



Office of the Public Defender of the Consumers' Interests

Consumers' Rights in Power, Natural Gas and Water Supply Sectors

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Establishment of the Office and its Authority

In pursuit of improved efficiency of consumers' interests' protection, Public Defender of Consumers' Interests Office has been established in 2003 to act independently from the Office of the Commission

Before establishment of the Office, the Commission had special Consumer Relations Service, thus accumulating certain experience of protecting consumer rights. However, foundation of new independent office consumers' ability to interact with regulatory body has been enhanced, also entitling them to use support of the Public Defender Office on any stage of their interaction with utilities



Public Defender's Office has been assigned status of independent body. It's authority has been defined and extended, consequently enhancing the role of independent regulatory body in pursuit of protection of consumers' rights

Development of new tools of consumers' interests' protection made protection of consumers more efficient

There is no overlapping of authority between the Public Defender's Office and Regulatory Body.



Background Info on Defender's Office Activities

In the first half of 2010 more than 400 applications have been filed with the Public Defender's Office. 317 of these have been reviewed by the Office and appropriate aid has been provided for 197 consumers. Apart from that, 123 citizens have been consulted by the Office on different issues. It should be noted that number of applications filed have drastically increased as compared to previous years, testifying to the fact there is still lot of unsolved problems in the regulated sectors.

Following appeal of the Public Defender, in the first half of 2010 GNERC has resolved 15 issues in favour of the consumers. Review of one collective application has been suspended as through mediation of the Public Defender's Office the dispute between consumers and utility has been resolved on the stage of administrative proceedings



In pursuit of protection of the rights of consumers of electric power and natural gas Public Defender's Office participated in up to 40 law cases. 32 have been completed with 18 resolving in favour of the consumers. In 5 case claims have been partially secured, in 9 the claims have been rejected.

Amount of law cases related to administrative violations should be noted. Claims of administrative violations brought before the court have proven that companies tend to treat even the most minor of deficiencies as administrative offense and draw up administrative violation protocol without taking into account actual provisions of Georgian legislation defining the essence of administrative offense.

The main portion of the Public Defender's Office everyday work is still tied to resolution of disputes between consumers and utilities, testifying to the fact that relations between utilities and their customers remain as tense as before



Tools of Dispute Resolution between Consumers and Utilities

Elaboration of Recommendations and Appeals

Upon discovery of the breach of consumers' rights by distribution company, the Public Defender's Office prepares appropriate recommendations and appeals that are being sent for execution to distribution companies.

Protection of Consumers' Rights on the basis of cooperation with Regulatory Commission

In pursuit of dispute resolution between the consumers and utilities, Public Defender's Office files appropriate application with the Regulatory Commission. All materials and evidences necessary for the Commission to arrive at a decision should be appended to the application. It is desirable for the application to be factually and legally grounded.



Protection of Consumers' Rights through the Court Proceedings

Office of the Public Defender of Consumers' Interests should become even more pro-active in administrative and civil law cases. The Office should be representing consumers before the court, providing aid in preparation of suits and complaints, also should be providing qualified legal advice.

It is essential to participate in law cases dealing with specific issues not currently regulated by Georgian legislation



Short Summary of Sector Problems

Electric Power Sector

Metering Issue

In most of regions and rural areas metering is being carried out through so-called 'district' collective meters. This mode of metering quite often leads to a number of problems. Due to failure to pay the power fees, by the end of 2009 and in the beginning of 2010 discontinuation of service to whole groups of consumers were quite frequent. Situation as it was once again underlined the need for speeding up of new meter installation process.



Unsatisfactory Condition of Networks

Unsatisfactory condition of distribution networks remains a problem. Because of this outages are quite frequent, as often as quality of supplied electric power is far from optimal. Public Defender's Office recorded numerous cases of consumers' suffering material losses with their equipment being damaged because of energy supply breakdowns, yet utilities refuse to repair the damages

Question of Accumulated Indebtedness

Pay-off of the dues accumulated over the years is one of the most pressing problems. The favourite lever to make the consumers pay used by the utilities is discontinuation of service. In many cases dues have been accumulating over dozens of years and socially vulnerable layers of population can't afford to pay them off



Natural Gas Sector

Problem of metering of natural gas consumers is still pressing. Procedures of replacement of (depreciated) meters installed in previous years has been enacted through appropriate standard acts. However, utilities follow their own rules and go on violating consumers' rights.

Certain number of gas distribution companies are still using temperature multipliers. In order to establish the multiplier these companies are using meters with temperature correction devices installed in different locations. Such application gives grounds to doubt and raises the question of whether these meters are indeed tools good enough for precise measurement of the consumed gas volume?

Regardless of the fact the Commission has adopted Resolution 17/1 of September 15, 2009 ruling out application of temperature correction multipliers, the companies go on using them and thus violate the requirements of the law



Question of Gas Line Extensions to New Districts

Coverage of territory of Georgia. Part of regions of Georgia haven't got gas installed yet, though the demand for gas is quite high in these regions.

Water Supply Sector

Question of Drinking Water Supply. Coverage of Territory of Georgia

Part of Georgian regions is not covered by water supply network forcing population to practice traditional methods of water extraction. It is necessary to cover those regions where water extraction is difficult or where drinking water is not extractable at all



Drinking water supply is subject to certain timetable that is quite frequently not followed by supply utilities. In order to solve this issue problems of water supply system should be resolved as soon as possible

Problems of Water Supply Sector

Unsatisfactory Condition of the Networks

Basic challenge water supply sector is facing is disorderly state of the water supply network. In most of the regions water supply system is depreciated and is in bad need of restoration. Water supply is not uninterrupted, certain supply timetables are being applied and during the suspension of supply as well as, in certain cases, through damaged supply network, drinking water gets polluted threatening the health of the population.



Majority of complaints is related to discontinuity of water supply, consumers demanding to be provided with drinking water in continuous and sustainable way.

In recent years the state has allocated appropriate funding and restoration of water supply system has begun that, beyond doubt, will help to meet the demands of the consumers



Main Priorities of the Public Defender's Office

Review, study and resolution of specific or general disputes between electric power, natural gas and drinking water supply utilities and consumers.

Participation in elaboration of the Commission's decrees and resolutions, also participation in preparation and organization of the Commission Meetings

In elaboration of GNERC decrees and resolutions, especially in revision of consumer tariffs of electric power and natural gas supply, to take account of the needs of the consumers;

Establishment of close ties with non-governmental and professional organizations and, taking account of their needs, conduction of all activities necessary for resolution of all challenges related to power generation facing society



Media coverage of the Public Defender's Office activities

Spread of precise information concerning current situation in the energy sector and active involvement of population in constructive resolution of problems.

Efficient coordination of the society and different agencies of the energy sector



Support of awareness of the population about their rights

It should be also noted that through Public Defender's Office the Commission should be continuously provided with information as to which problem requires Commission's immediate legal reaction

All actions undertaken by the Public Defender's Office should be publicly accessible, be it resolution or specific proposal



Preparation of Annual Report on Current State of Consumers' Rights

One of the basic obligations of the Public Defender's Office is to prepare annual report to be submitted to the Commission. Report should comprehensively describe current state of consumers' rights in power supply, natural gas and water supply sectors. Annual report should become more informative, be based on statistics data and provide for certain level of assessment.

With the above goal in mind, annual report should additionally encompass:

- Current problems of the regulated sectors
- Impact and results of amendments to the way state regulation is being conducted in
- Comprehensive analysis of the problems
- Full fledged statistics of the work done by the Public Defender's Office
- General assessment of the situation by the Public Defender's Office



Thank you for your attention