Retail energy market
Competition and Consumer Protection
Issues in Poland

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Energy Regulatory Office

- President of Energy Regulatory Office - central authority of the state administration
- Authority responsible for regulation in energy sector as well as promotion of competition
- Executive body, without legislative initiative

President of ERO regulates activity of energy enterprises aiming to balance interests of energy companies and customers.
Energy Regulatory Office – organisation

President

Vice-President

Department of Electricity and Heat Markets
Department of Gaseous and Liquid Fuels Markets
Department of Markets Development and Consumer Issues (Single Point of Contact)

Director General

Department of Support Systems
Department of Strategy and Public Communication
Department of Legal Issues and Dispute Settlement

Office – Coordination Centre for Smart Grids Development
International Cooperation Unit
Office of the Director General
Position for the Protection of Classified Information
Internal Audit

9 Branch Offices in: Warsaw, Katowice, Lublin, Poznan, Wroclaw, Gdansk, Cracow, Lodz, Szczecin
Energy Regulatory Office
- interactions with other market players

Government represented by the Ministers in charge of economy, finance, treasury.

Energy Sector
- Generators
- Transmission Companies
- Distributors
- Suppliers

Regulator

UOKIK Office of Competition and Consumer Protection

End Users

District Court in Warsaw – Competition and Consumer Protection Court
ERO and UOKiK

In general:

- **ERO** task is to perform regulatory control over energy sector *ex ante*, in order to prevent situations affecting competition in a negative way

  while

- **UOKiK** is the authority responsible for *ex post* antitrust control over the whole economy, including energy sector, and for shaping the antitrust and consumer protection policy

**Competition:**

- **ERO** ensures competition in the energy markets and is responsible for preventing its restriction e.g. by information and educational campaigns and by promoting the Third Party Access rule

- **UOKiK** controls the market in order to detect and terminate practices restricting competition e.g. by initiating proceedings concerning abuses of a dominant position and prohibited agreements (cartels) and controlling mergers
### Polish electricity market

#### Consumers:
- 16.7 million electricity customers including 14.9 million household customers.

#### Generation:
- Total installed capacity is 37,367 MW.
- Around 1350 licenced electricity production companies (68 professional power plan).
- Public sale obligation (via PX or tender).

#### Suppliers:
- 5 big companies - incumbent suppliers.
- About 80 acting alternative suppliers.
- Total number of licenses issued for trading electricity - about 340.

#### Transmission:
- PSE (Polskie Sieci Elektroenergetyczne) SA (state-owned TSO).

#### Distribution:
- 5 big entities (legally unbundled from mother companies).
- About 195 different companies having licence for distribution of electricity mainly vertically integrated energy companies operating for industrial sector.
- About 150 licensed distribution companies with DSO status.
Retail electricity market liberalisation

- End-user electricity price regulation only for households customers, clients of default suppliers
- In 2008 the President of ERO had liberalised prices for industrial customers and published the Roadmap for the electricity prices release for households.
- Main conditions to further liberalisation are:
  - Protection of vulnerable customers,
  - Systemic solution of last resort supplier,
  - One complex agreement (and one bill) for households.
Since 2007 - All customers eligible to switch electricity supplier.

Since 2008 - Free market for industrial/commercial customers.

End-user price regulation only for household customers – preparation for releasing household customers from the tariff regime in future.

In 2008 the Regulator introduced the Road Map for liberalisation electricity market for household customers (3 main conditions for liberalisation)
**Polish gas market**

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<tr>
<th>Consumers:</th>
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<tr>
<td>6,6 million gas customers</td>
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<tr>
<td>including 6,5 million household customers.</td>
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<tr>
<th>Transmission:</th>
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<tr>
<td>1) Gas System S.A. (TSO) - Transmission System Operator</td>
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<tr>
<td>2) EuRoPol Gas inc. – the owner of polish part The Yamal –Europe Transit Gas Pipelines System</td>
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<th>Distribution:</th>
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<tr>
<td>6 main Distribution System Operators (DSO).</td>
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<th>Suppliers:</th>
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<tr>
<td>PGNiG – Polish Gas and Oil Company – 96,4% shares of polish gas market</td>
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<tr>
<td>(extraction, import, storage, trade and the owner of 6 DSO)</td>
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<td>From 31.12.2008 Storage System Operator</td>
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<th>Retail Trade:</th>
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<tr>
<td>Polenergia inc., Duon S.A., Handen inc., ENESTA inc., GEN GAZ Energy, EGESA Energy Group S.A.</td>
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<tr>
<td>EWE energy and CP Energy – 2% market share, main on local areas.</td>
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End-user gas price regulation for all customers except transaction on power exchange

210 customers decided to switch gas supplier (31.12.2012)

In 2011 the President of ERO elaborated the Roadmap for the gas prices release.

Main points of the Roadmap are:

- Assessment of the status of competition in the gas market,
- The measures necessary for the release of prices for industrial customers from 2013,
- Activities towards the development of competition in the domestic gas market and integration with regional markets within EU,
- Additional activities for the creation of a positive environment for release of prices for households from 2016,
- Monitoring System of Roadmap implementation
ENERGY LAW COMPETENCES – „HARD”

1. Compliance Programmes
   - vertically integrated DSO, TSO
   - different areas: switching supplier, grid connection, billing,
   - DSO and TSO employees obligations

2. Grid Codes
   - DSO and TSO
   - supplier switching procedure, complaint handling procedure, grid connection procedure, detailed rules for usage of distribution and transmission systems
INDIRECT COMPETENCES
IN THE FRAME OF ENERGY LAW – „SOFT”

**Mission:**
- regulation of the activities of energy companies
- promotion of competition
- balancing the interests of energy undertakings and consumers
  - vulnerable customer issues
  - general complex distribution agreements
  - CSR
- consumer workshops
- consumer organisation cooperation
- consumer education and information
Vulnerable customer issue

Current situation:
- No definition of vulnerable customer in Poland – The Ministry of Economy competence
- No special economic support system within the energy sector for vulnerable customers
- At the moment the low-income customers that are jeopardised to fuel poverty are protected through the existing social network system.

Next steps:
Vulnerable customer definition and support system in amendment to Energy Law:

„a person who is granted a rent supplement and is a party to a supplier or complex agreement with an energy enterprise and whose place of residence is an energy supply destination”
Customer protection and strengthening customers’ position

Regulation in Energy Law, secondary legislation and other documents for protection household customers in Poland:

-- the process of supply tariffs’ approval for household customers (as a temporary measure);

-- special causes and procedures to suspend supply;

-- possibility of prepayment meters’ installation;

-- dispute resolution in scope of refusal of future agreement conclusion;

-- controlling the quality of supply and customers’ service standards;

-- single point of contact in the structure of ERO;

-- free of charge supplier switching—procedures in grid codes;
Corporate Social Responsibilities (CSR):

- company’s support for vulnerable customers,
- with cooperation to communities.

The most common forms of support applied by companies:

- installation of pre-payment meters,
- payment in instalments,
- back interests exemption,
- shifting the terms of payment,
- writing off debts,
- the special agreements with Social Assistance Centres.
The President of ERO understanding for CSR strategy:

„Ethical and environmental elements in business activity of energy companies focusing on effectiveness, transparency and honesty in customers contacts (setting tariffs, quality of supply, service), self-regulation, limited predominance”

Long-term benefits for CSR strategy:
an increase for customer loyalty;
better relationships with community, society, local authorities;
development for company;
an increase of good image;
an increase of company value
Special initiative of The President of ERO to conduct research on CSR energy companies activities
Final Reports on ERO website

Conclusions

1. Companies interest in CSR – moderate
2. Companies approach: charity ☒ image ☒ company benefit;
3. Big companies, international activities (international capital groups);
3. Customer protection and strengthening customers` position

Alternative dispute resolution - ADR

Current situation:
- No ADR solutions for household customers
- Customer can settle a complaint to ERO, local governments’ customer rights ombudsmen and merchant inspectors. These procedures are free of charge or at least inexpensive.

In 2010 The Energy Arbitration Court was set in Warsaw and created by large energy customers but open even for households, with a very high arbitration fee (about 675 Euro) – therefore, the fee is perceived as a barrier.

The President of ERO is empowered for dispute settlement only in scope of refuse of future agreement conclusion therefore the right does not fulfil requirements appropriate for ADR.

Next steps:
- The new proposal in draft Energy and Gas Law - Court of conciliation under the Merchant Inspectors auspices.
3. Customer protection and strengthening customers` position

Education and Information – main tools for empowerment customers in Poland:

- Special trainings organised by branches of ERO in all regions in Poland (different market actors, social assistance centres, consumer organisations)
- Special website for customers „how to switch a supplier” - www.maszwybor.pl
Education and Information – main tools for empowerment customers in Poland

- Special Call-center dedicated „how to switch supplier”
- 2010/2011 ERO campaign – Stimulating the demand side of Energy market – promotion of consumer rights

The Project consisted of 6 activities:

   a) 1000 billboards were displayed for two weeks twice from 16-31 July 2010 and 16-30 September 2010 in main cities in Poland
b) In TVP2 (polish public television) educational idea placement on switching energy supplier process was broadcast in two following parts of the very popular series "M jak Miłość”.

2. Training for senior citizens

36 educational sessions were organised concerning the subject "how to switch energy supplier". The trainings took place in 16 voivodship cities, the whole number of participants trained was 1344. The participants came from e.g. third age universities, senior clubs, community homes. Each participant got a special prepared (large print) leaflet.
Education and Information – main tools for empowerment customers in Poland

3. Radio campaign.
The radio advertisement (duration time: 30 seconds) was broadcasted 210 times

4. Newspaper campaign.
Sponsored articles were published in newspapers: Gazeta Wyborcza - 13 times, Polityka - 5 times, Forum - 6 times.

5. Small towns and countryside consumer campaign.
a) The two kinds of leaflets informing consumers about the possibility to switch supplier were printed: type a) 448,000 information leaflets for household customer under the title "You also can switch a supplier" and type b) 2,000 special edition leaflets for the senior citizens.
b) 40,000 posters were printed. The leaflets (type a)) and posters distribution started on September 2010. The leaflets were sent to 401 places (Marshals, Voivods and Customer Spokesmen). Posters were sent to all communities in Poland.

6. Promotion of the campaign.
Over 50 conferences were organized promoting customers’ right to switch supplier.
June 2011
Price Comparison Tool on ERO website for household customers
The first step for household customer – how to find offer and switch supplier
Thank you for your attention