

Universal supply (Public Service Obligations)

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Contents

- EU legal framework
- Serbian legal framework
- Resulting PSO mechanism in Serbia

Legal framework and energy legislation on universal supply

EU Level:

- Directive 2003/54/EC

Regional level:

- Energy Community Treaty (in force from 2006)

National level:

- Energy Law (2004)
- Law on Public Enterprises and Conducting Activities of General Interest (2000, latest amendments in 2005)

Directive 2003/54/EC

- Member States may impose PSOs on undertakings operating in the electricity sector.
- PSOs may relate to:
 - security of supply
 - regularity of supplies
 - quality and price of supplies
 - environmental protection, energy efficiency, and climate protection

Directive 2003/54/EC

- PSO have to be:
 - Clearly defined and transparent
 - Non-discriminatory
 - Non-impeding to the opening of the market
 - Verifiable and guarantee equal access for EU companies to national consumers

Directive 2003/54/EC

- Member States have to ensure that all household customers and small enterprises enjoy universal service.
- Universal service – “*the right to be supplied with electricity of a specified quality within their territory at reasonable, easily and clearly comparable and transparent prices*”

Directive 2003/54/EC

- To ensure the provision of universal service Member States *may* appoint a supplier of last resort.
- Member States shall take measures to protect vulnerable customers (including those to avoid disconnection), protect customers in remote areas, and ensure high levels of transparency on contractual terms and conditions, general information and dispute settlement.

Directive 2003/54/EC

- Member States shall ensure that eligible customers are *in fact* able to switch to a new supplier.
- Member States have the obligation to inform the Commission every two years on the adoption of measures to fulfill PSOs.

Energy Community Treaty

- *“The Energy Community shall promote high levels of provision of Network Energy to all its citizens within the limits of the public service obligations contained in the relevant acquis communautaire on energy.” (Preamble & Art. 31)*
- *“For this purpose, the Energy Community may take Measures to allow for the universal provision of electricity...” (Art. 32)*

Serbian Legislation

- **Law on Public Enterprises and Conducting Activities of General Interest:**

- Sets out the framework for conducting AoGI and implementing PSO as defined in Directive 54.
- The details are given in *lex specialis* regulating a specific sector.

Serbian Legislation

What are AoGI?

- “AoGI are activities which are determined as such by laws governing the following fields: production, transmission, and distribution of electricity...production, refining, transport, and distribution of oil, natural and liquefied gas...” (Art. 2)

Serbian Legislation

Who can perform AoGI?

- Public Enterprises established by the State.
- Other legal forms of companies - only if empowered by the State.

Serbian Legislation

- The goals of establishing companies performing AoGI are:
 - ensuring continuous performance of AoGI and fulfilling the needs of customers for products and services
 - enhancing the performance of AoGI
 - ensuring technical and economic cohesion of the system and its sustainable development
 - earning profit

Serbian Legislation

- **Energy Law:**

- Defines 19 activities as AoGI and defines the responsibilities of the relevant licensees for conducting licensed activities

Combining the provisions of these two laws...

Serbia – Resulting PSO mechanism

AoGI set out in Law on Public Enterprises and Conducting Activities of General Interest

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graph TD; A[AoGI set out in Law on Public Enterprises and Conducting Activities of General Interest] --> B[Some energy activities explicitly defined in the Energy Law as AoGI]; B --> C[All licensees performing AoGI automatically have imposed PSOs];
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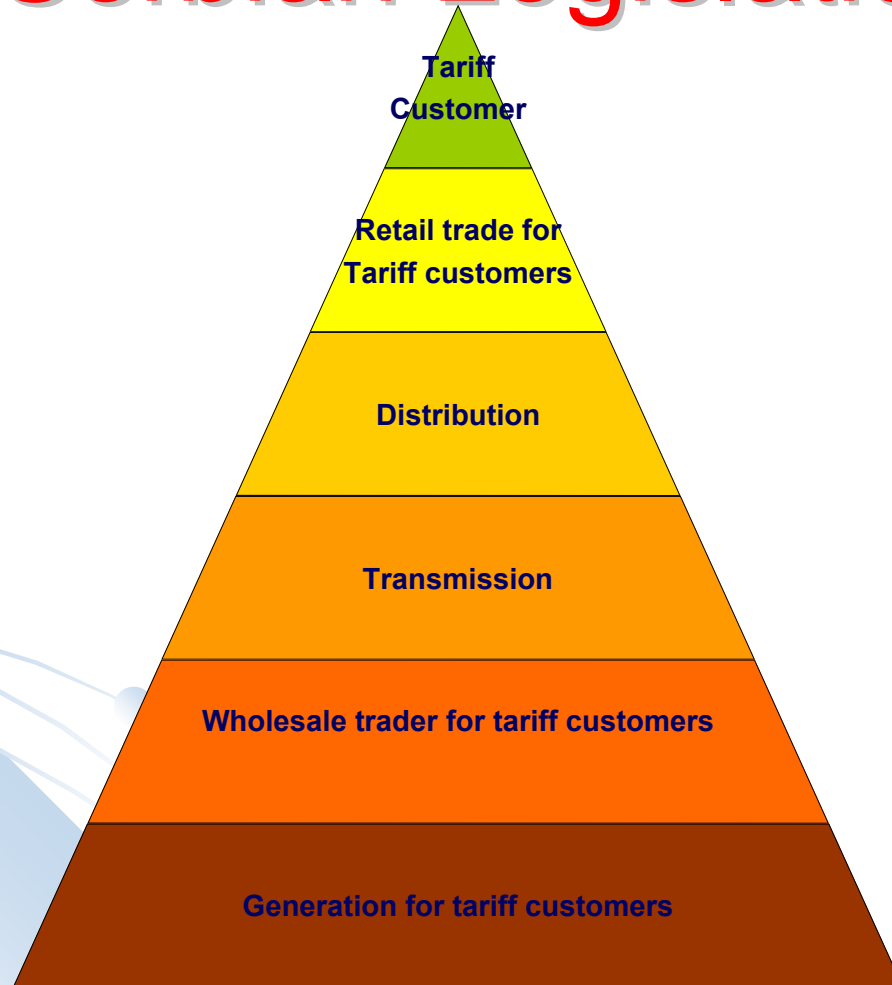
Some energy activities explicitly defined in the Energy Law as AoGI

All licensees performing AoGI automatically have imposed PSOs

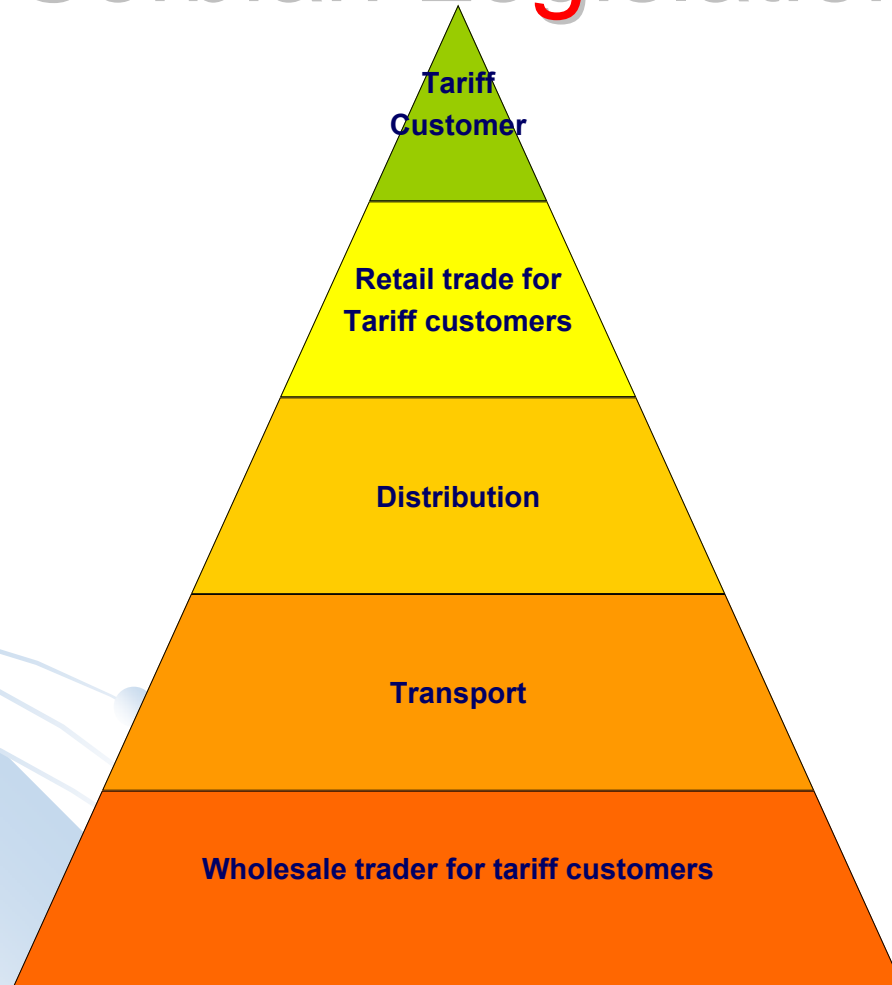
Serbia – Resulting PSO mechanism

- Serbian tariff customers are to be provided with electricity and natural gas at prices calculated in accordance with AERS methodologies (and approved by the Government) and at a service level quality prescribed in legislation.
- The responsibility lies with all the licensees in the value chain.

Serbian Legislation – Electricity



Serbian Legislation – Natural Gas



Thank you for your attention!

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