

# *Protection of Vulnerable Customers in Serbia*

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# Introduction



# Economic indicators

- Average prices for households
  - Electricity – 8,37 c\$/kWh
  - Gas – 40 c\$/m<sup>3</sup>
- Bill for electricity and gas (without taxes):
  - Electricity consumption 450 kWh/month – 35 \$
  - Gas consumption 27 m<sup>3</sup>/month – 12 \$  
(plus for electricity 200 kWh/month – 17 \$)
- Yearly costs of heating - flat 60 m<sup>2</sup>
  - 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
  - Handicaped 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)

- **≈ 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 mil\$/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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