

Actions and measures taken by Energy Community Contracting Party energy regulators to address the COVID-19 crisis

28 April 2020

The present document provides an overview of the measures taken by the energy regulatory authorities (hereinafter 'regulators') of the Energy Community Contracting Parties to address the challenges the gas and electricity systems are facing in the current COVID-19 crisis. Focus is given to the measures taken by regulators to protect and support gas and electricity users and market participants in the COVID-19 crisis.¹

The summary is a result of written contributions provided by the regulatory authorities of Albania (ERE), Bosnia and Herzegovina (SERC), Georgia (GNERC), North Macedonia (ERC), Moldova (ANRE), Montenegro (REGAGEN), Serbia (AERS) and Ukraine (NEURC). At a recent first virtual meeting of a contact group of Energy Community regulatory authorities, the regulators provided additional insights into their individual practices. The measures are presented hereinafter in a concentrated format to provide an overview of existing regulatory actions without discussing them in detail but still including examples of individual regulator's actions.

The information provided hereinafter represents the status of regulatory measures as of 28 April 2020 and may be amended to reflect additional developments.

Need for flexibility and balancing of interests

The starting point of any measure taken by regulators to mitigate problems that can arise for gas and electricity users and market participants due to the COVID-19 crisis is the **need to balance between protecting customers and not putting liquidity of energy companies at unnecessary risk**. This is of particular relevance where the regulatory acceptance of postponed payment by end-users reduces the collection rates of distribution system operators and/or suppliers and thereby puts their liquidity at risk.²

At the same time, regulators have to protect customers from being disconnected in case of financial cutbacks resulting from the COVID-19 crisis, secure energy supplies to end-users and find flexible solutions where existing lockdown rules prevent metering or other on-site activities.

Regulators also underline the necessity to **not interfere into market functioning unnecessarily**. While prudent measures to protect customers are needed, related measures must be proportionate, time limited to the period of the COVID-19 crisis and not establish a draw-back to already achieved market reforms.

¹ Other COVID-19 related measures (such as protection of employees, disinfection equipment, travel bans, etc.) are not in the scope of this overview irrespective of their importance.

² For a complete assessment of the impact of the COVID-19 crisis on the liquidity of energy utilities, please see accompanying report "eCOVID-19: Financial liquidity in the electricity sector".

Need for cooperation and coordination

The present document shows that regulators of the Contracting Parties are well aware of their responsibility to prudently steer their national gas and electricity markets through this challenging time by adopting individual or a combination of measures, as summarized in this paper. Undoubtedly, as for everybody else, they thereby undergo a learning by doing process that has to reflect developments at short notice. It proves that cooperation among regulators became even more important in this context in order to share experience and learn from each other's practices.

Exemplary regulatory practices

1. Temporary ban on the disconnection of customers from system services or supply in case of non-payment.³ In this context, it is important to note that such a moratorium does not exempt consumers to cover their pending invoices at a later stage.
2. Continue supervising behaviour of market participants to detect potential misuse of market positions. This includes inter alia the prohibition to increase energy prices during the Covid-19 crisis.⁴
3. Measures to address lockdown rules in place and prevent direct personal contacts:
 - Postponement of planned and unplanned inspections⁵ and data collection;
 - Replacement of on-site metering by self-reading, when possible, or use of historic data of a comparable month in the previous year and afterwards adjustment of data to effective consumption based on on-site metering after the COVID-19 crisis;⁶
 - Encouragement of consumers and energy companies to introduce and switch to online payment;⁷
 - Suspension of public hearings and replacement by web-based meetings;⁸
 - Switch complaint filing with the regulator, supplier or system operator to email or telephone proceedings including the establishment of a free-of-charge hotline of the regulator;⁹
 - Prolongation of existing regulatory rules (e.g. tariffs) where adoption of new rules would require a public hearing beforehand;¹⁰
 - Prolongation of licenses;¹¹

³ Applied e.g. in Bosnia and Herzegovina, North Macedonia, Moldova (ANRE decision no. 86/2020 of 24.03.2020) and Ukraine. Where related rules are part of primary legislation, the regulator may not be in a position to rule on such a measure, as e.g. the case in Austria.

⁴ Applied e.g. in North Macedonia.

⁵ Applied e.g. in Moldova.

⁶ Applied e.g. in Albania (ERE decision no. 58 of 26.03.2020), Georgia, North Macedonia and Moldova.

⁷ Applied e.g. in North Macedonia and Moldova.

⁸ Applied e.g. in Albania (order of the chairman of ERE no. 53 of 11.03.2020), Georgia, Montenegro and Ukraine.

⁹ Applied e.g. in Moldova, Montenegro and Ukraine.

¹⁰ Applied e.g. in Albania (ERE decision no. 67 of 08.04.2020).

¹¹ Applied e.g. in Albania (ERE decision no. 51 of 26.03.2020). Valid for licenses valid until 30.06.2020; new applications will have to be filed within one month after the end of the COVID-19 crisis. Also applied in Ukraine.

- Postponement of the need to be physically present in court and deliver prosecution certificates to the regulator in the course of licensing procedures and replacement by a later delivery;¹²
 - Switch to online application for licenses;¹³
 - Suspension of new connections to the gas and electricity systems.¹⁴
4. Imposition of temporary public service obligations for electricity suppliers to cover 100% of the electricity needs of regulated suppliers, distribution and transmission system operator.¹⁵
 5. Transparent information on applicable COVID-19 rules for the gas and electricity sectors on websites of regulators, system operators and suppliers.¹⁶
 6. Continuous monitoring of consumption and generation levels with a view to take the necessary measures to ensure stable supply of electricity and gas to end-users.

¹² Applied e.g. in Albania (ERE decision no. 51 of 26.03.2020). Companies will have to present the required certificates within one month after the end of the COVID-19 crisis.

¹³ As is the case in Albania.

¹⁴ Applied e.g. in North Macedonia.

¹⁵ Applied e.g. in Moldova pursuant to decision no.4 of the Commission for Exceptional Situations of 24.03.2020 for a period of three months with a possibility of extension. Related contracts between companies were subject to approval of ANRE.

¹⁶ Applied e.g. in Ukraine. To the extent a national association representing suppliers / system operators exists, information may be also centrally published on the association's website as, e.g., is the case in Austria.