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Dispute Settlement and Enforcement as a Regulatory Tool

Wolfgang Urbantschitsch,
Executive Director

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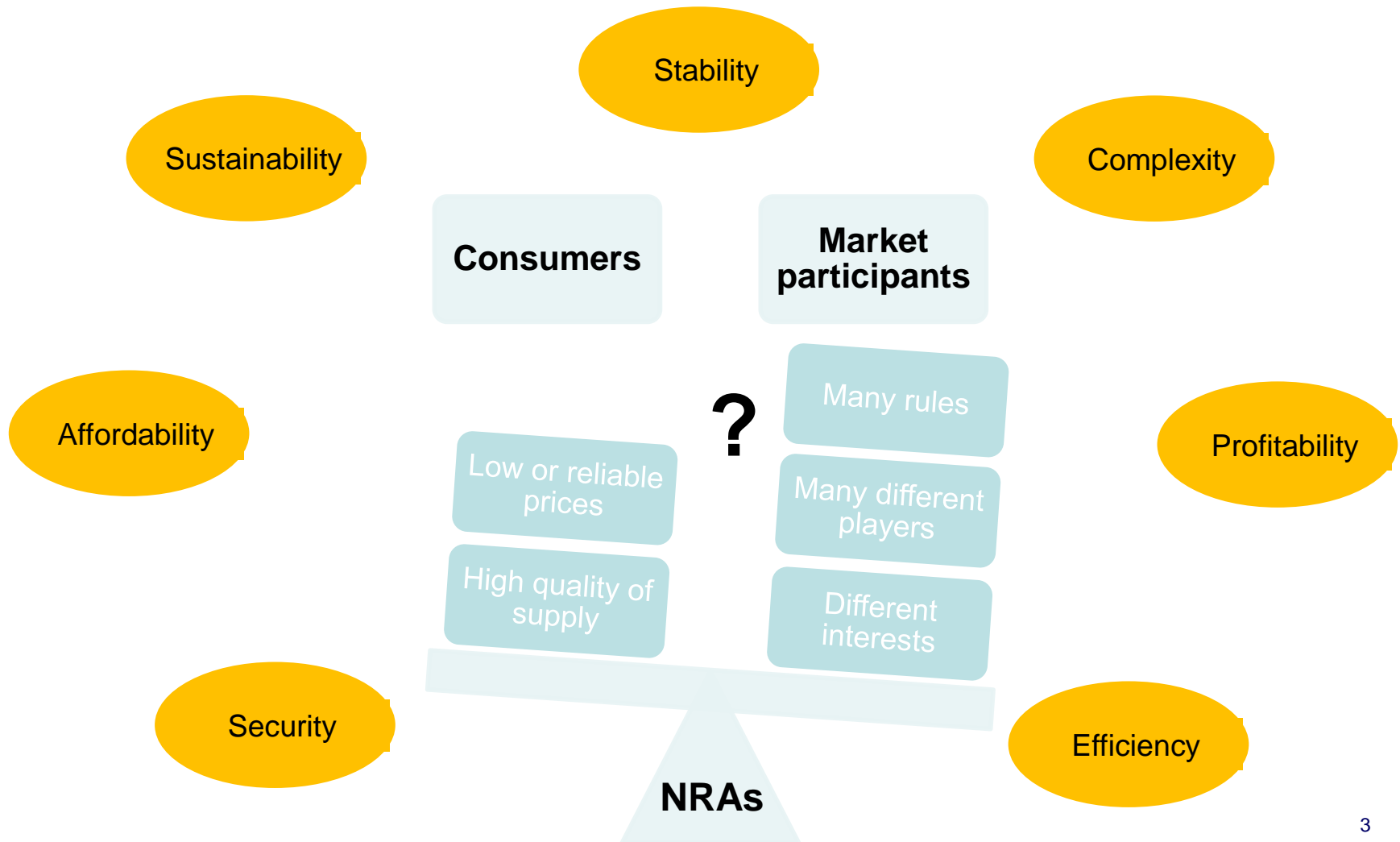


Dispute Settlement is a powerful regulatory tool to bring a large group of market actors with opposed interests together and ensure compliance with energy market rules

The need for a referee in the energy market



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Dispute Resolution in Austria



Alternative Dispute Resolution at E-Control Austria



Alternative Dispute Resolution

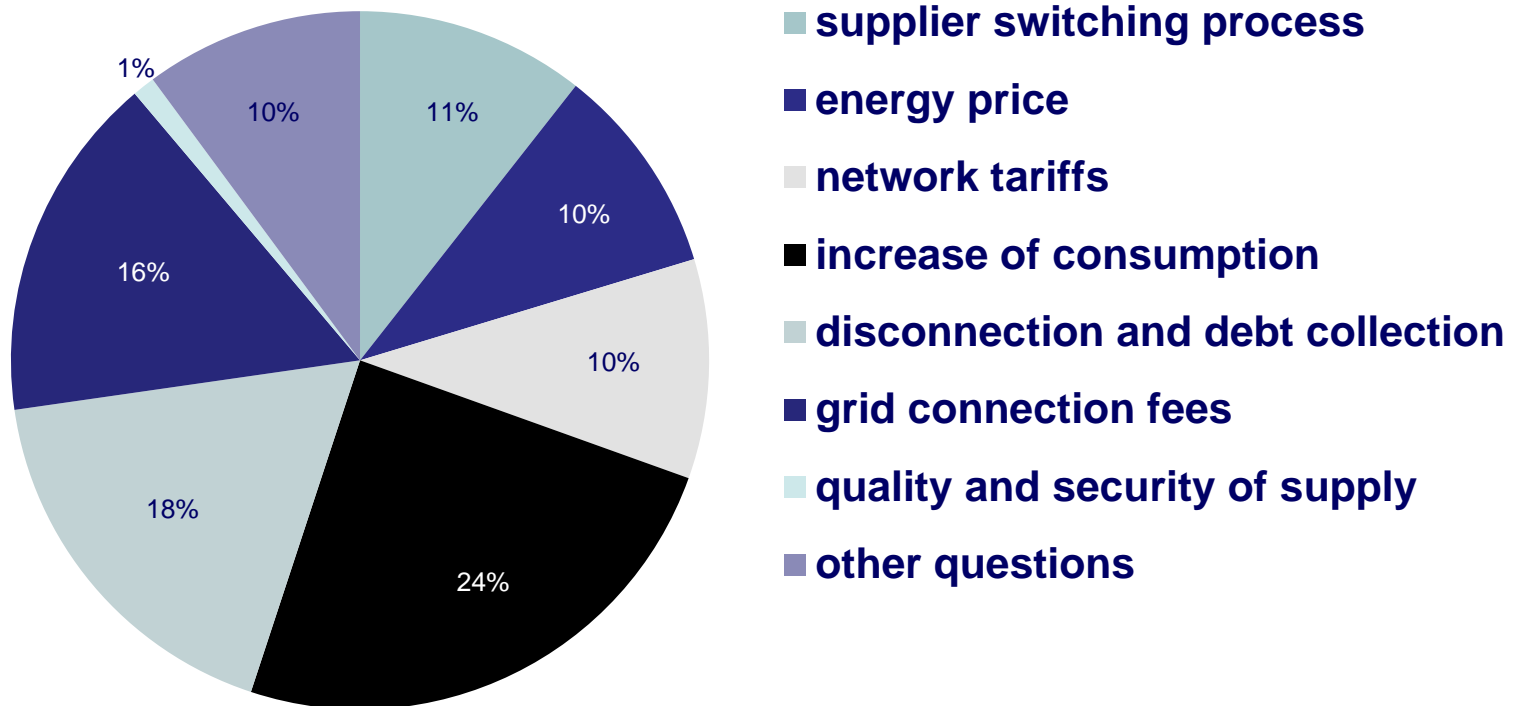
- Independent mechanism to ensure efficient treatment of complaints and out-of-court dispute settlements
- Settlement of disputes or complaints between:
 - grid operators
 - suppliers
 - end-consumers
 - interest groups
 - other gas and electricity companies



Alternative Dispute Resolution

- All customers eligible
- Free of charge
- ~ 600 dispute resolution cases and ~ 800 inquiries in 2016
- Most disputes can be solved beforehand
- Very often the complaints turn out to be a lack of information
- Main topics:
 - Problems with the bill
 - Supplier switching problems
 - Questions regarding network access
 - Disconnection, financial difficulties paying the bill

Complaints categories



Experience



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- Alternative Dispute Resolution (ADR) is a simple, fast and cost-free access for customers
- In ADR cases E-Control issues a non-binding “recommendation“
- Many disputes are caused by lack of information
- E-Control therefore provides information to customers to help avoid disputes
- Therefore, lengthy and expensive cases in the federal court system can be avoided



Dispute Resolution through E-Control's Regulatory Commission



Experiences

- The number of cases settled by E-Control's Regulatory Commission is relatively low because many disputes can already be settled through Alternative Dispute Resolution
- Number of cases brought to E-Control's Regulatory Commission:
 - Electricity: 10 cases/year
 - Gas: 2–4 cases/year

Competences of the Regulatory Commission



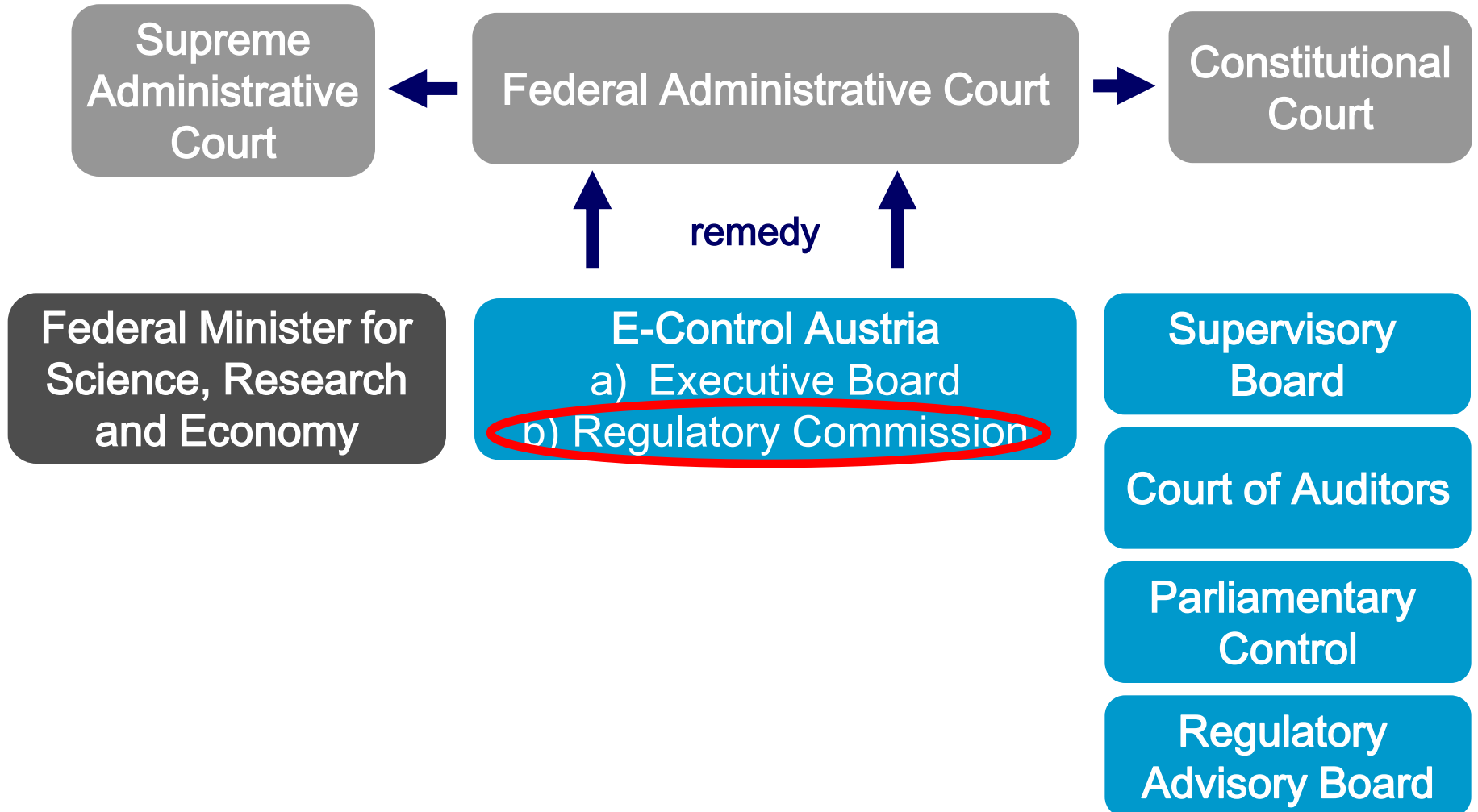
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- Settlement of the following types of disputes:
 - Disputes arising from the legal relationship between customers and network operators
 - Disputes between Independent System Operators and owners of transmission grids
 - Vertically integrated undertakings and transmission grid operators
 - Disputes between parties entitled to storage access and storage system operators (Gas)
 - Disputes between customers and the operator of the virtual trading point (Gas)
 - Disputes concerning the financial settlement of imbalance charges
- Decisions on refusal of system access

Organisation of Regulatory Bodies in Austria



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Regulatory Commission

- Independent tribunal
- 5 Members + 5 substitute members
- Chairman + substitute to the chairman: Federal Judges
- Members appointed by federal government
- Members of the Commission are not E-Control employees

While case is pending at Regulatory Commission, the parties can still settle the dispute amicable



Comparison of Dispute Settlement Procedures: ADR versus E-Control's Regulatory Commission

Comparison of procedures



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ADR

- No formal procedure, only procedural guidelines
- Recommendation (not appealable)
- ADR is handled by E-Control staff

Regulatory Commission

- Application of Austrian administrative procedures statute
- Binding decision
- Decision can be appealed in the federal court system
- Panel consisting of 5 members (and 5 substitute members)

Comparison of procedures



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ADR

- Free of charge
- Wide scope of different disputes between market participants

Regulatory Commission

- Free of charge, but lawsuits in the federal court system can cause costs to the parties, if the decision is appealed
- Procedure is limited to certain types of cases which are stipulated by law



Dispute Resolution and Enforcement by the E-Control Executive Board

Dispute Resolution and Enforcement by the E-Control Executive Board



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- E-Control monitors compliance of market players with all duties and obligations imposed on them
- In case of non-compliance E-Control launches a procedure requesting compliance to be restored
- The official decision issued by E-Control Executive Board is enforceable
- The main goal is to prevent further infringements
- Complaint to Federal Court of Administration possible
- Amicable dispute resolution possible at all stages



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Conclusions

Conclusions



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- Access to dispute resolution for different market participants enhances credibility and effectiveness of the regulatory system
- Major task of Regulators is to create conditions for a level playing field
- Enforceable decisions are a precondition for a credible market environment
- Different procedures with different aims tailored to particular needs



Regulators worldwide should seek the powers for effective dispute resolution for the benefit of all market participants and the proper functioning of the regulatory system



Contact

Wolfgang Urbantschitsch



+ 43 1 24 7 24 200



wolfgang.urbantschitsch@e-control.at



www.e-control.at



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WORKING FOR YOU – WHEREVER YOU NEED ENERGY.

Thank you for your attention!