Protection of Vulnerable Customers in Serbia

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Contents

- Introduction
- Current practice for protection of vulnerable customers in Serbia
- Current AERS activities
- Final remarks
Introduction
Economic indicators

- **Average prices for households**
  - Electricity – 8.37 c$/kWh
  - Gas – 40 c$/m³

- **Bill for electricity and gas (without taxes):**
  - Electricity consumption 450 kWh/month – 35 $
  - Gas consumption 27 m³/month – 12 $
    (plus for electricity 200 kWh/month – 17 $)

- **Yearly costs of heating - flat 60 m²**
  - Electricity storage – 645 $/year
  - Electricity DHS – 1815 $/year
  - Gas – 610 $/year

- **Average net salary in Serbia – 635 $/month**
Legal Framework (1)

- Serbia

- Energy Law
- Ordinance on terms of electricity supply
- Ordinance on terms of natural gas supply
- Law on Customer Protection
- Law on Social Protection
Legal Framework (2)

- EU and Energy Community
  - Directive 2003/54 – concerning electricity
  - Directive 2003/55 – concerning gas
  - Memorandum of understanding on social issues in the context of the Energy Community
Current practice for protection of vulnerable customers in Serbia
Protection of vulnerable customers – current practice

- **Electricity sector**
  - discounts for electricity consumption for certain customers groups
  - Demand response - time of use rates

- **Gas sector**
  - no discounts for gas consumption

- **District heating sector**
  - discounts are defined by municipalities – different support mechanisms implemented
Discounts for electricity consumption (1)

- Welfare centers determine users of discounts for electricity consumption
- Electric Power Industry of Serbia defined groups of vulnerable customers and discounts for electricity consumption for each group
- Electric Power Industry of Serbia calculate discounts for each vulnerable customer
Discounts for electricity consumption (2)

- 35% discount for <450kWh/month for the tariff element “active energy” – for customers using financial/welfare support
  - monthly discount is up to 11,60 $
- 35% discount for < 350kWh/month for the tariff element “active energy” – for the customer groups:
  - Pensioners with the lowest pensions
  - Handicapped on care
  - Foster families
  - Families that receive financial support for the third and fourth child
  - monthly discount is up to 8,10 $
Discounts for electricity consumption (3)

- **Approximately 105,000** customers eligible for the discounts
- precondition - regular monthly payment
- **Only 30,000 – 35,000** customers use support for electricity bills payment
- discounts are provided by Electric Power Industry of Serbia – **about 3,8 million$/year**
Current AERS activities
Current AERS activities regarding protection of vulnerable customers

- **Energy Community**
  - Customer Working Group (ECRB CWG)

- AERS’s representative is a member of working group that was established by Serbian Government in July 2008
  - the goal of the group is to prepare Social Action Plan under Memorandum of understanding on social issues in the context of the Energy Community
  - draft version of the plan should be prepared till November 2008
Social Action Plan

AERS expects that the plan should cover activities to define:

- categories of vulnerable customers;
- number of vulnerable customers in Serbia;
- measures for protection of vulnerable customers;
- implementation costs and
- financing sources.
Final remarks
Final remarks

- **Objective** - mitigate adverse impact of price increases to vulnerable customers
- **Compatibility with other non-sectoral policies**
- **Change management**
  - Ministry of social affairs
  - Ministry of Mining and Energy, Min. of Finance, AERS, industry
- **Integrated approach**
  - Financial assistance
  - Public awareness
  - Demand response measures
  - Energy efficiency measures
- **Role of the regulator**
Thank you for your attention!

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