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UNIVERSAL ENERGY ACCESS
A Focus on Universal Service and Social Tariffs in Italy



Summary

- Universal Energy Access: a worldwide target
- European energy policy
- Role of regulatory authorities
- Universal service in electricity market: increased protection of small consumers through market measures
- Electricity and gas bonus for vulnerable customers



VI. WFER Universal Energy Access: a worldwide target

- There is a close link between energy and development, and access to energy is a necessary condition to help for fighting against poverty .
- Currently, nearly 1.3 billion people, almost 20% of the world population, have no access to electricity and around 2.6 billion people, 38% of the world population, are without clean cooking facilities. We define this as lack of access to “modern energy”.
- Over 95% of the people without access to modern energy are concentrated in sub-Saharan Africa or developing Asia and 84% of them live in rural areas.
- Many Programs to reduce the gap, promoted both by institutions (such as Millenium Development Goals by ONU) and by private initiative (World Acces to Modern Energy by eight European energy companies)



European energy policy

The objectives of European energy policy are based on competition, security of supply and sustainable development towards a single internal market.

Energy access in Europe has to do with:

- Security of supply
 - Diversification of the energy mix
 - Capacity adequacy
 - Development of renewables and distributed generation
 - Interconnections and markets integration
- Affordability of supply and Continuity of supply
 - Universal Service and default service
 - Quality of Service in supply and distribution
- Consumer protection

Economic crisis increased fuel poverty

Role of regulatory authorities

European Directives of third package define general objectives of the authorities:

- promote an internal energy market, secure and environmentally sustainable;
- develop regional markets competitive and functioning;
- eliminating restrictions on trade in electricity/gas between Member States;
- facilitate access to the network for new entrants and renewable energy;
- helping to achieve a public service of high quality and to ensure the protection of vulnerable customers;
- ensure that customers benefit through the efficient functioning of their national market, promoting effective competition and helping to ensure consumer protection.



Universal Service in electricity market 1/2

Electricity Directive of third package provides that after full liberalisation:

- "Member States shall ensure that all household customers, and, where Member States deem it appropriate, small enterprises, enjoy universal service, that is the right to be supplied with electricity of a specified quality within their territory at reasonable, easily and clearly comparable, transparent and non-discriminatory prices."

Transposition in Italian Law

- In Italy the Decree of full liberalisation provides that local DSOs will supply electricity at regulated prices set by the national regulatory authority to the domestic customers and to small enterprises, which fail to choose a new supplier on the competitive market. Energy is procured in the wholesale market at market prices. This is an increased protection of small consumers through market measures compatible with a liberalised sector.



Universal Service in electricity market 2/2

After full liberalisation must be taken into account:

- Low awareness of small consumers
- End of cross subsidies
- Possible failures of selling companies
- Cream skimming
- Prices volatility



Electricity and Gas Bonus

- Based on a political decisions from the Parliament and the Government
- The target: economically disadvantaged consumers and customers in weak health conditions, requiring specific electrical appliances
- The aim is to guarantee an average saving of 20% in energy expenditure, varying with the number of family members. System is paid by all final energy users (electricity) or non-domestic customers (gas)
- Access to Bonus: Based on existing indicators of family's economic conditions (ISEE), already in use for TLC, schools, etc
- three million of bonus assigned in the last five years

Other instruments for vulnerable customers

- Billing transparency rules
- Commercial codes of conduct for energy selling to consumers in the free market
- Price comparison instruments
- Information on efficient use of energy
- Unexpected high bills can be paid by instalments
- No disconnection of customers who need electric appliances for health; available power reduction before disconnection in case of non-payment and no disconnection under € 30 non-paid bill



Thank You

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