



# **Regulatory Treatment of Vulnerable (Low-Income) Customers**

**Croatian Energy Regulatory Agency**

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# Definitions and regulatory framework



- ➡ According to law the Croatian Energy Regulatory Agency deals with two types of customers.





- ➡ **Tariff customers** have the right to be supplied with energy according to regulated prices.
- ➡ **Eligible customers** may freely choose its energy supplier.



- ➡ **There is no special regulatory treatment for vulnerable customers.**
- ➡ **There is no law obligation in Croatia which will directly define that Croatian Energy Regulatory Agency has to care about low-income costumers.**

## Mechanisms and policies for preferential treatment of vulnerable customers in Croatia

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- ➡ Mechanisms of social protection and welfare for low-income costumers in Croatia are defined by **Law of social welfare**.
- ➡ In Croatia, **Ministry of health and social welfare** is obliged to care about vulnerable customers trough a social welfare system.



- ➡ **A local self-administration** is obliged in its budget to secure funds for realization of rights for settlements of residential costs, which include also costs for electric energy, gas and heating.
- ➡ **A regional self-administration** could secure more funds for heating costs than it is defined according to the Law if it is needed.

# Law of social welfare in Croatia - 2



- ➡ A help for settlement of residential costs can be approved for a one person household or a family:
  - if the payment of these costs was not provided on other base
  - if they don't have full or partial ownership of a non-resident or a vacation house.
  
- ➡ The help can be approved:
  - **in money directly to the user** or
  - **paying directly** to the service company, partially or fully amount of the bill.

# Law of social welfare in Croatia - 3



- ➡ Local self-administration is obliged, to **maintain register and documentation** on realization of rights for help in residential costs settlement, and also on other rights from social welfare determined by its general legal acts.
- ➡ Center for social welfare is obliged, to **maintain register and documentation** on realization of rights for fuel costs settlement.
- ➡ They have to provide their reports to **the regional local self-administration** which will provide consolidated **report** to the **Ministry** responsible for social welfare.





### The European Regulators' Group for Electricity and Gas

**ERGEG is a body of independent national energy regulatory authorities, which was set up by the European Commission as an Advisory Group to the Commission on energy issues.**

CERA as a part of South Eastern Europe participated into ERGEG's activities and now is an observer.

## ERGEG (SEC TF) South East European Customers -Task Force



One of the area of ERGEG's work is a Customers Focus Group (CFG) into which operated South East European Customers Task Force (SEC-TF) for affordability issues and customer protection.

SEC TF

**South East European Customers  
Task Force**

- ➡ The non-member countries of European Union, from South East Europe, are now defined by Treaty as the **Energy Community (EnC)**.

# ERGEG (SEC TF)

## South East European Customers -Task Force



### Issue:

- Customer related issues in South East Europe (SEE) energy markets

### Background:

- SEC TF is drafting Guidelines on Customer Protection and the Protection of Vulnerable Household Customers
- SEC TF is starting Monitoring Process (follow up - implementation of Guidelines on customer protection with a focus on vulnerable customers) for Monitoring Report

### Justification:

- The monitoring, as well as the drafting and the implementation of the principles from the Guidelines, requested by the Athens Forum, will strive to reach an equivalent level of customer protection in the region of South East Europe. As the Energy Community will in due course be integrated into the Energy Market (IEM), an early and serious debate on the topic will be an essential prerequisite for the well functioning of the IEM.

# ERGEG (SEC TF)

## South East European Customers -Task Force



### Approach:

- Before publishing the Guidelines a public consultation is envisaged in spring 2007.
- SEC TF will work closely together with the Energy Community Secretariat and the Energy Community Regulatory Board on an appropriate date for starting the monitoring whether or not progress has been made towards market opening and customer protection

### State of Play:

- **Affordability Questionnaire fulfilled**
- ERGEG SEC TF will finalize its advise on vulnerable customers and the treatment of affordability in the region of South Eastern Europe (what is now defined as the Energy Community).

# South Eastern Europe Treaty & Energy Community



TREATY  
establishing the  
Energy Community  
(EnC)

Members: States of the European Community and Republic of Albania, Bosnia & Herzegovina, former Yugoslav Republic of Macedonia, the Republic of Montenegro, Croatia, Serbia and United Nations Interim Administration Mission in Kosovo.

PHLG

Permanent High  
Level Group

FORA

The Electricity Forum  
The Gas Forum

ECRB

Energy Community  
Regulatory Board

# ECRB

## Energy Community Regulatory Board



ECRB

According to the Treaty, CERA participate into ECRB's and WG-C activities.

WG-Electricity

WG-Gas

WG-Customer  
Protection

# ECRB

## Working Group on Customer Protection



### ECRB WG-C

#### ➡ Issue:

- Customer protection and protection of low income and vulnerable customers
- Customization and consequent implementation of ERGEG Guidelines on Customer protection and protection of low income customers

#### ➡ State of Play:

- Developing the Best Practice Proposition on Protection of Vulnerable Household Customers in South East Europe



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**Thank you for your attention!**

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