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**Hydropower Investment
Promotion Project (HIPP)**

DRAFT OUTLINE OF CUSTOMER SWITCHING RULES

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USAID HYDROPOWER INVESTMENT PROMOTION PROJECT (HIPP)

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I. LIST OF ACRONYMS

DSO	Distribution System Operator
EU	European Union
GEMM 2015	Georgian Electricity Market Model 2015
GNERC	Georgian National Energy and Water Supply Regulatory Commission
GoG	Government of Georgia
GSE	Georgian State Electrosystem
HIPP	Hydropower Investment Promotion Project
SOLR	Supplier of Last Resort
TSO	Transmission System Operator
USAID	United States Agency for International Development

II. INTRODUCTION

The Government of Georgia (GoG) and USAID agreed in principle on the establishment of the Georgian Electricity Market Model (GEMM) for the year 2015. Under GEMM 2015, a list of the regulatory instruments, rules and regulations should be in place by 2015. This report provides a draft outline of customer switching rules based on international experience and taking into consideration Georgian electricity sector specifics.

The rules should be developed and approved by GNERC within its authority under the law and in accordance with GEMM 2015 and the associated competitive market regulations. The rules provide the details on how to handle technical and financial issues when a customer willingly chooses or is required due to reasons outside its control to change its supplier of electricity. In Georgia, HPPs can be suppliers to retail consumers and these rules should already be in place to protect the interest of both customers and the suppliers of electricity.

USAID/HIPP has reviewed the legislation from several countries and found that most countries include customer switching rules in various parts of grid rules, the market rules or rules on open access. The real issue is not where the rules are located, but that the rules are clear, comprehensive and consistently followed.

III. DRAFT OUTLINE OF CUSTOMER SWITCHING RULES

1. General

A. These rules pertain to:

- 1) Retail electricity customers switching from universal service provider to non-regulated supplier;
- 2) Retail electricity customer switching from a non-regulated supplier to another non-regulated supplier;
- 3) Retail electricity customer switching by default from regulated or non-regulated retail supplier to the supplier-of-last-resort ("SOLR"); and,
- 4) Retail customer switching from a SOLR to a universal service provider or non-regulated supplier.

B. Per EU legislation, once any retail electricity consumer switches from the universal service provider to be served by a non-regulated supplier, that customer will no longer be provided protection under (not allowed to switch back to) universal service.

2. Switching From Universal Service Provider To Non-Competitive Regulated Retail Supplier

A. Medium and large consumers not protected by universal service provisions

- a. Medium and small electricity customers must switch to the competitive power market
- b. Switching must occur by MMM DD, YYYY unless the GNERC approves a Standard Contract Rate (fixed rate, for example for 3 years and thereafter all such customers must switch to the competitive market)
- c. All medium and large customers can switch, with the proper notice, from their universal service provider to a non-regulated retail supplier, but such switch can occur no later than MMM DD, YYYY or the last date of the standard contract rate if the GNERC so establishes such an offer to these customers.
- d. The customer needs to sign a balancing agreement with the SO (GSE) or join a balancing group and sign a balancing agreement with the balancing responsible party before the switch is allowed.
- e. All such customers must have the proper metering equipment by MMM, DD, YYYY in accordance with the metering specifications stated in the GNERC-approved Metering Procedures.
- f. Medium and large customers must provide at least six months' notice to allow the universal service provider sufficient time to adjust its power purchase contracts.

B. Small enterprises and households protected under universal service provisions

- a. Small enterprises and all household consumers are protected under the universal service provisions.
- b. There is no deadline for these customers to switch from the universal service provider to a non-regulated retail electricity supplier.
- c. All small enterprises and household customers can switch at any time, with the proper notice, from their universal service provider to a non-regulated retail supplier, with written understanding that they will no longer be allowed to return to universal service provisions and their understand that they must provide their own financial risk management.
- d. Unless the customer has hourly or half hourly metering as required by the Metering Procedures, load profiles must be identified for the particular customer with an assignment for energy losses on the distribution network.
- e. The customer must join a balancing group and sign a balancing agreement before a switch is allowed.

3. Switching From One Non-Regulated Supplier To Another Non-Regulated Supplier

- A. Customers (or the new retail supplier as the customer's agent) must propose the switch, along with providing proper notice, either to the TSO or DSO as it is appropriate
- B. If the customer is also changing its balancing, it must negotiate and sign the new balancing agreement, subject to approval by the network operator of the switch.

The customer must also inform the existing balancing responsible party of the requested switch and if the switch is approved, notify about the termination date of the existing balancing agreement.

4. Switching From A Retail Supplier To The Solr Back To The Universal Service Provider Or A Non-Regulated Retail Supplier

- A. Small enterprises and household customers are protected by the Supplier-of-Last-Resort, while medium and large customers are protected by the SOLR until MMM, DD, YYYY.
- B. Switching from regulated or non-regulated supplier to the SOLR only occurs when the regulated or non-regulated supplier is no longer capable of supplying the customer.
- C. The notice period is forgiven in such situation.
- D. The switch must be seamless and not allow for any suspension of power supply.
- E. Once the MO notifies the SOLR of the default, any liabilities for provision of energy supply service is the responsibility of the SOLR (settlement for payments of energy, transmission, distribution and other charge to service providers during the period of default will be handled in the Market Settlement Procedures).

5. Switching From The Solr To A Retail Service Provider

- A. In case the universal service provider defaults:
 - a. The GNERC will assign a new universal provider for the customer
 - b. The customer can choose to sign an agreement with a non-regulated retail supplier or to be assigned to the new universal supplier.
 - c. If the customer does not choose within 2 weeks after the default, then the customer will be automatically assigned to the universal service provider.
- B. In case a non-regulated energy supplier defaults:
 - a. The customer (or its agent) must notify the TSO under the normal notification process described in article 6.
 - b. If the customer does not decide, the GNERC will make decision on its behalf.
 - c. Rules for selection of a non-regulated supplier when the customer does not make the decision on its own will include:
 - i. Identifying the active non-regulated energy suppliers;
 - ii. Soliciting interest among the suppliers for accepting new customers; and,
 - iii. Fairly allocating the customers from defaulting non-regulated suppliers to active non-regulate suppliers.
 - iv. Notifying the TSO and DSOs, as appropriate for the assignments.

6. Notification Process

- A. Registration of Accounts for all consumers

- a. The TSO or DSO, as appropriate, will maintain records for each retail customer connected to their respective network
- b. Customer registration forms and maintenance of the records for inclusion of activity of the customer is prescribed in these procedures.
- c. Attachment I includes the form for applying for switching by the customer or its agent.
- d. The customer records will include the load profile type and energy loss factor, if hourly or half hourly metering (as specified in the Metering Procedures) is not available.

B. Notification by the customer or its agent

- a. Using the notification forms approved by the GNERC and available from the network operators, the customers apply for switching to the TSO or DSO, as appropriate
- b. The new supplier may act as the agent for the customer and apply for the switch.
- c. All switches will require notice at least one month earlier. (Except in cases referred to in Section III. 2. A. f. above.
- d. The actual switch will occur on the 1st of the month following the minimum one month waiting period. This period is to allow for adjustment of supplies for both the previous and new supplier.
- e. The TSO or the DSO will review the forms within 2 weeks after receiving them. If the form and all associated requirements (such as a signed balancing agreement) are incomplete, the network operator will ask for re-submittal of the form with all information completely satisfactory.
- f. If the customer does not resubmit the form within two weeks or the network operator deems that the form was not completed satisfactorily, the application is rejected.
- g. The customer must wait for at least six months until re-applying for switching after a rejection of a switching application by the network operator.

C. Role of the TSO and DSOs (the network operators)

- a. The network operator will investigate each customer switching request.
- b. The existing supplier must approve the switch or provide evidence why the switch should not occur (Examples, long-term agreement with the customer, existing debt repayment plan)
- c. If necessary, a meter reading will be taken to settle the previous energy supply (an estimate can be agreed upon).
- d. If a meter reading is necessary, the requesting party will pay for the meter reading expenses.
- e. The network operator will arrange with proper notification for the meter reading which can be witnessed by all interested parties.
- f. The network operator will record all relevant information within the customer account records.

D. Disputes and Dispute Resolution

- a. All disputes should be handled by the network operators.

- b. If one of the parties does not agree with the decision of the network operator, then the party can take the dispute to the G ERC who will respond to any dispute under its dispute resolution procedures
- c. If any Party does not agree with the decision of the GNERC, the party can take the case to the courts of Georgia under current legislation.

7. Reporting

- A. The network operators will report every two months on customer switching activity as posted in the customer registration accounts.
- B. The reports must include information switching activity for the previous two months and year-to-date information
- C. The information will include number of switched customers within customer classes, total annual kWh switched, total number of applications, number of switching applications rejected and reasons for rejection.
- D. The SOLR will report all information each month on the number of customers served, kWh served, etc.

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