



# **EWG/EQS TF 4th Benchmark Report on Quality of Electricity Supply**

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**Workshop in Lisbon, 2009-06-23**

# Chapter 4 – Commercial Quality

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## Preparing the Questionnaire - Aspects

1. Grouping according to the nature of activity, **limiting** the number of indices, using only the most „popular” ones
2. Answers were sought to be separated by Distribution System Operator, Service Provider and Universal SP, indicating whether Overall Standards, Guaranteed Standards or Other Available Requirements
3. Questionnaire of Two Sheets were disseminated:
  - Word doc with definitions and calculation formulas (comparability of answers)
  - Excel spreadsheet with Legend
4. Alternative answers encouraged (if terms/standards different from those in the Questionnaire)

# Chapter 4 – Commercial Quality

## 4.1 What is Commercial Quality (CQ) and why to regulate it?

**What is CQ?**

Buy a product: radio receiver    Buy a product: electricity

**Extra services offered together with the product:**

nice package	network connection
warranty	service/call centre
free installation	metering, billing
repair bonus, etc.	notices

**Collectively:**

TRANSACTIONS between the customers and the network companies

Slide 2

**Why regulate CQ?**    **Customer protection**

1. Lack of competition – DSO/DNO: natural monopolies
2. Incentive regulation of network charges – cost reduction – deterioration of assets

**Tools to regulate**

1. Set standards/requirements
2. Use indices to measure compliance
3. Impose sanctions

Slide 3

Transactions: Pre-contract and during the contract

**Key aspect: timeliness of services**

# Chapter 4 – Commercial Quality

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## 4.2 Main Aspects of Commercial Quality – a challenge to ask and compare

- Large number of indices (49)
- Unbundled market players (supplier/trader, DSO) → extend CQ also to network-related activities

### Setting standards (exact definition - see next slide)

Overall Standards (X % of cases be within the  $\pm$  Y % tolerance of standard)

Guaranteed Standards (a „must” in each case, compensation if not) and Other Available Requirements (debated, may be re-classified)

### Grouping

- I. Connection
- II. Customer care (queries, complaints, written/verbal answers)
- III. Technical services (notices, reconnection time, answers to VQ complaints)
- IV. Metering, billing (failure verification, meter readings, terms of disconnection)

## Chapter 4 – Commercial Quality – 4.2 cont'd

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**Guaranteed Standards (GS)** refer to service quality levels which are set by the regulator and which must be met in each individual case. If the company fails to provide the level of service required by a GS, it **must compensate** the customer affected, subject to certain exemptions.

**Overall Standards (OS)** refer to a given population of cases (e. g. to all customer requests of a given region for a given transaction) and must be met with respect to the whole population. OSs in commercial quality are mainly expressed through a percentile: i.e., at least 90% of cases for connecting a new customer, when the connection calls for complex works, must be carried out in less than 30 days. This kind of OS establishes the minimum percentage of transactions (90%) that must be carried out within a certain time limit.

# Chapter 4 – Commercial Quality – 4.2 cont'd

Country	Guaranteed standards (GSs)	Overall standards (OSs)	Other available requirements (OARs)	Total
Austria		10	1	11
Belgium-Flemish			8	8
Belgium-Walloon		6		6
Cyprus	10		3	13
Czech Republic	11			11
Estonia		4	3	7
Germany			1	1
Hungary	16	4		20
Italy	8	4	4	16
Latvia		1	15	16
Lithuania			12	12
Luxembourg			9	9
Norway			12	12
Poland			8	8
Portugal	7	4	1	12
Romania		12		12
Slovenia	6	2	9	17
Spain	9	2		11
Sweden			4	4
United Kingdom	6		1	7
<b>Total</b>	<b>73</b>	<b>49</b>	<b>91</b>	<b>213</b>

Table 4.1 –Number of commercial quality standards for each country

# Chapter 4 – Commercial Quality

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## 4.3 Main Results of Benchmarking Commercial Quality Standards

Structure of the section:

- ◆ Summary Charts showing statistics of the Member States per Groups I – IV (Connection, Customer Care, Technical Services, Metering & Billing) **in the main text**, while
- ◆ Detailed charts on each index **in the Annex** (Volume of the Annex to CQ is equal to the Chapter)

## Chapter 4 – Commercial Quality - 4.3 cont'd

### A summary chart in the chapter

Table 4.8 - Commercial quality standards for connection-related activities

Quality indicator (Group I)	Countries (grouped by type of standard)	Standards <sup>1</sup> (median value and range)	Compensation <sup>2</sup> (median value, only GS)	Company involved
Time for response to claim of customers for network connection	<b>GS:</b> CY, CZ, ES, HU, SI <sup>3</sup> <b>OS:</b> AT, BE(Walloon), EE, LV, RO <b>OAR:</b> LT, LU, NO	14 working days (range 8-30)	30 €	DSO
Time for cost estimation for simple works	<b>GS:</b> CY, HU, ES, IT, SI <sup>3</sup> , UK <b>OS:</b> AT, BE(Walloon), EE, PT <b>OAR:</b> BE(Flemish), NO	14 working days (range 5-90)	30 €	DSO
Time for connecting new LV customers to the network	<b>GS:</b> CY, ES, IT, LT, SI <sup>3</sup> <b>OS:</b> AT, BE(Fle), PT <b>OAR:</b> BE(Wal), LU, NO	15 working days (range 6-30)	30 €	DSO
Time between signing contract and the start of supply	<b>GS:</b> HU, ES, IT, SI <sup>3</sup> <b>OS:</b> AT, BE(Walloon), PT <b>OAR:</b> DE, LV, NO	6 working days (range 2-14)	30 €	DSO, SP/USP
Legend: GS guaranteed standards; OS overall standards; OAR: other available requirements				
Notes				
1. when differentiated, only standards referred to LV customers have been considered				
2. when differentiated, only compensations applicable to household customers have been considered				
3. regulatory proposal, currently under consultation				



# Chapter 4 – Commercial Quality - 4.3 cont'd

Related chart with details in the Annex\*

Table CQ 4.1 Time for response to claim of customers for network connection

Country	Type of standard	Standard		Actuals in 2007		Compensation in case of non-performance			Remark
	OS or GS	Quantity	Unit	Quantity	Unit	Type	Sum in EUR	Payment method	
Austria	OS	14	day			No, unless bilateral agreements			exact wording: 10 working days general terms and conditions
Belgium/Walloon	OS	10	day	N/A		N/A			
Cyprus	GS	20	day	99,8	%		17,09	After claim within 10 days	working days
Czech Republic	GS	30/60	day	N/A		Compensation in case of non-performance	2040/400*	upon request	60 days in case of necessity of metering
Estonia	OS	30	day	14					
Hungary	GS	8	day			Compensation	20	upon claim	Househ. consumers
Latvia	OS	15	day						
Lithuania	OAR	30	day	15	day				
Luxembourg	OAR	10/30	day	not yet available					no regulatory penalties, legal obligation, 10 days for residential, 30 days for all other customers
Norway	OAR								Within reasonable time
Romania	OS	30	day						if the documentation is complete
Slovenia	GS	10	day	N/A		Compensation	20	upon claim	Regulator's proposal, not yet applied
Spain	GS	15	day			Compensation	Max (30€, 10% of first full bill)	Per breach	

\* 20€ max. 2000€ by LV, 400€ max. 4000€ by MV, 400€ max. 20000€ by HV

# Chapter 4 – Commercial Quality

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## 4.4 The Challenge for Commercial Quality due to Full Market Opening

**New Aspect – New Section (elaboration is not mature)**

**Targets:** switching supplier, amend contract, information transfer from DSO to new Supplier

**Answers grouped by DSO, SP and USP**

**Open for ‘brainstorming’**

# Chapter 4 – Commercial Quality

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## 4.5 Conclusions and Recommendations on Commercial Quality

**Statistics:** Questionnaire to 27 NRAs – 22 replies (8 with data on 2007)

**Compared to 3rd BR: More NRAs inquired – less data processed**

**Volume 4th BR: appr. the same as at the 3rd BR**

**Volume of CQ chapter: less than that of the 3rd BR**

**Work performed: more than that of the 3rd BR**

**1st conclusion: start working on 5th BR now!**

# Chapter 4 – Commercial Quality

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## 4.5 Conclusions and Recommendations (cont'd)

1. Quality regulation and content of the Indicators: The number of identical (or at least partially identical) regulations concerning these standards has grown considerably - **harmonization**
2. Ways of regulating commercial quality: there is a general trend to **move** over time **from OSs to GSs** (impose sanction, compensation)
3. Ensuring the Availability of the Service: connection and restoration; this regulatory priority **meets customer expectations**

## Chapter 4 – Commercial Quality - 4.5 cont'd

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4. New Fields of Regulation upon Technological Development: mobile communication, on-line administration - **regulations are still in their infancy**
5. Exploiting the Opportunities Provided by Technological Development: Smart meters - **benefits both for the supplier and the customer**
6. Effects of Unbundling: primary target of regulation is the DSO
7. The Regulation of Market Opening: in case of switch proper transfer of customer data and clear regulation against unnecessary administrative barriers by the licensee

# Chapter 4 – Commercial Quality - 4.5 cont'd

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## Lessons Learned by Hungary

1. **Single definition of the most important standards OS and GS, possibly without OAR**
2. **Segmentation of consumers: include more classes, cut number of questions and rewrite questionnaire accordingly**
3. **Focus on harmonization: CEER's duty to propose**
4. **Timing of preparation and issuance of 5th BR shall match the availability of data from the previous year**

# Chapter 4 – Commercial Quality - 4.5 cont'd

Table CQ 1.17 Time of restoration of power supply following disconnection due to non-payment (DNO)

Country	Type of standard	Standard		Actuals in 2007		Compensation in case of non-performance			Remark
	OS or GS	Quantity	Unit	Quantity	Unit	Type	Sum in EUR	Payment method	
Austria	OS	1	day			No, unless bilateral agreements			next working day at the latest - general terms and conditions
Belgium-Flemish	OAR								following legal procedure
Cyprus	OAR	1	day	99,3	%				working day
Czech Republic	GS	2	day	N/A		Compensation in case of non-performance	40/120	upon request	Compensation: 40 max. 1000 by LV , 120 max. 3000 by MV and HV
Hungary	GS	24	hour			Compensation	20	upon claim	
Italy	GS	1	day	0,36	day		30€ LV domestic, 60€ LV non dom.	Automatic	As from 2008 1 working day in case of power reduction instead of disconnection *
Latvia	OAR	3	day						
Lithuania	OAR	5-2	day	1.5-0.7					5 working days for household customers and 2 working days for all other customers
Luxembourg	OAR	3	day	not yet available					no regulatory penalties, legal obligation
Poland	OAR								As soon as possible after receiving of payment
Portugal	GS	util 17h00 of next wd				Compensation	18€ LV - P<41,4 kVA; 30 € other LV	Automatic in the bill	8 hours, 92€ automatic compensation for other (non LV) customers
Romania	OS	2	day						
Slovenia	OAR	3	day	N/A					Decree on general conditions for the supply and consumption of electricity
Spain	GS	24	hour			Compensation	Max (30€, 10% of first full bill)	Per breach	

\* As from 2008 1 working day in case of power reduction instead of disconnection (done through smart meters) excluded Sunday

# Chapter 4 – Commercial Quality

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## The END

