

**CONSULTATION PAPER
ON
THE OUTLINE OF THE SOCIAL STRATEGY OF THE ENERGY COMMUNITY**

I. PURPOSE

With this document the Energy Community Secretariat aims to collect views/opinions by stakeholders on possible next steps concerning the development of an outline of the Social Strategy in the Energy Community.

II. BACKGROUND

Article 2 of the *Treaty Establishing the Energy Community* (Treaty) refers to social stability, alongside economic development, as one of the primary interest of the Parties for which the access to stable and continuous energy supply is essential. Chapter IV of the Treaty (Articles 31 – 33) further promotes the social aspects of the energy acquis in the context of provision of energy to citizens and its affordability.

The *Memorandum of Understanding on Social Issues* (MoU), signed in 2007, constitutes the point of departure for the development of the social dimension of the Energy Community. It indicates the political will and intent of the Contracting Parties to take due account of the social dimension and outline principles of a social dialogue in the energy sector at both national and regional levels.

During the 5th Social Forum (held in September 2012) the Secretariat presented the *Energy Strategy of the Energy Community* and received comments linked to stakeholders' interest in also elaborating on the social dimension. In its conclusions, the Forum called for addressing the social dimension in more details and invited the participants to work together towards development of an outline of the Social Strategy along the envisaged activities in the Energy Community in the context of promoting market and infrastructure development and security of supply.

The 10th Ministerial Council Meeting (held in October 2012) invited the Secretariat, in cooperation with the social partners, to prepare an outline of the Social Strategy for discussion and eventual adoption at the Ministerial Council meeting in 2013, upon debate and approval by the PHLG.

The 27th PHLG Meeting (held in December 2012) agreed that the Secretariat puts the proposed draft outline of the Social Strategy online for public consultation with all stakeholders. The consultation was expected to take place during January 2013.

III. THE SECRETARIAT'S INITIAL VIEWS

On substance:

The MoU on Social Issues addresses two rather distinct areas – the affordability of energy for various categories of consumers (addressed as Public Service Obligation), and the social dialogue among the partners in the energy industry. Notwithstanding the relevance of each of these areas in the implementation of the Treaty, the scope of the corresponding stakeholders and the nature of problems to be considered diverge substantially, which requires a distinctive approach in the development of policies to address each of them.

a) Public Service Obligations

The notion of Public Service Obligation is very broad. Their definition falls, within the limitations of the Treaties and the Electricity and Gas Directives, in the prerogative of the Contracting Parties. Under the Directives, Contracting Parties are obliged to ensure that adequate safeguards are in place to protect vulnerable customers. The so-called Third Package comes with an additional obligation for each Contracting party, by 2015, to define the concept of vulnerable customers within their legislation. The Secretariat assists the Contracting Parties in complying with these obligations, monitors their achievement and will enforce any case of non-compliance, if necessary. It recently adopted a view on regulated prices and tariffs and a proposal for price reform¹ following extensive public consultation. Besides, the ECRB's Customers' Working Group regularly discusses issues of relevance for the protection of vulnerable customers.

In order to generate an added value for this work and to avoid overlaps, the Secretariat requests the stakeholders' opinions on four specific questions in this context:

- What should be the considerations in defining the notion of vulnerable energy customers?
- How and through which schemes are vulnerable energy consumers best protected from energy poverty in a way least distorting markets and incentivizing energy efficiency?
- Are the dispute settlement mechanisms as a means of effective recourse of (also) vulnerable customers working properly in your Contracting Party?
- To Contracting Parties only: What kind of existing or proposed new programs on protection of vulnerable energy customers do you apply? How do you ensure that the resources available go to the target group rather than leaking to other groups?

The information received would allow the Secretariat to identify common principles for an effective social system on protection of the vulnerable energy customers.

b) Social Dialogue

The implementation of the *acquis communautaire* under the *Treaty* requires reform of the energy sector in the Contracting Parties. This does, and will continue to affect societies as a whole. Some groups of citizens and individuals will be affected in a more direct way. Market opening will improve efficiency, offer choice and ideally lead to the most adequate prices, and new investments will offer new economic benefits and employment opportunities. However, liberalization will also affect existing workforce structures and expose the low-skilled and vulnerable groups of workers to higher social risk.

In this context, the cooperation between all stakeholders (in particular governments of the Contracting Parties, employers' and workers' organizations) in fostering the outline of the Social Strategy will be vital. In this regard, the Secretariat would like to receive the stakeholders' views on the following questions:

- What is the current mechanism of social dialogue (bipartite or tripartite) in the energy sector, what should be improved and how?
- What is the role of governments in the Contracting Parties as owners of energy companies vis-a-vis their responsibility for providing the legal framework for social dialogue? What should be improved and how?

¹ [Proposed recommendation concerning reform of regulated electricity prices in the Energy Community](#)

- What is the role of governments in the Contracting Parties as participants in tripartite social dialogue and supporter of social dialogue in the energy sector? Is the autonomy of energy sector social partners ensured? What should be improved and how?
- What has been the role of the social partners in the cases of non-application of provisions of labour laws and collective agreements in the energy sector? Are labour conflicts and insolvencies in the energy sector settled in a satisfactory manner? What should be improved and how?
- What is the current role of the social partners in improving working conditions and living standards, worker's rights and safety in energy sector? What should be improved and how?
- What are the current relations between the European Social Partners and respective national social partner's organisations? What should be improved and how?
- Is there a role of the social partners in ensuring appropriate social protection systems for vulnerable customers? What should be improved and how?
- Is there a role of the social partners in promoting access to energy savings measures? What should be improved and how?
- How are privatisation/restructuring procedures in the energy sector handled in practical terms? Are the social partners involved in consultation before and during these privatizations/restructuring processes, especially if they lead to a reduction of employment? What should be improved and how?

On the participation:

The elaboration of the outline of the Social Strategy needs to involve intensively all stakeholders, including governments, regulatory authorities, social partners, NGOs, and in line with Article 3 of the Social Memorandum;

On the operational work:

The Secretariat puts the present questionnaire online as a basis for public consultation with all stakeholders.

All interested parties are invited to send by email their comments and proposals on the subject matter to: public_consultation@energy-community.org. The consultation period will run from 2 January 2013 to 3 February 2013.

The received contributions will be published on the Energy Community website followed by a discussion with all interested stakeholders, probably within the Social Forum in the first half of year 2013.

This schedule will give the possibility for a debate on the draft outline of the Social Strategy within the PHLG in June 2013, and its eventual endorsement by the Ministerial Council in 2013.