislation

<sup>22</sup> Items marked with ° refer to criteria for qualifying for energy-related benefits and subsidies where the explicit definition of a vulnerable customer does not exist.

<b>Kosovo*</b>	Household customer whose low level of income, ill-health or disability qualifies him or her for protection or assistance according to rules set by the Energy Regulatory Office on the basis of qualifying rules established by the Ministry of Labor and Social Welfare.
<b>Moldova</b>	Pensioners, people with disabilities and single mothers with children aged up to 16 years (students of schools, gymnasiums, high schools - until the completion of that institution), who live in an apartment with one room and have an monthly income average of up to 1,100 lei (66.6 Euro)
<b>Montenegro</b>	Vulnerable customers are households that are connected to electricity or gas distribution system, composed of person: 1) in need of social support whose social status is determined by a responsible authority, and 2) who are disabled, who have special needs and with poor health condition, who may be exposed to a threat to life or health as a result of a limitation or termination of energy supply.
<b>Slovenia</b>	A system operator may not suspend the energy supply below the level that is, in the given circumstances (such as the season of the year, residential, place of condition, etc.) indispensably required, so that the life and health of the consumers and other residents and persons living in the same household are not exposed to a threat.
<b>Serbia</b>	Definition is in the Energy Law, Article 149: The following households may be granted status of an energy-related vulnerable customer: 1) Household whose member exercises welfare rights based on the act passed by the body competent for welfare issues; 2) Household whose member's life or health may be subjected to danger, loss or destruction by the suspension or limitation of delivery of electricity or natural gas due to their health condition, disability or physical incapacity. Definition is in the Regulation on protection of energy vulnerable customers, Article 2: Energy vulnerable customer within the meaning of this Regulation shall be the household (individual, family) living in one housing unit with one measurement point in which the consumed electricity or natural gas is measured.
<b>Ukraine°</b>	There are no specific criteria to obtain the status of "vulnerable customer". Customer categories that are eligible for receiving benefits are listed in the legislation. The subsidies are available for the persons whose amount of payment (including benefits) for consumed public utilities and fuels within consumption norms is more than 15(10) % of their monthly average total income.

## 2.2 Support schemes for protection of vulnerable customers

The objective of the following analysis is to describe the **support schemes for protection of vulnerable customers with respect to energy** in the Contracting Parties and some neighbouring EU Member States. The survey focused separately on economic (such as direct subsidies, specific energy price and/or network tariff) and non-economic (typically protection against disconnection from the network) measures for protection, their nature, characteristics and persons qualified for receiving support. The text below summarizes the results of this survey.

The support schemes are analyzed also in cases where there is no definition of vulnerable customers in the energy sector, but some predefined customer categories are protected with respect to energy (Albania, FYR of Macedonia, Greece, Moldova and Ukraine).

## 2.2.1 Does a specific support scheme for vulnerable customers exist within the energy sector?

Within the energy sector **vulnerable customers are protected with respect to their electricity and gas consumption** (gas consumption also not available in all cases). The use of economic support schemes prevail, sometimes in combination with non-economic measures. Sole usage of non-economic support schemes is very rare (only for gas in Greece).

Details on the support schemes for vulnerable customers within the energy sector are presented in Table 4 below.

Table 4 Support schemes for vulnerable customers within the energy sector

	Electricity				Gas			
	Economic	Non-economic	Both	No	Economic	Non-economic	Both	No
Albania	x							
Bosnia and Herzegovina	x				x <sup>23</sup>			
Croatia				x				x
Greece	x					x		
FYR of Macedonia	x							x
Kosovo*				x				
Moldova				x	x			
Montenegro	x				x			
Slovenia	x				x			
Serbia			x				x	
Ukraine	x				x			

<sup>23</sup> Sarajevo Canton only, which has more than 90% of household gas customers in BiH.

### 2.2.2 Does the general social welfare system protect vulnerable customers with respect to energy?

Table 5 Is there an energy related support scheme for vulnerable customers outside the energy sector?

	With respect to energy	
	Yes	No
Albania		
Bosnia and Herzegovina	X	
Croatia	X	
Greece	X	
FYR of Macedonia	X	
Kosovo*	X	
Moldova	X	
Montenegro	X	
Slovenia		
Serbia	X	
Ukraine	X	

### 2.2.3 Which customer categories receive the economic support within energy sector?

The customer categories eligible for receiving economic support within the energy sector **differ** among investigated markets, **but typically relate to the income level** (directly or indirectly) **and physical and/or psychological disability of persons**. In general, there is no difference between categorization of people qualifying for economic support with respect to electricity and gas.

Detailed lists of customer categories receiving economic support within the energy sector are displayed in the table below.

Table 6 Customer categories receiving economic support within energy sector

	Electricity	Gas
Albania	Paraplegic and tetraplegic invalids, labor invalids - people with limited abilities, unemployed groups, some low income state budget categories	n.a.
Bosnia and Herzegovina	<ul style="list-style-type: none"> <li>▪ The Federation of Bosnia and Herzegovina: pensioner with the lowest pensions (160€) and beneficiaries of permanent social financial support; for both specified categories - monthly consumption below 268 kWh if supplied by JP Elektroprivreda BiH d.d. Sarajevo, and below 348 kWh if supplied by JP Elektroprivreda HZHB d.d. Mostar.</li> <li>▪ <i>Sarajevo Canton (one of 10 cantons of the Federation of BiH):</i> households whose total monthly income per member of the household does not exceed 36 €, single member pensioner with a monthly income below 85€, two member pensioner household with a monthly revenue below 113€, households in which one or more persons benefit(s) from assistance and care of other people who are deaf and whose monthly income is less than 62€, households where one of members are 100% disabled regardless of the income per family member.</li> <li>▪ <i>The Republika Srpska:</i> pensioners with lowest pensions, beneficiaries of permanent social financial support, maternity allowance, child support and beneficiaries of allowance for support and care of another person</li> <li>▪ <i>The Brčko District:</i> pensioners with monthly pensions not exceeding 158.9€, war invalids, parents of children with special needs, social assistance beneficiaries, registered unemployed persons - women older than 55, and men older than 60.</li> </ul>	-
Croatia	-	-
Greece	Those who have low income (below taxation level), who are handicapped (> 67%) with low income, families with 3 or more children with low income, long term unemployed with low family income	-
FYR of Macedonia	Households that have the right to use social monetary care and families benefitting from permanent social care	n.a.
Kosovo*	Customers that receive social aid defined by the Government (Law on social aid scheme and the law on status and rights of families of martyrs, invalids, veterans and members of the KLA and families of civil war victims).	n.a.
Moldova	Pensioners, people with disabilities and single mothers with children aged up to 16 years (students of schools, gymnasiums, high schools - until the completion of that institution), who live in an apartment with one room and have an monthly income average of up to 1,100 lei (66.6€)	Same as for electricity

<b>Montenegro</b>	Customers who are eligible to social support who are disabled, who have special needs or poor health conditions, who may be exposed to a threat to life of health as a result of elimination or termination of energy supply.	Same as for electricity
<b>Slovenia</b>	Customers who are socially weak and linked to the use of medical devices	Customers who are socially weak
<b>Serbia</b>	<p>Qualification criterion for the status of energy vulnerable customer is the total actual monthly income, and specifically:</p> <ol style="list-style-type: none"> <li>1) Up to RSD 12,900.00 (≈116€) for one member households;</li> <li>2) Up to RSD 18,786.00 (≈170€) for two and three members' households;</li> <li>3) Up to RSD 24,672.00 (≈222€) for four and five members' households;</li> <li>4) Up to RSD 30,558.00 (≈275€) for households with six and more members.</li> </ol> <p>In addition to the income referred to in the previous paragraph, in order to qualify for the status of energy vulnerable customer, a customer must not own any other living quarters other than the housing suitable for the needs of the household in question.</p>	-
<b>Ukraine</b>	Legislation determines the categories of benefit recipients, for example: war veterans, military service veterans, teachers, doctors, children of war, police officers, disabled people, families having many children, invalids and people who suffered from Chernobyl accident, who receive benefits (rebates) for electricity and gas, within a limit of the standards (threshold) of consumption	Same as for electricity

## 2.2.4 What does economic support system within the energy sector consist of?

The purpose of the following analysis first is to assess whether energy prices (regulated or non-regulated) and network tariffs serve as a measure for protecting vulnerable customers, but also to gain an overview on the characteristics of subsidies for these customers. The results show that **vulnerable customers are on a prevailing basis supported by direct subsidies** from the state budget. However, specific regulated energy prices and/or network tariffs are also implemented in some cases. For more detailed explanations of support schemes, please see the table below.

Table 7 Economic support to vulnerable household customers within the energy sector

	Way of support	Note
Albania	Other	State budget direct subsidies for some categories of vulnerable customers
Bosnia and Herzegovina	Other	<ul style="list-style-type: none"> <li>▪ In <i>the Federation of BiH</i> since July 2011 there are budget direct subsidies for identified vulnerable customers on the monthly basis (2.8€ for EP BiH Sarajevo customers, 3.6€ for EP HZHB Mostar customers). Subsidies are clearly stated at the customers bill.</li> <li>▪ In <i>Sarajevo Canton</i> since 2005 there has been social allowance during 5 winter months (36€). If the allowance is used for electricity, district heating or gas, the amount is credited to the designated invoice. Otherwise, the allowance is paid to the vulnerable customer in cash. Note: in parallel, beneficiaries of permanent social financial support receives 91.5€ on the monthly basis. This amount includes allowance for the payment of utilities' bills during the year.</li> <li>▪ In <i>the Republika Srpska</i> the amount of the subsidies, during the first half of 2008, was 100 kWh of electricity per month per user. In the second half of 2008, this amount increased to 150 kWh of electricity per month. The same amount of kWh was applying in 2009 and 2010. The Ministry of Industry, Energy and Mining has exercised quarterly allocation of funds to distribution companies and suppliers of tariff customers. In the year 2011 the program is ceased. In 2012 the amount of the subsidies was 120 kWh per month per user, except for the last four months, when it was increased to 170 kWh.</li> <li>▪ In 2008 Government of <i>the Brčko District of Bosnia and Herzegovina</i> introduced an annual allowance from its budget for defined vulnerable customers in amount of €34.5.</li> </ul>
Croatia	Other	Currently, the Social Welfare Act passed in 2012 specifies that the local government shall provide partial or full support for paying housing expenses (including expenses related to electricity, gas and heating). The Act stipulates that housing expenses can be paid by the local government directly to the entity providing a certain service (fully or partially) or given to the social welfare user in money. Regional government shall provide support for wood as heating fuel.
Greece	Specific tariff for certain customers groups for electricity	-

	Way of support	Note
FYR of Macedonia	Other	The support subsidizes are part of the energy consumption (electricity, wood for heating, coal, extra light oil for households/oil for households and district heating). The amount of monthly subsidy is 700 denars (11.4 €) for 2013.
Kosovo*	Other	Government allows a subsidy of 4.5 million €, for customers that are under social aid
Moldova	Other	-
Montenegro	Specific tariff for certain customers groups for electricity; other	For the vulnerable customers, as defined by the act of institution in charge of social affairs, the electricity price (including network and other charges) is 50% lower, if the monthly consumption is lower than predefined seasonal threshold. Subventions from the Government (subsidy for vulnerable customers for electricity bills up to 60€ is 40% discount and for bills over 60€ the reduction is 24€)
Slovenia	Other	Costs incurred to the supplier are covered out of the price of use of network for both electricity and gas
Serbia	Other	Financial means for the protection scheme for energy vulnerable customers shall be provided by the Public Enterprise “Elektroprivreda Srbije” and by the Public Enterprise “Srbijagas”, until the balance potential in the state budget is achieved.
Ukraine	Specific tariff for electricity for certain customers groups; other (benefits and subsidies for electricity and gas payments)	There are block (social) electricity <u>tariffs</u> for households. The first block tariff is applied for households consuming up to 150 kWh per month (250 kWh per month for customers in case of electric cookers installed), as well as for families having many children (3 and more), family type children’s homes and for households who live in multifamily houses without (or with non-operated) heating systems independently on the consumption. The second block tariff, which is 30% higher than the first block is used for households consuming from 150 (250) kWh to 800 kWh per month. When the amount of consumption is more than 800 kWh, consumer pays the reasonable tariff (market oriented tariff according to the tariff formula) <u>Subsidies:</u> When the subsidy for the use of public utility services (within the standards of using these services) is granted, citizens registered in the apartment (building) pay 15% of monthly average total income. If registered persons and those living in the apartment (building) are children, physically disabled persons and their average total income per registered in the apartment (building) does not exceed the national living wage per person per month, and also if in the apartment (building) are registered and live only unemployable persons, the payment (when the subsidy is granted) is 10% of monthly average total income.

### 2.2.5 How are the costs of providing economic support for vulnerable customers covered?

In almost all cases, the costs of providing economic support to vulnerable customers are covered through Government funds (budget). Exemptions are Greece and Slovenia, where

these costs are covered by other customers (in Slovenia any cost incurred to the supplier, as a result of such a situation, may be covered out of the price for the use of network). In Ukraine the related costs are covered through budget and by other customers. In Serbia, these costs are covered from the profit of the public utilities (Electric Power Company of Serbia and Srbijagas) until the balance potential in the state budget is achieved.

## 2.2.6 Percentage of households qualifying for/receiving economic support

Information on percentage of households eligible for receiving economic support for energy consumption as well as information on percentage of households actually receiving this support is **available to the regulatory authorities to a surprisingly limited extent.**

Where the information is available, the percentage of vulnerable customers receiving economic support strongly vary- from very large number of customers in Albania and certain regions of Bosnia and Herzegovina to relatively low percentage in Serbia. Available details are presented in Table 8 below.

Table 8 Percentage of households qualifying for/receiving economic support<sup>24</sup>

		Electricity	Gas
Albania		30%	n.a.
Bosnia and Herzegovina	BIH- Total	9.48%	0.23%
	Federation of BIH	8.56%	0.24%
	Republika Srpska	9.50%	none
	Brčko District of BIH	33.15%	n.a.
Croatia		not available	not available
Greece		not available	n.a.
FYR of Macedonia		not available	n.a.
Kosovo*		10%	n.a.
Moldova		not available	not available
Montenegro		not available	n.a.
Slovenia		None	None
Serbia		15 <sup>25</sup> %	None
Ukraine		not available	not available

<sup>24</sup> Information provided only for households receiving economic support

<sup>25</sup> Expectation- exact figures do not exist as the Decree is implemented as of April 2013.

## 2.2.7 Non-economic support within the energy sector

Non- economic support within the energy sector, usually referring to protection against disconnection (please see Table 10), **in most cases is provided for customers with poor health status**, but also for some other categories (please see Table 9).

However, in certain cases all households in Bosnia and Herzegovina<sup>26</sup> and Ukraine<sup>27</sup> are protected against disconnection.

Table 9 Customer categories receiving non-economic support within the energy sector

	Electricity	Gas
Albania	n.a.	n.a.
Bosnia and Herzegovina	Customers using medical devices necessary for help (and all customers in certain situations)	-
Croatia <sup>28</sup>	-	-
Greece	-	Handicapped and of old age (over 65)
FYR of Macedonia	n.a.	n.a.
Kosovo*	Vulnerable customers defined by the rules prescribed by the regulatory authority	n.a.
Moldova	-	-
Montenegro	not available	n.a.
Slovenia	Customers who are socially weak and linked to the use of medical devices	Customers who are socially weak
Serbia	Consumers with poor health status	Consumers with poor health status
Ukraine	All customers in certain situations	All customers in certain situations

<sup>26</sup> Disconnection for non-payment can only occur between 8 am and 3 pm on the date specified in notice. The disconnection date cannot be on Friday, a week- end, public or religious holiday, the day before public/religious holiday or a day when the distributor's authorized offices are not open to end customers/users.

<sup>27</sup> Before weekends and holidays

<sup>28</sup> The Decree on criteria for attaining the status of a vulnerable customer is currently under development based on the recently passed Act of Energy. The Decree will define non-economic support and customer categories eligible for support.

Table 10 Non-economic support system within the energy sector

	Protection of disconnection	Other
Albania	-	-
Bosnia and Herzegovina	x <sup>29</sup>	-
Croatia	household customer with a household member that has as a certain degree of disability or has special needs or has degraded health, where curtailment or disconnection may lead to endangerment of life or health <sup>30</sup>	-
Greece	x (only for gas for the time being, will probably be applied for electricity after secondary legislation)	help on reading the meter, transfer of meter for the handicapped, phone advice, phone calls to inform blind customers about their bills
FYR of Macedonia	-	-
Kosovo*	x	-
Moldova	-	-
Montenegro	x	
Slovenia	x	-
Serbia	x	-
Ukraine	x <sup>31</sup>	-

### 2.2.8 Is the support scheme for vulnerable customers seasonally based?

In the majority of cases the implementation of support schemes for vulnerable customers **does not depend** on a season. In cases where the support measures are seasonally based, this

<sup>29</sup> For customers using medical devices necessary for help and all households in certain cases (please see footnote 24)

<sup>30</sup> The Decree on criteria for attaining the status of a vulnerable customer, currently under development, will provide details on the protection of disconnection.

<sup>31</sup> There is a general rule for all households which prohibits their disconnection before weekends and holidays

usually relates to protection against disconnection in winter times. For details please see the table below.

Table 11 Is the support scheme for vulnerable customers seasonally based?

	No	Yes
<b>Albania</b>	x	-
<b>Bosnia and Herzegovina</b>	-	<ul style="list-style-type: none"> <li>▪ <i>Sarajevo Canton</i>: Heating support scheme is functional during 5 winter months (October - February)</li> <li>▪ <i>Republika Srpska</i>: distributor and supplier must take appropriate measures to avoid the suspension of delivery for households, due to non-payment, during the winter and extreme cold weather, but the suspension of delivery can be used as a measure of last resort</li> </ul>
<b>Croatia</b>	x	-
<b>Greece</b>	-	No disconnection during winter only for gas (November to February), all other measures applied all year long
<b>FYR of Macedonia</b>	x	-
<b>Kosovo*</b>	x	-
<b>Moldova</b>	-	Heating support scheme is working during winter, but within electricity and natural gas sectors the scheme is working whole year.
<b>Montenegro</b>	-	Quantity threshold for subsidized electricity prices differs for the periods 1 <sup>st</sup> October- 31 <sup>st</sup> March and 1 <sup>st</sup> April- 30 <sup>th</sup> September.
<b>Slovenia</b>	-	If the customer is socially weak and not linked to the use of medical devices - electricity sector based on season between 1st October and 30th April -gas sector
<b>Serbia</b>	For electricity	For gas
<b>Ukraine</b>	For gas	For electricity: during the heating season– from 1 <sup>st</sup> October till 30 <sup>th</sup> April– for households using electro heating and consuming up to 3600 kWh per month the lowest electricity tariff is set.

### 2.2.9 Is the economic support scheme for vulnerable customers based on a quantity threshold?

Similar to the application of seasonality in applying support schemes, **the use of quantity threshold** (normally implemented for economic support schemes) is **not wide spread**. However, in half of the analysed markets (in one part of Bosnia and Herzegovina- Federation of Bosnia and Herzegovina, Greece, Moldova, Montenegro, Serbia and Ukraine) the support schemes for vulnerable customers are based on quantity threshold. For the exact data, please see the Table 12.

Table 12 Is the economic support scheme for vulnerable customers based on a quantity threshold?

	No	Yes
Albania	x	-
Bosnia and Herzegovina	x	Only the Federation of Bosnia and Herzegovina: monthly consumption below 268 kWh if supplied by JP Elektroprivreda BiH d.d. Sarajevo, and below 348 kWh if supplied by JP Elektroprivreda HZHB d.d. Mostar. -
Croatia	x	-
Greece	-	Reduction of price for the first 800 kWh, only if the consumption is between 200kWh and 1000kWh in the 4 month period metered
FYR of Macedonia	x	-
Kosovo*	x	-
Moldova	-	Electricity - cost of consumption of 60 kWh per month is subsidized Gas – cost of heating 30m <sup>2</sup> of total area for a person receiving nominative compensation
Montenegro	-	From 1 <sup>st</sup> April till 30 <sup>th</sup> September: monthly consumption of up to 240kWh delivered in higher tariff and 160kWh delivered in lower tariff for customers with two-tariff meters or 400kWh for customers with one-tariff meter; From 1 <sup>st</sup> October till 31 <sup>st</sup> March: monthly consumption of up to 360kWh delivered in higher tariff and 240kWh delivered in lower tariff for customers with two-tariff meters or 600kWh for customers with one-tariff meter. For the monthly consumption above these thresholds, general prices for public supply are implemented.
Slovenia	x	-
Serbia	-	Energy vulnerable customer are entitled to discount of monthly liabilities for the consumption of specified amounts of electricity or natural gas, and specifically as follows: 1) For electricity, for all the months; (1) For one member households with consumption of 120 kWh per month; (2) For two and three members' households with consumption of 160 kWh per month; (3) For four and five members households with consumption of 200 kWh per month; (4) For households with six and more members with consumption of 250 kWh per month. 2) For natural gas, for the months of January, February, March, October, November and December: (1) For one member households with consumption of 35 m <sup>3</sup> per month; (2) For two and three members' households with consumption of 45 m <sup>3</sup> per month; (3) For four and five members' households with consumption of 60 m <sup>3</sup> per month; (4) For households with six and more members with consumption of 75 m <sup>3</sup> per month. The discount for monthly liabilities shall be calculated by multiplying the amount referred to in paragraph 1 by the established higher daily tariff for the green zone for the consumers from the Households category

	<p>with two-tariff measurement increased by 10%.</p> <p>The discount for monthly liability shall be calculated by multiplying the amount referred to in paragraph 1, item 2) of this Article (gas) by the "Energy Source" tariff for consumers from the household category supplied by the Public Enterprise "Srbijagas", increased by 5%.</p> <p>Energy vulnerable customer may be entitled to discount for monthly liability for specific amounts of electricity or for specific amounts of natural gas only, and not aggregately.</p> <p>Energy vulnerable customer shall be entitled to discount for monthly liability if the monthly consumption amounts to less than double amount of electricity or natural gas referred to in Article 9, paragraph 1 hereof. In case that the actual monthly electricity or natural gas consumption exceeds by 2 to 2.5 times the quantity referred to in Article 9, paragraph 1 hereof, the energy vulnerable customer shall be entitled to one half of the discount for the monthly liability referred to in Article 9, paragraph 1 hereof.</p> <p>Energy vulnerable customer with actual monthly electricity or natural gas consumption exceeding the quantities referred to in Article 9, paragraph 1 hereof by 2.5 times shall not be entitled to any discount for monthly liability.</p> <p>In case that the monthly bill for delivered electricity or natural gas amounts to less than the calculated discount for monthly liability referred to in Article 9, paragraph 1 hereof, the discount shall be calculated for the amount of actual monthly bill.</p>
<p><b>Ukraine</b></p>	<p>For households, which according to legislation have benefits for payment of utility services, these benefits are provided within following standards of consumption, as regards electricity:</p> <ul style="list-style-type: none"> <li>- In rural and urban area (except for buildings that are equipped with electric cookers and electro heaters) – within the amount of 75 kWh per family with one or two people per month, including, when both family members are eligible for discount – for an additional 15 kWh per other member of the family, and persons who are not family members, but registered and reside in the same apartment (building) and are eligible for a discount fee, but not more than 150 kWh per month;</li> <li>- in rural and urban area in buildings that are equipped with electric cookers and electric heaters - within the amount of 100 kWh per family with one or two people per month, including, when both family members are eligible for discount - for an additional 25 kWh per other member of the family, and persons who are not family members, but registered and reside in the idem apartment (building) and are eligible for a discount fee, but not more than 200 kWh per month;</li> <li>- in rural and urban area in buildings equipped with electro heaters – for 28 kWh per 1 m<sup>2</sup> of heated area per month during the heating period taking into account the standard of 21 m<sup>2</sup> of heated space for each person who resides in the house and is eligible for a discount fee, and additional 10.5 m<sup>2</sup> per family, but not more than the total amount of heated area;</li> <li>- in rural area and towns' citizens to whom, according to legislation, the state provides free of charge housing lighting – in amount of 30 kWh per month.</li> </ul> <p>As regards consumption of natural gas for households:</p> <ul style="list-style-type: none"> <li>- when is used for house heating: <ul style="list-style-type: none"> <li>- of 21 m<sup>2</sup> of heated area for each person who resides in a dwelling and is eligible for a discount fee, and an additional 10.5 m<sup>2</sup> per family - 11 m<sup>3</sup> of natural gas per 1 m<sup>2</sup> per month during the heating season;</li> <li>- for families consisting only of unemployable persons of 42 m<sup>2</sup> of heated area for each person who is eligible to a discount fee, and additional 21 m<sup>2</sup> per family - 11 m<sup>3</sup> of natural gas per 1 m<sup>2</sup> per month during the heating season;</li> </ul> </li> <li>- when is used a gas cooker where available centralized hot water supply - 9.8 m<sup>3</sup> per person per month;</li> <li>- when is used a gas cooker where not available centralized hot water supply and gas heater - 18.3 m<sup>3</sup> per person per month;</li> <li>- when is used a gas cooker and water heater - 23.6 m<sup>3</sup> per person per month;</li> </ul>

### 3 SUMMARY OF RESULTS AND CONCLUSIONS

The analysis shows that there is a **certain progress in terms of defining and protecting vulnerable customers in the Contracting Parties**. Some of the Contracting Parties and analyzed EU neighboring Member States define vulnerable customers in their energy related laws, while others have some kind of recognition of the vulnerable customers in their general social protection schemes (compared to the earlier ECRB analyses, the energy related definition of a vulnerable customer is used more often).

There are **different criteria applied for defining which customer categories have right to use energy related support schemes**. Typically, low level of income and health or disability of persons or their family members serves as criteria for obtaining the status of a vulnerable customer.

**Support schemes for vulnerable customers are designated to electricity and gas consumption.**

**The implementation of economic support schemes dominates over non-economic measures**, but they are sometimes used in combination. Economic support systems are mainly based on direct budgetary subsidies. In certain Contracting Parties and analyzed EU Member States specific energy prices and/or network tariffs are used for protection of vulnerable customers. In the majority of cases, the costs of providing economic support to vulnerable customers are covered through Government funds (budget), but cross- subsidies appear as source of cost coverage in several countries (Greece, Slovenia, Ukraine).

It is worth noting that **very few Contracting Parties and analyzed EU Member States were able to present figures on the share of households qualifying for and/or receiving support**. This lack of information might either be due to the fact that financial support is not within the national regulators' competence or that the figures simply do not exist (there is no institution following the practical implementation of support measures). However, at least in case specific energy prices and network tariffs are used as economic support measures, the regulatory authorities need to be aware of these figures.

**Non- economic support within energy sector usually refers to** protection against disconnection and it is in most cases provided for customers with poor health status. However, in certain situations all households are protected against disconnection (Bosnia and Herzegovina and Ukraine).

**Support schemes for protection of vulnerable customers are only in few cases seasonally based** (protection against disconnection) **or based on the quantity threshold** (economic measures).

**Despite the fact that not all Contracting Parties and analyzed EU Member States actually use the term vulnerable customer, there are support systems in the large majority of them for certain customer groups, both economic and non- economic.**

It has to be noted that the qualification for support mechanisms in some cases relates to customer categories that objectively do to not seem to necessarily qualify for protection in all cases. This e.g. relates to general categories such as war victims or families with many children—their status might involve a need for protection but - e.g. income wise - does not necessarily per se. In this respect **a neutral re-consideration of the protection criteria is advisable.**

Finally, competition is of major importance, also for low income customers and customers with special needs. Whatever support system a country may have chosen, it must not hinder competition but should allow those customer groups to actively take part in the liberalized market in order to take advantage of cheaper offers and to be able to purchase energy for the best deal.