

Dispute Settlement

Contractual obligations between suppliers and customers

Entela Çipa

Consumer Protection and Public Relations Sector

ERE – ALBANIA

May 2008

Purpose and Role of ERE

- To protect interests of electricity customers
- To solve disputes between customers and supplier, and between licensees
- To ensure an equal and non-discriminatory treatment to all customers by legal and transparent procedures
- To monitor and control services of licensees toward the electricity customers

LEGAL FRAMEWORK

- Electricity Directive 2003/54/EC of the European Parliament and the Council of Europe and the Treaty on the Establishment of the Energy Community.
- Law No. 9072, dated 22 May 2003 “On the Power Sector.”
- Energy Distribution Code.
- Power Measuring Code.
- Transitory Market Model and the Market Rules.
- Energy supply contracts for residential and non-residential customers.

Complaints classification

- Complaints between customers and suppliers fulfill the contractual obligations with the licensees
- Complaints of customers with the suppliers for the quality of service
- Complaints between the market participants licensed through bilateral contracts

Procedure for resolving complaints

- Form and content of a complaint
- Each person can present to ERE a complaint toward a licensee according to the standard form approved by ERE
- The complaint should provide:
 - the party or parties responsible for the complaint
 - the action or non-action that is in non-compliance with the applicable laws
 - the calculations of the financial burden

The corrective action, assistance or compensation asked for the damage caused

Procedure for resolving complaints

- Within 10 days, ERE sends a copy of complaints to a party or parties considered responsible for the issue treated in the complaint
- The complaint party will answer within ten days after the notification. The complaint party will send a copy of reply to ERE and a copy to the party filing the complaint
- If the conflict is not resolved within 20 days from noting the reply, ERE schedules a hearing session between the parties or in any case can

Hearing Sessions

While exercising its competence and responsibilities, ERE may organize several sessions as follows:

- General sessions – to receive comments from parties concerned about ERE regulations, guidelines, and documents.
- Technical sessions – to solve technical issues regarding fees, licensing procedures, conflict resolution, or other actions.
- Official public sessions – to receive comments from parties concerned about ERE's rate-setting process for customers.

INVESTIGATION OF CONSUMER COMPLAINTS

- In 2007, the number of cases handled by our office has grown significantly, about 10 % compared to 2006.
- 90 % of the complaints are related to metering
- 8 % of those are related to electricity supply
- 1 % of those are related to damages caused by deviation of voltage level from the standard
- 1 % related to outages

Dispute Settlement between licensees

- Complaints related to the Market Rules
- Complaints related to the contractual and financial obligations
- Complaints in registering as market participants in the electricity market
- Complaints related to the rules of the balancing market and ancillary services

Dispute Settlement between licensees

■ Treatment

- ERE accepts every written request in resolving the disputes coming directly or indirectly from the non transparent and discriminatory attitude of active parties in the electricity market
- The procedure is the same as handling the customer complaints
- ERE has the right to appoint a group of experts for specific technical issues

Contractual obligations

- Main obligations in fulfilling the obligations of the licensee to the customer:
 - Security of uninterrupted supply
 - Technical security of supply
 - Commercial security of supply
 - Contractual obligations of energy sales

Contractual obligations

Security of uninterrupted supply

The distribution code defines actions that should be taken to guarantee continuous supply and to resume supply as soon as possible:

- Energy cuts due to defects – a company takes adequate actions and notifies the customer on progress made.
- Scheduled cuts – notified via media at least 24 hours in advance.
- Supply cuts – under certain circumstances, the customer may be asked to reduce the load or use reserve supply sources. Notifications issued 24 hours in advance.
- Restrictions – in the event of a power reduction, restrictions may be requested. If possible, the company will notify customers.

TECHNICAL QUALITY

(Voltage quality)

The contract determines the tension level and tolerance in limits:

- $\pm 10\%$ for urban area customers
- $\pm 15\%$ for rural area customers

Contractual obligations

■ Commercial Security of Supply

- Within 30 days, the supplier has the right to cut the supply in case of surpassing the payment deadline after the client was notified in written form 72 hours in advance
- The reconnection is made within 48 hours from the received payment
- In case of accidental cuttings of supply, the company:
 - a) Should realize supply as soon as possible
 - b) Should register all complaints and notify the complaining party about the duration
- Resuming of supply is provided within 30 days after the request from the client, while the cutting of the supply within 10 days after the request of the client
- When the client needs additional power, the reply is given within 30 days from the request.

CONTRACTUAL OBLIGATIONS

(From the consumer protection perspective)

The main contractual conditions for energy sales are determined as follows:

- Frequency of meter reading – monthly and the bill is sent on the 25th of the month following the meter reading.
- Payment mode – from the second day of the month until the end of the following month.
- Charge for a delayed payment – in the event of a delayed payment, the customer has to pay 0.5% per day in addition to the amount of the bill but not more than the total amount of the bill.
- Meter control – within 15 days after receiving the request.
- Energy bill when the meter does not work – For days when the meter is not in use due to control or malfunctioning, the customer will be billed based on the average daily consumption of the previous month, but no more than a 30-day consumption.

Reporting and Auditing

A licensee is requested to prepare and submit to ERE an annual report on its activity on the 31st of March of each year, focusing, among others, on:

- A summary and analysis of the distribution activity of the licensee
- Electricity sales and the data for billing
- Quality of service and the details for each measure taken for the improvement of service
- Each load shedding that exceeds normal time period according to the rules and regulations
- Each defect that took place during the year

Auditing and Benchmarking

- An auditing function is defined within the legal framework of ERE
- Audit is closely connected to the setting of norms and quality of service
- ERE publishes and makes known the conditions that ensure the electricity services
- The situation of electricity sector and the services offered by the operator
- ERE is part of a benchmarking report in the region.

The problems in fulfilling obligations

- ERE has not defined minimum requirements for service quality. We have defined only some quality indicators but have not set real quality standards that are updated on a regular basis.
- There are no procedures defined for reimbursement in the event of failure to observe specific quality requirements.
- There are no standards on data collection for meeting such requirements.
- Current documents do not foresee any economic effect either regarding incentives for service improvement or penalties in failures to offer service, or when service deteriorates.

OBJECTIVES AND RECOMMENDATIONS

- To draft a document on minimum mandatory requirements for quality of service.
- To define accurately consumer rights with respect to main characteristics of power sale service.
- To conduct systematic tests to measure the degree of customer satisfaction with service quality, for the purpose of monitoring the changes in perception about the service quality.
- To have in place a process for drafting these documents through transparent procedures.

THANK YOU FOR YOUR ATTENTION !